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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)

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF JIN RUI MINING INVESTMENT LIMITED AND THE SALE LOANS INVOLVING THE ISSUE OF CONSIDERATION SHARES AND PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND (3) SPECIFIC MANDATE TO ISSUE NEW SHARES

Sole Global Arranger

BOCI ASIA LIMITED

Joint Financial Advisers

BOCI ASIA LIMITED   BofA Merrill Lynch

Independent Financial Adviser

Investec

THE ACQUISITION

The Board is pleased to announce that on 27 August 2013, the Company (as Buyer), Jintai Mining Investment Limited (as Seller) and Jinchuan HK (as Seller's guarantor) have entered into the Acquisition Agreement, pursuant to which, the Seller has agreed to sell and the Company has agreed to purchase the Sale Share, which represents the entire issued share capital of the Target Company, and the Sale Loans at the Purchase Price of US$1,290.0 million (equivalent to approximately HK$10,062.0 million).

According to the terms of the Acquisition Agreement, the Purchase Price will be satisfied in the following manner:

(1) Consideration Shares

As to US$204.6 million (equivalent to approximately HK$1,595.9 million), through the issuance by the Company of 1,595,880,000 Consideration Shares to the Seller or its nominee(s) upon Completion at an issue price of HK$1.00 per Consideration Share which should rank *pari passu* with the then existing issued Shares of the Company.

(2) PSCS

As to the remaining balance of the Purchase Price of US$1,085.4 million (equivalent to approximately HK$8,466.1 million), through the issuance by the Company of the PSCS convertible into 8,466,120,000 Conversion Shares to the Seller or its nominee(s) upon Completion at an initial Conversion Price of HK$1.00 per Conversion Share which, when issued, shall rank *pari passu* with the then existing issued Shares of the Company.

Completion

Completion of the Acquisition is subject to the satisfaction or waiver by the Company of certain conditions precedent (as the case may be) set out in the sub-section headed "The Acquisition — Conditions Precedent" in this announcement.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company is HK$50,000,000 comprising 5,000,000,000 Shares, of which 2,754,873,051 Shares are in issue as at the date of this announcement. In connection with the Acquisition, the Board proposes to increase the authorised share capital of the Company from HK$50,000,000 to HK$200,000,000 by the creation of an additional 15,000,000,000 unissued Shares to rank *pari passu* in all respects with the existing issued Shares in the capital of the Company. The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders by the passing of an ordinary resolution at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

Specific Mandate and Placing(s)

The Board proposes to, subject to approval from Shareholders at the EGM for the increase of the authorised share capital of the Company as described above, seek a Specific Mandate from the Shareholders at the EGM to issue not more than 4,000,000,000 new Shares (representing approximately 145.20% of the existing issued share capital of the Company as at the date of this announcement, approximately 91.94% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 31.21% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS), and approximately 23.79% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and issue of the maximum number of new Shares under the Specific Mandate.

Subject to market conditions, the Directors may or may not exercise the proposed Specific Mandate, if granted, to issue new Shares and, where the proposed Specific Mandate is exercised, may issue less than or up to 4,000,000,000 new Shares. It is currently intended that the Specific Mandate will cover new Shares to be issued pursuant to one or more potential Placing(s) to be conducted by the Company, subject to the then prevailing market conditions. The Specific Mandate is for the period from the passing of the relevant resolutions at the EGM up to the earlier of: (i) the date falling 90 days after the date of the passing of the aforesaid resolutions at the EGM; or (ii) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 14.06(5) of the Listing Rules.

In addition, the Seller is an indirect wholly-owned subsidiary of Jinchuan Group. As at the date of this announcement, Jinchuan HK indirectly owns 1,667,142,857 Shares, representing approximately 60.52% of the issued share capital of the Company. Jinchuan Group, the ultimate shareholder of Jinchuan HK, is deemed to be interested in 1,667,142,857 Shares, representing approximately 60.52% of the issued share capital of the Company. Since Jinchuan Group is the ultimate controlling shareholder of the Company, the Seller is an associate of Jinchuan Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval requirement under Rule 14A.48 of the Listing Rules. Therefore, Jinchuan Group and its associates are required to abstain from voting on the Acquisition at the EGM.

The Directors consider that the terms of the Acquisition Agreement have been entered into on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, the Directors consider that (i) the proposed increase in authorised share capital of the Company is in the interest of the Company and the Shareholders as a whole, and (ii) the Specific Mandate is on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Further, the Directors consider that the Purchase Price, the issue price of the Consideration Shares and the initial Conversion Price of the PSCS are fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into account, among other things, the terms and conditions of the Acquisition Agreement, the quality and potential of the mineral assets held by the Metorex Group, the Market Valuation and the Listing Rules Valuation prepared by SRK, the recent average trading price of the Shares as well as the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share.

