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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 the Acquisition of the Rosebel Gold Mine Project in Suriname**

### **Important notes:**

- Zijin Mining Group Co., Ltd.\* (the “Company” or “Zijin Mining”) has entered into a share purchase agreement on 18 October 2022 with IAMGOLD Corporation (“IMG”), a Toronto Stock Exchange listed company with head office in Toronto, Canada. The Company proposed to invest USD360 million (equivalent to approximately RMB2.559 billion, according to the central parity rate of USD1: RMB7.1086 on 18 October 2022 announced by the China Foreign Exchange Trade System, same below) via Silver Source Group Limited, an overseas wholly-owned subsidiary of the Company, to acquire 95% class A Shares and 100% class B Shares of Rosebel Gold Mines N.V. (“RGM” or the “Target Company”) held by IMG. RGM owns the Rosebel Gold mine project (“Rosebel Gold Mine Project”) in Suriname (including the Rosebel mine and the Saramacca mine).
- The abovementioned transaction does not constitute a connected transaction or a material asset restructuring of the Company. The transaction was considered and approved at the fifteenth extraordinary meeting in 2022 of the seventh term of the board of directors (the “Board”) of the Company.
- The transaction is subject to the necessary approvals, filings or consents from the relevant authorised institutions, including but not limited to the approvals, filings or consents from the Chinese government and the Suriname government or their authorised relevant departments.

### **I. Overview of the transaction**

On 18 October 2022, the Company entered into a share purchase agreement with IMG. The Company proposed to invest USD360 million (equivalent to approximately RMB2.559 billion) via Silver Source Group Limited, an overseas wholly-owned subsidiary of the Company, to acquire 95% class A Shares and 100% class B Shares of RGM held by IMG. The core asset of RGM is the Rosebel Gold Mine Project in Suriname, South America. The project includes the Rosebel mine and the Saramacca mine.

The consideration of the transaction is determined based on several prudential assessments including but not limited to the due diligence on the Target Company carried out by the Company. It is arrived at under normal commercial terms, through adequate negotiations by all parties to the transaction.

The transaction was considered and approved at the fifteenth extraordinary meeting in 2022 of the seventh term of the Board of the Company. 12 directors of the Company participated in the voting, with 11 votes in favour, 1 abstention, and 0 against vote. Non-executive director Mr. Li Jian abstained from voting on the acquisition due to the consideration of overseas investment risks. The transaction does not constitute a connected transaction or a material asset restructuring of the Company.

The transaction is subject to the necessary approvals, filings or consents from the relevant authorised institutions. It is also required to meet other typical closing conditions for transactions of similar nature.

## **II. Basic information about the counterparty to the transaction**

IMG is a gold mining company headquartered in Toronto, Canada. It is listed on both the New York Stock Exchange (NYSE: IAG) and the Toronto Stock Exchange (TSX: IMG). Its main assets are three operating gold mines, namely Essakane (Burkina Faso), Rosebel (Suriname) and Westwood (Canada), and Côté Gold (Canada), a mine development project currently under construction. For details, please refer to the official website of IMG, [www.iamgold.com](http://www.iamgold.com).

## **III. Basic information about the Target Company**

### **(I) Overview of the Target Company**

RGM was incorporated on 8 May 2002 with its place of registration in the Republic of Suriname. It is mainly engaged in exploration, mining, processing and sales of gold and other minerals. RGM has issued class A shares and class B shares. IMG owns 950 class A shares and 7,999,000 class B shares in the capital of RGM, representing 95% of the issued and outstanding class A shares and 100% of the issued and outstanding class B shares. The Suriname government owns the remaining 5% of the class A shares of RGM. RGM holds 100% interest in the Rosebel mine. RGM also holds a 70% participating interest in an unincorporated joint venture (the “UJV”), whereby the Suriname government holds the remaining 30% participating interest in the UJV through its wholly-owned subsidiary Staatsolie Maatschappij. The UJV holds 100% interest in the Saramacca mine.

