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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2899)

Announcement in relation to Increase in Shareholding in Ivanhoe Mines Ltd. of Canada

Zijin Mining Group Co., Ltd.* (the "Company") and Gold Mountains (H.K.) International Mining Company Limited (a wholly-owned subsidiary of the Company, "Gold Mountains (H.K.)") entered into a share purchase agreement (the "Agreement") with CITIC Metal Africa Investments Limited ("CITIC Metal Africa"), Newstar Advantage Ltd. ("Newstar") and Robert Martin Friedland ("Mr. Friedland") on 8 October 2019. From the date of the Agreement to the closing date, Gold Mountains (H.K.) has an option to purchase an aggregate of 48,652,282 issued and outstanding common shares of Ivanhoe Mines Ltd. of Canada ("Ivanhoe" or the "Target Company") held by CITIC Metal Africa, Mr. Friedland and Newstar in cash. The parties to the transaction shall facilitate the completion of the closing on or before 31 December 2019. The consideration for each common share shall be equal to the greater of: (i) CAD3.98 per common share and (ii) the volume weighted average price to be agreed between Gold Mountains (H.K.), CITIC Metal Africa, Mr. Friedland and Newstar if the volume weighted average price when the market closes on the closing date is greater than CAD3.98 and subject to such price being subject to the relevant rules of the Ministry of Finance of the People's Republic of China (the "PRC") regarding pricing. The completion of the purchase is subject to the major terms and conditions as stated in this announcement, including the effective permissions of the Chinese government or its authorised departments.

At present, the Company owns 116,760,354 common shares of Ivanhoe through Gold Mountains (H.K.), representing approximately 9.8% of its equity interest. After the completion of the transaction, the Company will own approximately 13.88% equity interest of Ivanhoe through Gold Mountains (H.K.).

The purchase does not constitute a disclosable transaction or a connected transaction under the listing rules of Shanghai and Hong Kong. This announcement is made by the Company on a voluntary basis.

I. Overview of the transaction

The Company and Gold Mountains (H.K.) entered into a share purchase agreement with Newstar, Mr. Friedland and CITIC Metal Africa on 8 October 2019. From the date of the Agreement to the closing date,

Gold Mountains (H.K.) has an option to purchase an aggregate of 48,652,282 issued and outstanding common shares of Ivanhoe held by CITIC Metal Africa, Mr. Friedland and Newstar in cash, in which, 12,900,271 common shares will be purchased from Newstar and/or Mr. Friedland while 35,752,011 common shares will be purchased from CITIC Metal Africa. The parties to the transaction shall facilitate the completion of the closing on or before 31 December 2019. The consideration for each common share shall be equal to the greater of: (i) CAD3.98 per common share and (ii) the volume weighted average price to be agreed between Gold Mountains (H.K.), CITIC Metal Africa, Mr. Friedland and Newstar if the volume weighted average price when the market closes on the closing date is greater than CAD3.98 and subject to such price being subject to the relevant rules of the Ministry of Finance of the PRC regarding pricing.

If the consideration of the transaction is CAD3.98 per common share, the total amount of the consideration for the share purchase will be CAD193,636,082, equivalent to approximately RMB1,032,874,200 (based on the middle rate of foreign exchange rate quotation of CAD1:RMB5.3341 of China Foreign Exchange Trade System on 8 October 2019, same hereinafter). The consideration of the transaction will be based on the final amount of the purchase consideration.

If Ivanhoe does not issue any new share before the completion of the closing, the Company will own approximately 13.88% equity interest in Ivanhoe through Gold Mountains (H.K.), and become its second largest shareholder after the completion of the transaction.

The completion of the purchase is subject to the major terms and conditions as stated in this announcement, including the effective permissions of the Chinese government or its authorised departments.

The extraordinary meeting of the board of directors of the Company held on 8 October 2019 considered and passed the relevant proposal via telecommunication. The 11 directors of the Company attended the meeting. The voting result is: 10 For, 1 Against, 0 Abstain. Mr. Lan Fusheng, a director, voted against the proposal, for the reason that the increase in shareholding of Ivanhoe is merely a financial investment and the Company shall use its limited funds for project construction and acquisition.

II. Basic information of the parties to the transaction

(1) Zijin Mining Group Co., Ltd.*

For basic information of the Company, please refer to its company website, <http://www.zjky.cn>.

(2) Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company with an office address at Unit 7503A, Level 75, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. Gold Mountains (H.K.) is an important overseas investment, financing and operating platform of the Company. It mainly engages in external investment and trading.