The Directors are of the view that the current trading price per Share cannot be taken as the fair market value of the Shares because there appears to be a lack of correlation between the current trading price of the Shares and the underlying business operations or financial performance of the Company when compared with the trading valuation level for comparable listed companies, and the increase in the share price since Jinchuan Group's subscription of new Shares of the Company in 2010 may have been underpinned by the expectation of corporate action to fulfill the stated intention of Jinchuan Group to deploy the Company as its flagship for undertaking overseas operations in the exploration and exploitation of mining assets and related trading. Such expectation might have had the effect of decoupling the typical relationship between share price and the Group's financial performance of its underlying business. Accordingly, the net asset value per Share was considered as the main value indicator when determining the issue price for the Consideration Shares and the initial Conversion Price for the PSCS.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the Acquisition. None of the members of the Independent Board Committee has any material interest in the Acquisition. Investec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

GENERAL INFORMATION

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Acquisition Agreement and the transaction contemplated under the Acquisition Agreement. At the EGM, the Shareholders will also be asked to consider and, if thought fit, to approve the proposed increase in the authorised share capital of the Company and the Specific Mandate. Jinchuan Group and its associates will abstain from voting on the resolutions approving the Acquisition Agreement and the transaction contemplated under the Acquisition Agreement.

A circular containing, among others, (i) further details of the Acquisition contemplated under the Acquisition Agreement; (ii) financial and other information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the Competent Person's Report and the Valuation Report; (v) the notice of EGM; (vi) a letter from the Independent Board Committee to the Independent Shareholders regarding the Acquisition; (vii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (viii) the proposed increase in the authorised share capital of the Company; (ix) the Specific Mandate and (x) such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 August 2013.

As Completion is subject to the fulfilment (or if applicable, waiver) of certain conditions set out in the sub-section headed "The Acquisition — Conditions Precedent" in this announcement, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transaction under the Acquisition Agreement will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares or other securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 27 August 2013, the Company (as Buyer), Jintai Mining Investment Limited (as Seller) and Jinchuan HK (as Seller's guarantor) have entered into the Acquisition Agreement, pursuant to which, the Seller has agreed to sell and the Company has agreed to purchase the Sale Share, which represents the entire issued share capital of the Target Company, and the Sale Loans at the Purchase Price of US$1,290.0 million (equivalent to approximately HK$10,062.0 million).

THE ACQUISITION

The Acquisition Agreement

Date: 27 August 2013

Parties:	Seller:	Jintai Mining Investment Limited 金泰礦業投資有限公司, an indirect wholly-owned subsidiary of Jinchuan HK
	Seller's Guarantor:	Jinchuan HK
	Buyer:	the Company

Assets to be Acquired

The Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loans are to be sold to the Company free and clear from all encumbrances. As at 30 June 2013, the Sale Loans amounted to approximately US$925.8 million (equivalent to approximately HK$7,221.0 million). The Target Company is an investment holding company incorporated in Mauritius and is indirectly wholly-owned by Jinchuan HK. In turn, the Target Company indirectly holds (through Newshelf) the entire issued share capital of Metorex. Metorex holds majority interests in three key operating companies within the Target Group, namely Chibuluma plc, Ruashi Mining and Kinsenda Sarl. Please refer to the section headed "Information on the Target Group" below in this announcement for further information.

Purchase Price

The Purchase Price payable by the Company to the Seller pursuant to the Acquisition Agreement will be a total of US$1,290.0 million (equivalent to approximately HK$10,062.0 million). The Purchase Price has been determined with reference to the Market Valuation, and represents a slight discount to the Market Valuation, and a premium over the Listing Rules Valuation of US$1,127.3 million (equivalent to approximately HK$8,792.9 million).

The Company has commissioned SRK to prepare the Competent Person's Report and the Valuation Report (which contains the Listing Rules Valuation) that will be consolidated into a single report and will be appended to the circular to be despatched to the Shareholders in relation to the Acquisition. The Company has also commissioned SRK to prepare the Market Valuation. The Market Valuation was prepared in accordance with the SAMVAL Code, using methodologies in line with international market practices. The Market Valuation seeks to evaluate the full market value of mineral interests held by the Metorex Group and accordingly, reflects the additional value associated with Inferred Mineral Resources and the exploration potential of the Metorex Group's assets, which are specifically excluded from the Listing Rules Valuation as required by the Listing Rules.

The Market Valuation is based primarily on a discounted cash flow analysis on the estimated life of mine and operational parameters for the Operating Mines and the Development Project, including, but not limited to, Mineral Reserves estimates, production schedules, capital and operating costs and outlook for commodity prices, with alternative valuation methodologies based on Mineral Resources multiples, derived from comparable transaction analysis and comparable company analysis which are applied to Mineral Resources not included in the discounted cash flow analysis.