As at 31 December 2021, the total assets, total liabilities and net assets of RGM amounted to USD707 million, USD368 million and USD339 million, respectively. In 2021, the realised sales income amounted to USD277 million and the net loss amounted to USD141 million (RGM made a provision of impairment charge on assets of USD191 million due to the changes in resources and reserve estimates as well as mine service plans). (The abovementioned financial data has been audited)

As at 30 June 2022, the total assets, total liabilities and net assets of RGM amounted to USD725 million, USD375 million and USD350 million, respectively. From January to June 2022, the realised sales income amounted to USD194 million and the net profit amounted to USD11 million. (The abovementioned financial data has not been audited)

## **(II) Overview of the Rosebel Gold Mine Project**

### **1. Information about the natural and geographical environment and infrastructure**

The Rosebel Gold Mine Project is located in the Brokopondo and Sipaliwini Districts in northern Suriname, South America, 80 kilometres south of the capital city of Paramaribo. The project includes the Rosebel and the Saramacca mining areas. Among which, Rosebel is the main mining area. The Saramacca mining area is about 25 kilometres southwest of the Rosebel processing plant.

The climate of the project is classified as tropical. Exploration and production activities can be carried out in all seasons. The Rosebel mining area is hilly and low-lying. The Saramacca deposit is distributed along the Brokolonko ridge, the area is at 250-1,200 metres above sea level.

The travel distance from the capital to the Rosebel mining area is approximately 100 kilometres. The transportation of the project is relatively convenient. The on-site production and living infrastructure are fully available. An airstrip, with an approximate length of 1.2 kilometres, is 5 kilometres away from the Rosebel camp. On-site electricity is delivered from the Afobaka hydroelectric generating station, which can meet the electricity needed for the mine operation.

### **2. Information about the mining rights**

RGM owns 2 exploitation permits and 9 exploration permits.

#### **(1) Exploitation permit**

##### **① Exploitation permit of the Gross Rosebel mining area**

RGM was granted a right of exploitation (ROE) for the Rosebel concession in 2002. The valid period is 25 years, covering an area of 170 square kilometres. The ROE for the Rosebel concession will expire in December 2027. According to the Mineral Agreement, the ROE for the Rosebel concession shall be extended for a period of 15 years from its current expiration date.

##### **② Exploitation permit of the Pikin Saramacca mining area**

RGM obtained the ROE in Saramacca concession in May 2019, covering an area of 49.75 square kilometres. It is valid until May 2044.

#### **(2) Exploration permits**

RGM owns nine exploration permits, covering a total area of 788.49 square kilometres. Among which, seven rights of exploration have expired in August 2020. The Target Company has filed an extension application. According to Suriname’s mining regulations, these exploration permits held by the Target Company remain valid until the mining authority comes up with an extension decision.

### 3. Information about the resources

The Rosebel Gold Mine Project is a typical greenstone-hosted gold deposit. Gold mineralisation mainly occurs in sedimentary rocks and volcanic rocks, which belong to the same type of mineralisation as the Company’s Aurora Gold Mine in Guyana. The Rosebel concession hosts seven deposits and several smaller occurrences. Each mineralised trend is 1.2-3.3 kilometers long and 100-900 metres wide, and the dip angle is relatively steep. The Saramacca concession mainly hosts the Saramacca deposit. Mineralisation trend ranges from 2-40 metres in width over a strike length of 2.2 kilometres and is open along the strike, extending about 600 metres in depth. According to the degree of weathering, there are humus, laterite, transitional ore and primary ore generally developed beneath the land surface.

According to the NI 43-101 report prepared by Rosebel Gold Mines N.V. (RGM), SRK Consulting (Canada) Inc. (SRK), and WSP Canada Inc. (WSP), as at the end of 2021 (on a 100% basis), the total mineral resources estimate of the Rosebel Gold Mine Project (including 12 deposits and low-grade ore piles) are 196 million tonnes at an average grade of 1.11 g/t Au for 6.992 million ounces Au (about 217 tonnes). Among which, 4 deposits have resources of over 1 million ounces each. Reserves include 7 deposits and low-grade ore piles, totalling 3.829 million ounces of gold metal (about 119 tonnes) at an average grade of 1.09 g/t Au. Details about the resources are as follows:

Concession	Classification	Tonnes	Grade	Contained metal
		Tonnes 000 t	g/t Au	000 oz Au
Rosebel	Measured + Indicated	150,550	0.99	4,790
	Inferred	16,051	0.88	455
	<b>Total</b>	<b>166,601</b>	<b>0.98</b>	<b>5,245</b>
Saramacca	Measured + Indicated	23,166	2.03	1,515
	Inferred	5,966	1.2	233
	<b>Total</b>	<b>29,132</b>	<b>1.87</b>	<b>1,748</b>
<b>Total</b>		<b>195,732</b>	<b>1.11</b>	<b>6,992</b>

Note: (1) Mineral resources are estimated at a cut-off grade which varies between 0.18 g/t Au to 0.54 g/t Au, depending on the material and pit. (2) Mineral resources are inclusive of mineral reserves.

