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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 Proposed Participation in the Bidding of the Exploration Rights of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang by a Wholly-owned Subsidiary**

**Important notes:**

- Zijin International Holdings Co., Ltd. (“Zijin International Holdings”), a wholly-owned subsidiary of Zijin Mining Group Co., Ltd.\* (the “Company”), proposes to participate in the bidding of the exploration rights of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang (the “Huoshaoyun Lead and Zinc Mine”), which is offered by the Department of Natural Resources of Xinjiang Uygur Autonomous Region.
- The estimated zinc and lead resources in the main area of the exploration rights is 18.8089 million tonnes, and the average grade of zinc + lead is 27.97% (zinc 23.37%, lead 4.6%). It is a world-renowned high-grade, super-large zinc (lead) mine, with an average altitude of around 5,600 metres, and most of the mine is suitable for open-pit mining.
- The deposit for bidding the exploration rights of the Huoshaoyun Lead and Zinc Mine is RMB400 million. The reserve price (starting price) is RMB22.3 billion. The bid price quoted in the bidding document of the successful tenderer shall be the consideration of the exploration rights to be paid. The first installment of the consideration shall be 30% of the total consideration (no less than RMB6.69 billion). The remaining portion shall be spread into equal annual installment over a period of 10 years after the exploration rights are transformed into mining rights.
- The participation in the bidding was considered and approved at the second extraordinary meeting in 2023 of the eighth term of the board of directors of the Company (the “Board”). The transaction does not constitute a connected transaction or a material asset restructuring.
- It is uncertain whether the Company will be successful in the tender.

**I. Basic information on the transaction**

In order to increase the reserves of the Company’s lead and zinc resources and enhance the Company’s industry position and economic efficiency, the Company proposes to participate in the bidding of the exploration rights of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang, which is offered by the Department of Natural Resources of Xinjiang Uygur Autonomous Region through Zijin International Holdings, its wholly-owned subsidiary.

The participation in the bidding was considered and approved unanimously by all the directors at the second extraordinary meeting in 2023 of the eighth term of the Board of the Company. It was agreed to authorise the management of the Company to submit the tender document, sign the relevant agreements and documents and handle other relevant specific matters in accordance with the relevant procedures, laws and regulations. The transaction does not constitute a connected transaction or a material asset restructuring.

## II. Basic information on the tender

### (I) Basic information on Zijin International Holdings

Company name: Zijin International Holdings Co., Ltd.

Registered capital: RMB10 billion, a wholly-owned subsidiary of the Company.

Date of establishment: 3 November 2020

Registered address: Sanya Bay Road, Tianya District, Sanya City, Hainan Province

Scope of business: Import and export agency; import and export of goods; import and export of gold and its products; mining of mineral resources of non-coal mines; exploration of mineral resources; surveying of geological disaster control engineering projects, etc.

### (II) Basic information on the acquisition target

#### 1. Basic information on the exploration rights

Number	Project name	Exploration area (square kilometres)	Mineral type	Note
1	Exploration of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang (Area 1)	98.79	Lead and zinc minerals	The 3 exploration rights will be transferred in one batch. The validity period of the exploration rights is 5 years, which can be extended upon application pursuant to the laws.
2	Exploration of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang (Area 2)	93.06		
3	Exploration of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang (Area 3)	100.34		

#### 2. Information on the resources of the project

The Huoshaoyun Lead and Zinc Mine is the largest lead and zinc deposit ever discovered in China. According to the Tender Document for the Transfer of the Exploration Rights of the Huoshaoyun Lead and Zinc Mine in Hotan County, Xinjiang, there are three exploration rights in Areas 1, 2 and 3 of the mining area, covering a total area of 292.19km<sup>2</sup>. It was discovered by the Xinjiang Geological and Mining Bureau Team 8 in 2011. Two rounds of surveys have been completed. The mining area is divided into the upper and lower ore-bearing layers. The orebody is large and thick, shallowly buried and of high grade. Most of it is concealed orebody, with occasional outcrops on the surface. The total ore volume within the scope of the three exploration rights is over 80 million tonnes, and the estimated lead and zinc metal resources are 19.2271 million tonnes. Among which, Area 2 is the main mining area, with an estimated lead and zinc resources of 18.8089 million tonnes, the average grade of zinc + lead is 27.97% (zinc 23.37%, lead 4.60%). 13 orebodies have been discovered.

The type of industrial ore is lead-zinc carbonate. The minerals are mainly smithsonite and cerussite,

followed by siderite. The useful components of the ores are zinc and lead, associated with cadmium and gallium. The ores cannot be processed and concentrated, they can only be directly refined and recycled.

### 3. Natural environment of the mining area

The Huoshaoyun Lead and Zinc Mine is under the jurisdiction of Hotan County, Xinjiang. The altitude of the mine is 5,455 to 5,784 metres above sea level in general, with an average altitude of about 5,600 metres above sea level. The mining area has a typical plateau cold zone desert climate, and the oxygen content in the air is only 45 to 55% of that in coastal areas. The annual average temperature of the mining area is below -8°C, and the highest and lowest temperature is 14.8°C and -42.6°C, respectively. The annual precipitation is 100-150 mm and the annual evaporation is about 2,000 mm. Wind force ranges from 4 to 6, with the highest being 8 to 9 or above. The mining area is located in an area with frequent earthquakes, and it is an unstable area. The conditions of transportation, logistics, water supply and power supply are extremely unfavourable.