The Market Valuation is a common methodology used in assessing valuation of mining operations in merger and acquisition transactions that involve companies engaged in such operations. The Market Valuation seeks to evaluate the fair market value of all mineral assets and liabilities held by the Metorex Group and accordingly, reflects the additional value associated with Inferred Mineral Resources of the Metorex Group's assets relative to the Listing Rules Valuation. The value of the Inferred Mineral Resources is determined according to the principle of substitution from data derived from market comparable transactions which have Mineral Resources with similar characteristics such as location and depth below the surface. This value is included in the Market Valuation.

According to SRK, most of the bases and assumptions applied in the preparation of the Listing Rules Valuation and the Market Valuation are the same. The major difference in the bases and assumptions applied relates to the exclusion or inclusion of the Inferred Mineral Resources in the valuation. The Inferred Mineral Resources are lateral or down-dip extensions of known orebodies, which do not have adequate drill coverage for the higher classification. Once drilled to a closer spacing, it is likely that the classification of these resources can be upgraded. In the Listing Rules Valuation, SRK has not included any consideration of Inferred Resources in determining the value of the Metorex Group. However, according to SRK, the value of the Inferred Mineral Resources that has a reasonable likelihood of being mined in the future has been included in the Market Valuation.

The Listing Rules Valuation estimates the valuation of the Metorex Group at approximately US$1,127.3 million (approximately HK$8,792.9 million). The Purchase Price represents a slight discount to the Market Valuation and a premium over the Listing Rules Valuation.

According to the terms of the Acquisition Agreement, the Purchase Price will be satisfied in the following manner:

(1) Consideration Shares

As to US$204.6 million (equivalent to approximately HK$1,595.9 million), through the issuance by the Company of 1,595,880,000 Consideration Shares to the Seller or its nominee(s) upon Completion at an issue price of HK$1.00 per Consideration Share which should rank *pari passu* with the then existing issued Shares of the Company.

(2) PSCS

As to the remaining balance of the Purchase Price of US$1,085.4 million (equivalent to approximately HK$8,466.1 million), through the issuance by the Company of the PSCS convertible into 8,466,120,000 Conversion Shares to the Seller or its nominee(s) upon Completion at an initial Conversion Price of HK$1.00 per Conversion Share which, when issued, shall rank *pari passu* with the then existing issued Shares of the Company.

Consideration Shares

Assuming that, other than those contemplated under the Acquisition Agreement, there will be no changes in the shareholding of the Company during the period from the date of this announcement to the Completion Date, the Consideration Shares represent approximately 57.93% of the existing issued share capital of the Company as at the date of this announcement and approximately 36.68% of the enlarged issued share capital of the Company immediately after Completion. The issue price of the Consideration Shares of HK$1.00 per Consideration Share represents:

(i) a discount of approximately 29.08% to the price per Share as quoted on the Stock Exchange of HK$1.41 on the Last Trading Date;

(ii) a discount of approximately 28.57% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.40 per Share;

(iii) a discount of approximately 29.58% to the average closing price of the Shares as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.42 per Share;

(iv) a discount of approximately 36.71% to the average closing price of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.58 per Share;

(v) a discount of approximately 36.31% to the average closing price of the Shares as quoted on the Stock Exchange for the last one calendar year up to and including the Last Trading Date, being approximately HK$1.57 per Share; and

(vi) a price to book value of 3.6 times the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28.

The issue price of HK$1.00 for the Consideration Shares is (i) slightly higher than the mid-point between the current market price per Share and unaudited consolidated net asset value of the Group as at 30 June 2013 per Share; and (ii) 3.6 times of the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28, and these form the basis for determining such issue price. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

PSCS

The following table set out the key terms of PSCS:

Issuer	**The Company**
Aggregate principal amount of the PSCS	US$1,085.4 million (equivalent to approximately HK$8,466.1 million)
Status and subordination	The PSCS constitutes direct, unsecured and subordinated obligations of the Company and rank *pari passu* without any preference or priority among themselves. In the event of the winding-up of the Company, the rights and claims of the PSCS Holders shall (i) rank ahead of those persons whose claims are in respect of any class of share capital (including preference shares) of the Company; (ii) be subordinated in right of payment to the claims of all other present and future Senior Creditors of the Company and (iii) *pari passu* with each other and with claims of holders of Parity Securities