The deep and edge parts of the existing Rosebel deposit have not been closed, and the area where the project is located has great potential for metallogenic and exploration prospects. Since the Rosebel Gold Mine Project was put into production, RGM has continuously discovered new resources. In the future, by increasing the investment in exploration to increase the amount of resources, it is possible to extend the service life of the mine.

#### **4. Development situation of the project**

The Rosebel Gold Mine is one of the largest in-production gold mines in South America. The Rosebel mining area commenced production in 2004, and the Saramacca mining area commenced production in the second half of 2020. From 2004 to 2021, a total of 5.65 million ounces of gold (about 176 tonnes) were produced, the annual average gold output was 314,000 ounces (about 10 tonnes). Among which, the Saramacca mining area has produced 168,000 ounces of gold (about 5 tonnes) since its commencement of production. Since the project commenced production, it has been maintaining relatively good profitability. Starting from 2019, due to the understripping in the main mine, the COVID-19 pandemic, heavy rainfall and other factors, the output of the project has been declining year by year. From 2019 to 2021, on a 100% basis, the output of gold of the project was 265,000 ounces, 245,000 ounces, and 188,000 ounces (about 8.2 tonnes, 7.6 tonnes, and 5.8 tonnes), respectively. Production and operation have improved meaningfully since 2022. In the first half of this year, the actual gold production amounted to 112,000 ounces (about 3.5 tonnes).

The Rosebel Gold Mine is an open-pit mine. The mining is self-operated by the project company. The mining and stripping equipment is mainly leased, and some auxiliary projects are subcontracted. Ores from the Rosebel mining area are easy-to-separate ores, and part of the original ores from the Saramacca mining area are refractory ores. The processing plant is a conventional cyanidation process. The designed processing rate of the Rosebel plant is 12.5 million tonnes per annum (Mtpa) of soft ore or 7.7 Mtpa of hard rock equivalent. The upgrade of the equipment of the processing plant is expected to be completed in the second half of 2023. Since 2018, ore recovery at the Rosebel mining area has been ranging from 86-94%. The ore recovery of the Saramacca mining area has increased to 92% in the first half of this year.

According to the life of mine plan published by IMG in February 2022, the operational mine life of the Rosebel Gold Mine is 12 years (2022 to 2033), and the average output is 277,000 ounces (about 8.6 tonnes) of gold per year, with a total forecast production of 3.327 million ounces of gold (about 103.5 tonnes). Among which, between 2024 and 2032, the average production of gold will be 312,000 ounces per year (about 9.7 tonnes).

The all-in sustaining costs of gold for the Rosebel Gold Mine (on 95% basis by RGM) from 2017 to 2019 were USD931/ounce, USD1,006/ounce and USD1,165/ounce respectively. Due to a number of factors

including lower production volumes as a result of the impact of the COVID-19 pandemic, higher stripping and other capital expenditures and rising prices of raw materials, the unit cost of the project has been on an upward trend since 2020. The all-in sustaining costs for 2020, 2021 and the first half of 2022 were USD1,224/ounce, USD1,859/ounce, and USD1,832 /ounce, respectively.

The Company is of the view that the Rosebel Gold Mine has room for improvements in mining, mainly including the implementation of slicing method for mining to reduce the mining dilution rate, the reasonable allocation of transportation vehicles in the mining sites and workflow, using more suitable equipment, optimisation of parts procurement plans, discharge of waste rock from mining pits and other measures, which can effectively reduce the costs of mining and stripping. With the increase in the mining, stripping and processing scale in the future, it is expected that the unit cost of operation will decrease.

#### **IV. Main contents of the Agreement**

IAMGOLD (the “Vendor”), Silver Source Group Limited (the “Purchaser”) and Zijin Mining Group Co., Ltd.\* (the “Purchaser Parent”) have entered into the share purchase agreement (the “Agreement”) on 18 October 2022.