### **(III) Requirements for the development progress and construction of the successful tenderer**

The successful tenderer must switch to mining according to the laws within 1 year after obtaining the exploration rights; complete the exploration work in all areas within 2 years; complete construction and reach designated production capacity and efficiency according to the requirements of green mines within 3 years, the mining scale shall be no less than 2 million tonnes/year, and the refining scale shall be higher than 600,000 tonnes/year; develop a downstream in-depth processing industrial chain of lead storage battery, zinc alloy, lead alloy, lead material, PVC stabiliser, zinc powder, zinc oxide, etc. in the Hotan area within 5 years, with an annual output value of no less than RMB15 billion; and employ no less than 50% of the enterprise's employees from the locals.

### **(IV) Bidding procedure, deposit, reserve price, tender assessment method and payment schedule**

1. Bidding procedure: bidding documents shall be submitted between 10:30 and 11:30 on 16 January 2023; the bid will close at 11:30 on 16 January 2023; and the tender will be opened at 12:00 on 16 January 2023.
2. The deposit for the bidding of the exploration rights of the Huoshaoyun Lead and Zinc Mine is RMB400 million. The reserve price (starting price) is RMB22.3 billion.
3. Tender assessment method: A comprehensive tender assessment method will be used to determine the best one to be the successful tenderer, including the consideration of operating capability, technical equipment, project team, industrial chain planning and construction, financial strength, social responsibilities, etc.
4. Payment schedule: The bid price quoted in the bidding document of the successful tenderer shall be the consideration of the exploration rights to be paid. The first installment of the consideration to be transferred shall be 30% of the total consideration (no less than RMB6.69 billion). The remaining portion shall be spread into equal annual installment over a period of 10 years after the exploration rights are transformed into mining rights.

### **III. Impact on the Company and the Company's strengths**

#### **(I) Significantly increasing the reserves of lead and zinc resources and output of the Company, meeting the Company's development strategies**

The Huoshaoyun Lead and Zinc Mine is a rare, world-class, high-grade mineral deposit in the world. It is huge in scale and suitable for open-pit mining. Lead and zinc minerals are one of the major mineral types of the Company's business. The Company currently owns 10.88 million tonnes of zinc (lead) resources (ranking ninth in the world). In 2021, the Company produced 434 thousand tonnes of zinc (lead) (ranking fourth in the world). If the Company is successful in the tender and develops the project, the reserves of zinc (lead) resources and output of the Company will be significantly increased. The Company is expected to become the second largest zinc (lead) enterprise in the world, enhancing the status and power of influence of the Company in the global zinc (lead) industry.

#### **(II) The Company has rich experience in the successful development and operation of super large-scale mines at high-altitude and cold areas**

The Huoshaoyun Lead and Zinc Mine is situated in an area with an average altitude of about 5,600 metres. The natural conditions are tough. The Company has rich experience in the successful development and operation of several super large-scale projects at high altitude. The Company has successively completed the construction of the Deerni Copper Mine in Qinghai and the Julong Copper Mine in Tibet. Besides, the Lakkor Tso Salt Lake in Tibet, the 3Q lithium brine project in Argentina and other projects are under construction. In particular, the Julong Copper Mine in Tibet, which is situated at high and cold area at an altitude of 5,300 metres in the Qinghai-Tibet Plateau, is the largest porphyry copper mine ever discovered in China. The Company only spent 1.5 years for the construction and production commencement of the mine after it took over the project in 2020. In 2022, the Julong Copper Mine produced 115 thousand tonnes of copper.

#### **(III) The Company's successful experience in developing several large-scale zinc (lead) mining and refining projects**

The Company has leading advantages in geological prospecting, treatment of refractory ores, development of green mines in plateau areas, large-scale lead and zinc refining project construction and other areas within the industry. The Company has completed the construction of large-scale zinc mines and refining bases in Wuqia County, Xinjiang composed of Zijin Zinc and Zijin Non-ferrous Metals, large-scale zinc refining and mining bases in Bayannur, Inner Mongolia and overseas countries and regions including Tuva, Russia and Eritrea. Meanwhile, the Company has received a number of technological advanced awards at state and provincial levels for its zinc refining technologies, which provide technological support to the development and refining operation of the Huoshaoyun Lead and Zinc Mine.

#### **(IV) The Company has strong financial strength and advantages in talents**

The bidding and construction of this project require huge financial support. The Company has good operating and financial indicators and net cash flow. The Company also has comprehensive loan facilities of more than RMB200 billion from financial institutions, which can provide the funds needed for bidding and construction of the project.

### **IV. Risks of participating in the tender**

The royalty and the subsequent investment amount of the Huoshaoyun Lead and Zinc Mine is huge, which

will bring relatively large financial pressure to the Company. The mining area is situated at a high-altitude and cold region, which is sparsely populated. There is also a lack of infrastructure. These will bring severe challenges to the development and construction of the project.

It is uncertain whether the Company will be successful in the tender. The Company will discharge its information disclosure obligations in a timely manner in accordance with the progress of the tender. Investors are advised to pay attention to the investment risks.

**This announcement is made by the Company on a voluntary basis. In the event that the transaction materialises and constitutes a notifiable transaction of the Company under chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company will comply with the relevant requirements under the Listing Rules to make further announcement(s) as and when appropriate.**

**This announcement is written 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), Zou Laichang, Lin Hongfu, Ms. Lin Hongying, Messrs. Xie Xionghui and Wu Jianhui as executive directors, Mister Li Jian as non-executive director, and Messrs. He Fulong, Mao Jingwen, Li Changqing, Suen Man Tak, Bo Shao Chuan and Ms. Wu Xiaomin as independent non-executive directors.

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

13 January 2023, Fujian, the PRC

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