Issue price	100% of principal amount of the PSCS
Form and denomination	The PSCS will be issued in registered form in the denomination of US$100,000 each
Distribution	The PSCS shall not bear any interest for the first three (3) years from the issue date but shall bear interest at 0.1% per annum thereafter payable annually in arrears on 31 December each year
Optional deferral of distributions	The Company may, at its sole discretion, elect to defer a distribution which is otherwise scheduled to be paid on a distribution payment date to the next distribution payment date by giving notice to the PSCS Holder(s). The deferred distribution will be cumulative in nature. Any deferred distributions may be further deferred provided that the Company may not, inter alia, declare or pay any dividends or distribution on any Shares or redeem or buy-back any Shares, for so long as any distributions which have been due and payable but have not yet been paid in full. All distributions and deferred distributions outstanding will become due and payable on (i) a redemption of the PSCS (ii) a conversion of the PSCS or (iii) the occurrence of an event of default under the terms of the PSCS Each deferred distribution shall bear interest at the prevailing distribution rate and the amount of such interest shall be due and payable on the next distribution payment date (unless further deferred pursuant to the terms of the PSCS)
Expected issue date	Completion Date
Maturity date	There is no maturity date. This feature would give the Company the option to choose to pay distributions on the PSCS, force redemption of the PSCS or force conversion of the PSCS in circumstances as the Company considers appropriate or desirable according to the terms of the PSCS. In addition, the perpetual nature of the PSCS would allow the Company to account for the PSCS as equity in its financial accounts
Conversion period	Any time from the date of issue of the PSCS, subject to certain conditions as provided in the terms of the PSCS

Conversion Price	Initially HK$1.00 per Conversion Share, subject to adjustment as provided for in the terms of the PSCS
Restriction on conversion	The Company or a PSCS Holder may only convert such number of PSCS as would not cause the Company to contravene the minimum public float requirement under the Listing Rules following conversion
Fractional Shares	Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof but (except in certain cases where any such cash payment equals to or is less than US$1.00) a cash payment will be made to the PSCS Holder(s) in respect of such fraction
Conversion Price adjustment	The Conversion Price will be subject to adjustment in certain events, including but not limited to, consolidation, subdivision or reclassification, capitalisation of profits or reserves, capital distribution, rights issues of Shares or options over Shares, rights issues of other securities, issues of Shares at less than the current market price, other issues of securities at less than the current market price, modification of rights of conversion and other offers to Shareholders
Issuer's option to force conversion	On or at any time after three (3) years after the date of issue of the PSCS, the Company may, at its sole discretion, elect to convert the PSCS in whole or in part in respect of the holding of any Holder into Shares. No such conversion may be made unless the average closing price of the Shares for the 30 consecutive trading days ending on a date which is no more than three business days immediately prior to the date upon which notice of such conversion is given, was at least 200% of the applicable Conversion Price then in effect. The Company's right to force conversion will only apply to the extent of the PSCS such that if converted, would not cause the Company to contravene the minimum public float requirement under the Listing Rules. This feature would allow the Company to choose to convert the PSCS in circumstances that the Company considers appropriate or desirable (for example, if market conditions are such that it would be in the interest of the Company if the dilution impact of the issue of the Conversion Shares would be

	reflected to the greatest extent as possible) and hence will no longer be required to pay distributions on those PSCS which have been forced by the Company to be converted pursuant to this provision
Issuer's option to force redemption	The PSCS may be redeemed at the option of the Company in whole, but not in part, at their principal amount plus distribution accrued upon the Company giving not less than five (5) business days notice to the PSCS Holder. However, a PSCS Holder has no right to require redemption of any outstanding principal amount of the PSCS
Voting	The PSCS Holder(s) will not be entitled to receive notice of, attend or vote at, general meetings of the Company by reason only of it being a PSCS Holder
Transferability	Subject to the terms of the PSCS, a PSCS may be transferred by delivery of a transfer form, together with the certificate issued in respect of that PSCS, to the registered office of the Company or the specified office of any registrar which the Company may appoint. Upon a transfer of the PSCS, a new certificate will be issued to the transferee. Where only part of a principal amount of the PSCS in respect of which a certificate is issued is to be transferred, a new certificate in respect of the PSCS not so transferred will be issued to the transferor. No transfer of a PSCS will be valid unless and until entered on the register of PSCS Holder(s)
Automatic Conversion	At any time when a PSCS Holder is not a connected person of the Company, a principal amount of PSCS which upon conversion will result in the PSCS Holder holding in aggregate under 10% of the issued share capital of the Company shall be automatically converted into Conversion Shares