As at the date of this announcement, Gold Mountains (H.K.) owns 116,760,354 common shares of Ivanhoe, representing approximately 9.8% of its equity interest.

(3) CITIC Metal Africa Investments Limited, a wholly-owned subsidiary of CITIC Metal Co., Ltd. with an office address at Suites 2301-04, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong. CITIC Metal Africa mainly engages in investment holding.

As at the date of this announcement, CITIC Metal Africa owns 350,423,544 common shares of Ivanhoe, representing approximately 29.4% of its equity interest. If Ivanhoe does not issue any new share before the completion of the closing, CITIC Metal Africa's equity interest in Ivanhoe will decrease to approximately 26.40% after the completion of the transaction.

(4) Robert Martin Friedland, an individual residing in Singapore and the Co-Chairman of the board of directors of Ivanhoe.

As at the date of this announcement, Mr. Friedland owns 170,024,977 common shares of Ivanhoe directly or indirectly through Newstar, representing approximately 14.3% of its equity interest. If Ivanhoe does not issue any new share before the completion of the closing, Mr. Friedland's equity interest in Ivanhoe will decrease to approximately 13.2% after the completion of the transaction.

(5) Newstar Advantage Ltd., a limited liability company incorporated under the laws of the British Virgin Islands with an office address at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands. Newstar engages in investment holding. Mr. Friedland is Newstar's sole beneficiary.

III. Basic information of the Target Company

(I) Introduction

Ivanhoe Mines Ltd. is a mining exploration and development company incorporated in British Columbia, Canada and headquartered in Vancouver. It is listed on the Toronto Stock Exchange (stock code: IVN). Its major assets consist of 3 projects including 39.6% interest in the Kamo-a-Kakula copper deposit in the Democratic Republic of the Congo (the "DR Congo"), 68% interest in the Kipushi zinc-multimetals deposit in the DR Congo and 64% interest in the Platreef platinum deposit in South Africa. It also owns several exploration projects including Western Foreland.

As at the date of this announcement, Ivanhoe has issued 1,191,733,687 common shares. Its largest shareholder is CITIC Metal Africa.

For details of the Target Company, please refer to its company website, <http://www.ivanhoemines.com>.

(II) Information of the assets of the Target Company

1. The Kamo-Kakula copper project in the DR Congo

The Kamo-Kakula Copper Project is located in Katanga Province of the DR Congo and approximately 25 kilometres west of the town of Kolwezi. Ivanhoe, the Company and Crystal River Global Limited own 39.6%, 39.6% and 0.8% of the interest in the Kamo-Kakula Copper Project respectively. The government of the DR Congo owns the remaining 20% of its interest. The Company has been continuously disclosing the exploration and construction progress of the Kamo-Kakula Copper Project.

The construction of Kakula's stage one, six-million-tonne-per-annum mining and processing facilities is in a good progress. Kakula underground copper mine development has reached the edge of the high-grade ore. The joint-venture partners are advancing the construction of processing plant and other surface earthworks. Tenders and orders for all of the long-lead items and processing equipment have been placed. The Kakula copper mine is on schedule to produce first copper concentrate in Q3 2021.

The resource volume of copper metal (indicated + inferred) owned by the Kamo-Kakula Copper Project at 1% total copper cut-off grade is approximately 42 million tonnes.

2. The Kipushi zinc-multimetals project in the DR Congo

The Kipushi Project is based on high-grade, zinc-multimetals mine in the Central African Copperbelt. It is located in Katanga Province of the DR Congo and approximately 30 kilometres southwest of Lubumbashi. Ivanhoe holds 68% interest in the Kipushi Project; the balance of 32% is held by La Générale des Carrières et des Mines of the DR Congo (Gécamines).

The Target Company completed the preliminary feasibility study of the Kipushi Project in December 2017. The Kipushi definitive feasibility study is under preparation. According to the preliminary feasibility study, based on zinc price of USD1.10/lb, at a discount rate of 8%, the Kipushi Project anticipates annual production of an average of 380 thousand tonnes of zinc concentrate with a concentrate grade of 59% zinc and at an average cash cost of approximately USD0.48 per pound of zinc. After-tax net present value is USD683 million and the after-tax real internal rate of return is 35.3%.