##### **(I) Purchase and sales of the shares**

In accordance with the terms and conditions stipulated in the Agreement, the Vendor agrees to sell, and the Purchaser agrees to purchase:

1. 950 class A shares and 7,999,000 class B shares in the capital of Rosebel Gold Mines N.V. (the “Target Company”) which are legally and beneficially held by the Vendor, representing collectively, 95% of the issued and outstanding class A shares and 100% of the issued and outstanding class B shares of the Target Company (the “Purchased Shares”);
2. The Vendor’s right title and interest in and to the Mineral Agreement (the “Related Interests”); and
3. All outstanding principal and accrued but unpaid interest of the intercorporate loan agreement as at the closing date (the “IAMGOLD Debt”) which the Target Company owes to the Vendor.

##### **(II) Purchase Price**

The base purchase price (the “Base Purchase Price”) for the purchase of the Purchased Shares, the Related Interests and the IAMGOLD Debt is USD360,000,000. At the closing, the Purchaser shall pay the USD360,000,000 Base Purchase Price to an account designated by the Vendor, subject to cash balances and working capital adjustments, according to the mechanism agreed in the Agreement. After the closing, both parties shall calculate the net closing cash and closing working capital adjustment amount according to the procedures and mechanisms agreed in the Agreement, and adjust the total aggregate purchase price.

### **(III) Conditions precedent**

Major conditions precedent to the closing include:

1. Key regulatory approvals shall have been obtained, including the approvals, filings or registrations from the National Development and Reform Commission, Ministry of Commerce and State Administration of Foreign Exchange of the People's Republic of China, the consent from the Suriname government, etc.
2. Receipt of closing documentation from both parties, including documents for discharging all encumbrances against the Purchased Shares and assets of the Target Company, consents from the counterparties under the financing contract and commercial contracts, resolutions of the board of directors of the Target Company approving the entering into the transaction, assignment and assumption agreement with respect to the IAMGOLD Debt, etc.
3. There is no order or law or proceedings that could prevent or restrict the transaction; and
4. No material adverse effect.

The outside date is three months from the signing date of the Agreement. If the key regulatory approvals are not obtained within the abovementioned three months, any of the parties shall have the right to postpone the outside date for up to an additional 60 days.

Besides, the Agreement also stipulates terms such as representations and warranties, indemnification, termination, covenants for the transition period, governing laws, arbitration etc.

### **V. Impact of the transaction on the Company**

The Rosebel Gold Mine Project has large reserves and resources, with a total gold resources of 217 tonnes as at the end of 2021. The region has great potential for mineralisation. The project is an open-pit mine using the conventional cyanidation process. The planned gold production in the next 12 years is 8.6 tonnes per year. The infrastructure of the project is complete, and there is no subsequent large-scale capital expenditure. As one of the largest producing gold mines in South America, the Company's acquisition of this project can increase its reserves of gold resources and rapidly increase its gold production, the Company is also of the view that the project has room for improvement in production and operation, especially in mining. It is expected that an expeditious return on investment can be achieved. The acquisition of the project is also in line with the Company's development strategy.

The consideration of the transaction is USD360 million, equivalent to approximately RMB2.559 billion, accounting for 3.6% of the Company's audited net assets attributable to the owners of the parent in 2021.

The fund for the acquisition will be self-financed by the Company.

## **VI. Investment risk**

### **(I) Uncertainty risk of the transaction**

The transaction requires the relevant approvals from the Chinese government and the Suriname government. The transaction is subject to external closing conditions, and it is uncertain whether the transaction can be successfully completed.

### **(II) Operation risk of the project**

The Company has been following and paying attention to the project for a long time. The Company is of the view that the project has relatively good resources potential and operational improvement potential. However, there may be situations such as the high mining dilution rate which will result in lower-than-planned mining grades and high operating costs, which will bring uncertainty to the profitability of the project.

### **(III) Market risk**

Market risk is mainly reflected in the future trend of gold price.

**The transaction does not constitute a notifiable transaction or a connected transaction of the Company under Chapters 14 and 14A of The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange Limited. This announcement is made by the Company on a voluntary basis.**

**This announcement is published in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail.**

**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, Ms. Lin Hongying and Mister Xie Xionghui as executive directors, Mister Li Jian as non-executive director, and Messrs. Mao Jingwen, Li Changqing, He Fulong, Suen Man Tak and Bo Shao Chuan as independent non-executive directors.

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

18 October 2022, Fujian, the PRC

*\*The Company's English name is for identification purpose only*