The automatic conversion right is set out in the terms and conditions of the PSCS which is the governing document of the PSCS. The terms and conditions of the PSCS constitute a binding contract between the Company and the PSCS Holders as such, the PSCS Holders are required to comply with terms and conditions of the PSCS. The Company will be responsible for administering the mechanism of the conversion. If at any time a PSCS Holder disposes of any shares (if a PSCS Holder holds any Shares) or there is any change to the Company's issued share capital (for example, the issued share capital has been enlarged) which results in a decrease in the shareholding of such PSCS Holder, the Company will exercise its right under the terms and conditions of the PSCS to convert such remaining portion of the PSCS held by such PSCS Holder into Conversion Shares to the extent that upon conversion the total number of Shares held by such PSCS Holder in aggregate shall be under 10% of the issued share capital of the Company. For the avoidance of doubt, the automatic conversion feature will only apply to the extent of the PSCS such that if converted, would not cause the Company to contravene the minimum public float requirement under the Listing Rules

The automatic conversion feature is structured to ensure that to the extent the Conversion Shares to be held by any PSCS Holder can be recognized as free float, the Company will have the right to require such conversion. With the automatic conversion feature in place, additional Conversion Shares will be issued once the shareholding of any PSCS Holders is below 10% of the issued share capital of the Company. This may result in the Conversion Shares being highly concentrated in a few shareholders' hands. However, more Shares will be tradable and can potentially enhance the trading volume and diversify the equity base of the Company

Pre-emption right	Not more than 20 nor less than 15 business days prior to the PSCS Holder delivering a transfer form under the terms of the PSCS to the Company or the registrar (as the case may be) for the transfer of a PSCS, the PSCS Holder must notify the Company in writing of

the PSCS Holder's intention to transfer the PSCS. Following the receipt by the Company of such notice, the Company may by no later than 15 business days after it has received such notice, elect to purchase and cancel all or some of the PSCS and at the price specified in such notice. The Directors will take into account, among other things, (i) the principal amount of PSCS to be transferred, (ii) the prevailing market price of the Shares and (iii) the prevailing Conversion Price of the PSCS in determining whether the purchase price is fair and reasonable. The Company must complete the purchase of the relevant PSCS within 15 business days of it informing the PSCS Holder that it has elected to purchase the PSCS. The periods specified for the Company to elect to purchase the relevant PSCS and to complete the purchase and cancellation of the relevant PSCS shall be extended by any period during which the Company is prohibited from doing so pursuant to the requirements of any applicable laws, rules and/or regulations (including the Listing Rules) and shall be extended by a period in order for the Company to comply with any necessary requirements under any applicable laws and/or regulations (including the Listing Rules). If the Company does not elect to purchase, or fails to complete the purchase after so elected, the PSCS Holder may transfer such PSCS to the purchaser and at the purchase price specified in such notice. The exercise of the pre-emptive right to purchase the PSCS is an exempt share repurchase under the Hong Kong Code on Share Repurchases as such repurchase would be made in accordance with the terms and conditions of the PSCS being repurchased. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules upon the exercise of the pre-emptive right to purchase the PSCS, if necessary

As the PSCS are not listed or freely tradable on a securities market, it was considered to be appropriate for the Company to have a pre-emptive right over the transfer of a PSCS. The pre-emptive right would allow the Company to have an opportunity to determine

	the identity of persons to whom the PSCS may be transferred and to have an opportunity to repurchase the PSCS if the Company considers that the transfer price and terms are favourable
Internal control	A PSCS Holder who wishes to convert its PSCS would have to deliver a notice to the Company specifying, *inter alia*, the beneficial owner of the Conversion Shares. The identity of the beneficial owner will be checked against the existing register of members of the Company and the disclosure of interest filings made under Part XV of the SFO to ensure that no Shareholder would become a substantial shareholder and hence a connected person of the Company by virtue of its conversion of the PSCS. A register of PSCS Holders will also be maintained to ensure that the Company is aware of the identities of the PSCS Holders from time to time

Based on the initial Conversion Price of HK$1.00 and assuming no changes in the shareholding in the Company from the date of this announcement to the Completion Date other than those contemplated under the Acquisition Agreement, the Company will allot and issue 8,466,120,000 Conversion Shares credited as fully paid upon full conversion of the PSCS. The 8,466,120,000 Conversion Shares represent approximately 307.31% of the existing issued share capital of the Company as at the date of this announcement, approximately 194.59% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 66.05% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and approximately 50.34% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate.

The initial Conversion Price of HK$1.00 per Share of the PSCS represents:

(i) a discount of approximately 29.08% to the price per Share as quoted on the Stock Exchange of HK$1.41 on the Last Trading Date;

(ii) a discount of approximately 28.57% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.40 per Share;

(iii) a discount of approximately 29.58% to the average closing price of the Shares as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.42 per Share;

(iv) a discount of approximately 36.71% to the average closing price of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.58 per Share;

(v) a discount of approximately 36.31% to the average closing price of the Shares as quoted on the Stock Exchange for the last one calendar year up to and including the Last Trading Date, being approximately HK$1.57 per Share; and

(vi) a price to book value of 3.6 times the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28.