According to the updated resource report disclosed by the Target Company in 2018, the Kipushi Project is divided into zinc-rich mineral resource and copper-rich mineral resource. Its mineral resources are as follows:

(1) Kipushi zinc-rich Mineral Resource at 7% zinc cut-off grade

Category	Ore volume (million tonnes)	Zn		Cu	
		Grade (%)	Contained metal quantities (million tonnes)	Grade (%)	Contained metal quantities (thousand tonnes)

Measured & Indicated	11.78	35.34	4.1897	0.8	95.2
Inferred	1.14	33.77	0.3884	1.24	14.2

(2) Kipushi copper-rich Mineral Resource at 1.5% copper cut-off grade

Category	Ore volume (million tonnes)	Cu		Zn	
		Grade (%)	Contained metal quantities (thousand tonnes)	Grade (%)	Contained metal quantities (thousand tonnes)
Measured & Indicated	2.29	4.03	93.1	2.85	65.8
Inferred	0.44	3.89	17.3	10.77	47.9

Note: 1) The above resource volume is estimated based on NI 43-101 standard of Canada;

2) The above contained metal quantities are converted based on 1 pound = 456.59 grammes.

3. The Platreef platinum deposit project in South Africa

The Platreef Project is located in Limpopo Province of South Africa, approximately 280 kilometres northeast of Johannesburg. The Target Company owns 64% interest in the Platreef Project while the South African beneficiaries of the approved broad-based, black economic empowerment structure have a 26% stake in the Platreef Project. The remaining 10% is owned by a Japanese consortium. The Target Company completed a definitive feasibility study for the Platreef Project in 2017. The project development is in three phases and initial concentrate production is expected by early 2022.

According to the feasibility study of the Platreef Project disclosed by the Target Company, assumed a platinum price of USD1,250/ounce, palladium price of USD825/ounce, gold price of USD1,300/ounce, rhodium price of USD1,000/ounce at an 8% discount rate, the Platreef Project expected an average annual production of 14.8 tonnes of 3PE+Au (i.e., platinum, palladium, rhodium and gold, hereinafter). At an 8% discount rate, total mine-site cash cost of 3PE+Au of the Platreef Project is USD399/ounce. After-tax net present value is USD916 million and the after-tax real internal rate of return is 14.2%.

Platreef Project's mineral resource - 3PE+Au (cut-off grade 2.0 g/t base case):

Category	Ore volume (million tonnes)	3PE+Au		Ni		Cu	
		Grade (g/t)	Contained metal quantities (tonne)	Grade (%)	Contained metal quantities (million)	Grade (%)	Contained metal quantities (thousand)

					tonnes)		tonnes)
Indicated	346	3.77	1,304.79	0.32	1.1132	0.16	559.8
Inferred	506	3.24	1,641.33	0.31	1.5707	0.16	810.4

Note : 1) The above resource volume is estimated based on NI 43-101 standard of Canada;

2) The above contained metal quantities is converted based on 1 pound = 456.59 grammes and 1 troy ounce = 31.1035 grammes.

(III) The financial status of the Target Company

Unit: USD'000

	First half of 2019	2018	2017
Revenue	0	0	0
Net profit	5,660	19,452	233,959
Total assets	1,909,925	1,884,788	1,271,311
Total liabilities	74,074	65,980	59,821
Net assets	1,835,851	1,818,808	1,211,490

Note: The figures of the first half of 2019 are unaudited.

IV. Major terms of the Agreement

(1) The target of the transaction

According to the Agreement, CITIC Metal Africa, Mr. Friedland and Newstar agreed to sell an aggregate of 48,652,282 issued and outstanding common shares of Ivanhoe to Gold Mountains (H.K.) on the closing date.

(2) Consideration

The consideration to be paid from Gold Mountains (H.K.) to CITIC Metal Africa, Mr. Friedland and Newstar for each common share in the transaction shall be equal to the greater of: (i) CAD3.98 per common share and (ii) the volume weighted average price to be agreed by the parties to the transaction if the volume weighted average price when the market closes on the closing date is greater than CAD3.98 and subject to such price being subject to the relevant rules of the Ministry of Finance of the PRC regarding pricing. The consideration of the transaction is arrived at based on normal commercial terms and arm's length negotiations with reference to the share price of the Target Company.

The purchase will be mainly self-financed by Gold Mountains (H.K.).

(3) Closing

The parties to the transaction agree to use reasonable commercial efforts to complete the closing on or before 31 December 2019. The closing date shall be determined by the parties in writing in accordance with

the terms of the Agreement.

(4) Major conditions of closing

1. The approvals of the Company's board of directors and Gold Mountain (H.K.)'s board of directors shall have been obtained approving the entry into the Agreement and the ancillary documents and the performance of the transactions contemplated in the Agreement;
2. The internal approvals of CITIC Limited shall have been obtained approving CITIC's entry into the Agreement and the ancillary documents and the performance of the transactions contemplated in the Agreement;
3. The recordal required from and registration with the relevant Chinese government agencies for the transactions shall have been issued and received;
4. Each of the parties' representations and warranties for the transactions in the Agreement shall be true and accurate;
5. All agreements relevant to the transaction shall be validly executed;
6. Notification of the satisfaction of the conditions: when the conditions of closing have been satisfied or waived, one of the three parties shall notify the other two parties in writing before markets open within three calendar days.

(5) Other major terms of the Agreement

1. Share trading prohibition: From the date that each party provides the notification of the satisfaction of the conditions until the business day following the closing date, each party shall not and shall cause its affiliates not to, purchase or sell any common shares on the Toronto Stock Exchange, nor cause, encourage, facilitate, assist or advise any other person to do so. The parties acknowledge that this limitation is intended to ensure that the purchase price fairly reflects the trading price of the common shares as and when required to be determined under the Agreement.

2. The expiry date of the Agreement is 15 January 2020 (the "Outside Date"). If the closing date has not occurred on or before the Outside Date, but provided that the parties may agree in writing prior to the Outside Date to extend the Outside Date by a period of up to twelve months if any of the closing has not occurred by the Outside Date.

3. Termination: The Agreement may, by notice in writing given at or prior to the closing, be terminated: (1) by mutual written consent of all of the parties; or (2) by any of the parties if the conditions of closing have not been satisfied or waived.

V. Others

(1) After the completion of the closing, for so long as the Company has and maintains a pro rata interest in Ivanhoe equal to at least 10%, the Company will be entitled to nominate one individual for appointment or election as a director of Ivanhoe. The Company's chairman, Mr. Chen Jinghe, is currently serving as a

director of Ivanhoe.

(2) The Company may exercise the anti-dilution right in whole or in part if the Company's pro rata interest in Ivanhoe is higher than 5.0%.

(3) From the completion date of the closing to 6 December 2026, without the prior written consent of Ivanhoe, the Company's beneficial ownership interest in Ivanhoe would not exceed 13.88%.

(4) Regarding the construction of smelter of the Kamoa-Kakula Project:

1. Ivanhoe agrees with the concept of building a smelter at the Kamoa-Kakula Project and agrees that the Company, being the constructor and operator, is expected to take the leading role in the construction, operation and joint financing of a smelter.

2. The Company and Ivanhoe will commence discussions regarding the financing, fiscal framework for (including the application of Law 14/005), construction and operation of a smelter at the Kamoa-Kakula Project, subject to resolution of all operational issues at the Kamoa-Kakula Project. As well, in parallel, the Company and Ivanhoe will work together to secure the government of the DR Congo's support for the advancement of all of Ivanhoe's exploration and development activities in the DR Congo. For greater certainty, no binding agreement shall exist with respect to the construction, operation or joint financing of a smelter until the applicable parties have entered into definitive agreements that are mutually acceptable to each.

VI. The effects of the transaction to the Company

Ivanhoe owns abundant resources of copper, lead and zinc, platinum, etc. The increase in shareholding is beneficial for strengthening the Company's influence on the Target Company, and is in line with the Company's development strategy of internationalisation. The transaction is fair, reasonable and in the interest of the Company and its shareholders as a whole.

If the transaction is completed at the consideration of CAD3.98 per common share, the total investment amount is CAD193,636,082, equivalent to approximately RMB1,032,874,200, representing approximately 2.55% of the Company's audited net assets attributable to owners of the parent as at the end of 2018.

VII. Investment risks

1. Foreign exchange risks

The transaction will be settled in Canadian Dollar. The continuous fluctuations in the exchange rate will bring foreign currency risks to the increase in shareholding to a certain extent.

2. Market risks

Market risks lie in the future price trend of metals. If the metal prices fluctuate substantially in the future,

there will be uncertainties to the profitability of the projects, bringing impacts on the value of the Target Company.

This announcement is made on a voluntary basis.

This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

Investors and shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue, and Ms. Lin Hongying as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth, and Cai Meifeng as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

8 October 2019, Fujian, the PRC

** The Company's English names are for identification purpose only*