The initial Conversion Price per Share of HK$1.00 for the Conversion Shares is (i) slightly higher than the mid-point between the current market price per Share and unaudited consolidated net asset value of the Group as at 30 June 2013 per Share; and (ii) 3.6 times of the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28, and these form the basis for determining the initial Conversion Price. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued pursuant to the conversion of the PSCS. No application will be made by the Company for the listing of the PSCS on the Stock Exchange or on any other stock or securities exchange.

Conditions Precedent

Completion of the Acquisition is subject to the satisfaction or waiver by the Company of certain conditions precedent (except for the conditions set out in paragraphs (i) to (iii), (v) and (vi) which cannot be waived) (as the case may be), including:

(i) each of the Company, the Seller and Jinchuan HK having obtained all necessary internal authorisations, consents and approvals for entering into of the Acquisition Agreement and undertaking the Acquisition;

(ii) the Independent Shareholders having approved, by the passing of an ordinary resolution at a general meeting, the entering into of the Acquisition Agreement by the Company and the transaction contemplated by the Acquisition Agreement;

(iii) the Shareholders having approved, by the passing of an ordinary resolution at a general meeting, the proposed increase in the authorised share capital of the Company for the purposes of issuing the Consideration Shares and the Conversion Shares by the Company;

(iv) all necessary consents, if required, having been obtained from certain existing creditors of the Metorex Group or third parties relating to the change in control of the Metorex Group resulting from the Acquisition pursuant to the terms of their existing facility agreements or other agreements with the Metorex Group (which condition may be waived by the Company);

(v) all necessary governmental and regulatory approvals, clearance, consents or confirmations in the PRC, the DRC, Zambia and South Africa having been obtained for the undertaking of the Acquisition;

(vi) the Company having obtained such approvals from the Stock Exchange as are required under the Listing Rules in connection with the transaction contemplated by the Acquisition Agreement, including the Listing Committee of the Stock Exchange approving the listing of, and granting permission to deal in, the Consideration Shares and the Conversion Shares;

(vii) the representations, warranties and undertakings given by the parties to the Acquisition Agreement remaining true and accurate as at the Completion Date (which condition may be waived by the Company and/or the Seller, as the case may be); and

(viii) no material adverse effect on the market value of the Sale Share or the Target Group occurs between the date of the Acquisition Agreement and the date on which all the conditions precedent set out in paragraphs (i) to (vii) above having been satisfied or waived (as the case may be) (which condition may be waived by the Company).

In the event that any of the conditions precedent above (a) has not been fulfilled or waived on or before the 30 September 2014 (which could be extended by the parties by agreement in writing), or (b) becomes incapable of satisfaction or the parties agree that any of such conditions cannot be satisfied, the parties should not be bound to proceed with Completion and the Seller or the Company may terminate the Acquisition Agreement by not less than three (3) business days' notice to the other, except for any antecedent breaches of the terms of the Acquisition Agreement. The Company may consider waiving conditions precedent (iv), (vii) and/or (viii) if any non-fulfilment of such conditions precedent is not material, could be adequately compensated by suing for damages for breach of contract, or a corresponding reduction in the Purchase Price can be agreed upon between the parties. The Company currently has no intention of waiving those conditions precedent that are waivable.

Guarantee

The obligations of the Seller under the Acquisition Agreement are guaranteed by Jinchuan HK.

Completion

Subject to the fulfilment or waiver (as the case may be) of the relevant conditions precedent above, Completion shall take place on the Completion Date.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company is HK$50,000,000 comprising 5,000,000,000 Shares, of which 2,754,873,051 Shares are in issue as at the date of this announcement. In connection with the Acquisition, the Board proposes to increase the authorised share capital of the Company from HK$50,000,000 to HK$200,000,000 by the creation of an additional 15,000,000,000 unissued Shares to rank *pari passu* in all respects with the existing issued Shares in the capital of the Company. The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders by the passing of an ordinary resolution at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

Specific Mandate and Placing(s)

The Board proposes to, subject to approval from the Shareholders at the EGM for the increase of the authorised share capital of the Company as described above, seek a Specific Mandate from the Shareholders at the EGM to issue not more than 4,000,000,000 new Shares (representing approximately 145.20% of the existing issued share capital of the Company as at the date of this announcement, approximately 91.94% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 31.21% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS), and approximately 23.79% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate. The major terms of the proposed Specific Mandate are as follows:

(a) to issue not more than 4,000,000,000 new Shares;

(b) the new Shares will be issued at a discount of not more than 20% to the higher of:

    (i) the closing price on the date of any relevant placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and

    (ii) the average closing price in the five trading days immediately prior to the earlier of:

        (A) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the Specific Mandate;

(B) the date of the placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and

(C) the date on which the placing or subscription price is fixed;

(c) at the price of no less than HK$0.74 per Share which has been determined by reference to the expected unaudited consolidated net asset value (excluding non-controlling interests) of the Enlarged Group as at 30 June 2013 per Share (assuming Completion has taken place and on a fully-diluted basis upon the issuance of all the Consideration Share and the Conversion Share but before the issuance of any new Share under the Specific Mandate), and it represents:

(i) a discount of approximately 47.52% to the closing price of HK$1.41 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 47.89% to the average closing price of approximately HK$1.42 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date; and

(iii) a discount of approximately 47.52% to the closing price of HK$1.41 per Share as quoted on the Stock Exchange on the Last Trading Day.

(d) the grant of the Specific Mandate is subject to the passing of an ordinary resolution by the Shareholders at the EGM approving such grant;

(e) the issue of the new Shares pursuant to the Specific Mandate will be conditional upon Completion; and

(f) the proposed Specific Mandate is for the period from the passing of the relevant resolutions at the EGM up to the earlier of (a) the date falling 90 days after the date of the passing of the aforesaid resolutions at the EGM; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company.

Subject to market conditions, the Directors may or may not exercise the proposed Specific Mandate, if granted, to issue new Shares and, where the proposed Specific Mandate is exercised, may issue less than or up to 4,000,000,000 new Shares. It is currently intended that the Specific Mandate sought will cover new Shares to be issued pursuant to one or more potential Placing(s) to be conducted by the Company, subject to the then prevailing market conditions.

Subject to market conditions, the Directors intend to raise gross proceeds of approximately US$400 million and apply such proceeds from the potential Placing(s) for:

(a) the deployment of funding towards the development and exploration initiatives of the Metorex Group's projects, including:

  (i) approximately US$290 million to be applied towards the development of the Kinsenda Project which would be required to be spent from the time the proceeds are obtained and in stages until 2015 (approximately US$89.4 million of which represents committed costs), and these capital expenditures will be primarily used for mine development and construction of plant and infrastructure. Currently, it is intended that approximately US$70.5 million will be utilised in the remainder of 2013, approximately US$182.2 million will be utilised in 2014, and the remaining portion to be utilised in 2015;

  (ii) approximately US$28.1 million to be applied towards the development of the identified projects of Chibuluma plc (namely, in respect of the Chifupu deposit) with the majority of which is to be spent from the time the proceeds are obtained and in stages until 2017, and these will be primarily used for development of site infrastructure, acquisition of mining equipment and underground mine development. Currently, it is intended that approximately US$2.5 million will be utilised in the remainder of 2013, approximately US$3.8 million will be utilised in 2014, approximately US$7.8 million will be utilised in 2015, approximately US$8.0 million will be utilised in 2016, approximately US$6.0 million will be utilised in 2017;

  (iii) approximately US$15.8 million to be applied towards the feasibility studies for the Exploration Projects (approximately US$6.8 million of which represents committed costs). Currently, it is intended that approximately US$2.7 million will be utilised in the remainder of 2013, approximately US$7.1 million will be utilised in 2014 and the remaining portion to be utilised in 2015; and

(b) the remaining proceeds to be applied towards merger and acquisition activities, costs and expenses in relation to the Acquisition and the Placing(s) as well as general working capital and activities of the Enlarged Group.

The proposed uses set out in (a) above represent expenditures that have been internally planned or approved by the Metorex Group. In the event that the gross proceeds from the potential Placing(s) are less than expected, the Directors will consider to adjust the allocation of such proceeds for the above-mentioned purposes or postpone such projects, initiatives and activities. The potential Placing(s) is expected to further enhance the value of the Enlarged Group through investing in the various exploration and development projects of the Metorex Group.

Due to the nature of development of mining exploration and extraction projects, the Company considers that upfront certainty of funding for the entire capital expenditures needed to bring the Kinsenda Project to commercial production is crucial. Whilst the entire funding may not be utilised immediately, it would not be beneficial to the Enlarged Group and hence the Shareholders if only part of the funding is raised at the beginning (and hence project development commences on this basis) and there remains an uncertainty as to whether or not the remaining part of the funding could be raised.

Therefore, the Company believes that raising the intended amount of funds at this stage will increase the degree of certainty to the Shareholders that the Enlarged Group will be able to fund most of the capital expenditure for developing the Kinsenda Project and reduce the risk that the development might have commenced but needs to be rescheduled, suspended or terminated because of the difficulty for the Enlarged Group to conduct follow-on fundraisings (whether by equity or debt) during the course of the development.

Prior to considering seeking Shareholders' approval on the Specific Mandate to conduct the Placing(s), the Company had considered whether it would be more desirable or feasible to conduct a rights issue to raise all or part of the amount proposed to be raised under the Specific Mandate to allow Shareholders to reduce or avoid dilution of their existing shareholding in the Company. However, in the present circumstances, the Company considers the Placing(s) to be a more effective method compared with a rights issue for achieving the desired results for the Enlarged Group for the following reasons:

(i) the Placing allows the Company to expand the shareholder base of the Company by issuing Shares to investors who are interested in making an investment in a company that will be principally engaged in the mining industry and who understand and recognise the value and potential of the Target Group and its mineral assets which would in turn support a re-rating of the Shares and increase the overall liquidity of the Shares. For example, the Company may direct part of the Placing(s) to strategic or institutional investors who may take a longer term interest when investing in the Company;

(ii) the Placing represents a more efficient method of fundraising in terms of time and cost as compared to a rights issue. Placings are typically conducted within a shorter time frame and underwriting commissions payable for placings are generally lower than rights issues;

(iii) in order for the Company to raise gross proceeds of US$400 million, a rights issue will have to be conducted at a high ratio basis. Shareholders will have to pay a significant amount upfront to subscribe for entitlements (in such number which may be equal to or exceed their existing shareholding). In addition, a large number of nil-paid rights will be issued to Shareholders, which if not well received by Shareholders and are disposed of in the market, may result in downward pressure on the market trading price of the Shares (including the nil-paid rights) and may threaten the success of the rights issue exercise; and

(iv) in view of the proposed size of the Placing(s), if the same amount were to be raised from conducting a rights issue, the Company would need to engage a number of parties to act as underwriters in the rights issue so that the rights issue could be conducted on a fully underwritten basis. Considering the recent market volatility, the Company considers it would be very difficult to secure sufficient number of underwriters to fully underwrite a rights issue of this size. The risk of an underwriter is very different from the risk of a placee in a Placing, as the underwriter would have committed to take up the rights shares from the beginning and would need to underwrite and take up the rights shares even though the subscription price per rights share may be higher than the market price (as the timetable for a rights issue is usually relatively long, the underwriters are exposed to the risk of market price trading below the subscription price per rights share). On the other hand, a placee in a Placing does not need to commit to subscribe for the new shares in a Placing until it is satisfied that the placing price per new share would achieve its commercial intention and it would not be bound to subscribe for the new shares if the subscription price per share is at or higher that the market price (as the timetable for conducting a Placing is relatively short, the risk exposure to a placee is very different from the risk exposure to an underwriter in a rights issue).

The Directors, having taken into account that (i) the proceeds raised from the issuance of new Shares under the Specific Mandate is intended to be applied towards, among others, the development and exploration initiatives of the Enlarged Group's projects and is not paid to the Seller; and (ii) the overall gearing of the Group will be reduced as a result of the enlarged capital base of the Company, consider that the dilution effects on the shareholding interests of the Shareholders as a result of the issuance of the maximum number of Shares under the Specific Mandate to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The potential Placing(s), if executed, will also enlarge the shareholder and capital bases of the Company and strengthen the financial position of the Enlarged Group. Having regard to the Acquisition and the potential Placing(s), Jinchuan Group (through Jinchuan HK) is committed to remain as the controlling shareholder of the Company and to hold more than 50% of the issued share capital of the Company.

When the Placing(s) occurs, an application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued and placed pursuant to the potential Placing(s) under the Specific Mandate. In order to facilitate the undertaking of the Placing(s), the Company may conduct the Placing(s) through top-up placing(s) with the assistance of Jinchuan HK and/or the Seller (or their respective nominee(s)).

Sufficiency of public float

The Company intends to maintain the listing status of the Shares on the Stock Exchange and the 25% minimum public float requirement upon the issue of new Shares pursuant to Placing(s) conducted under the Specific Mandate, as well as to honour the terms of the PSCS so that the Seller could convert the PSCS during the period in which the PSCS may be converted into Conversion Shares.

Accordingly, if the Seller intends to convert the PSCS and obtain the Conversion Shares immediately upon the issue of new Shares by the Company pursuant to a Placing, the Company will procure that (1) as a condition precedent to the completion of such Placing, the delivery of a conversion notice with the requisite information by the Seller (or its nominee(s)) to the Company; and (2) the issue of the Conversion Shares by the Company to the Seller (or its nominee(s)) will complete simultaneously at the same time as the issue of new Shares to the placees pursuant to such Placing, provided always that the conversion of such number of PSCS would not result in the Company's failure to satisfy the minimum public float requirement immediately after the issue of the requisite number of Conversion Shares and the new Shares pursuant to such Placing. The Company will procure that similar arrangements will be incorporated into the placing agreement for a particular Placing if it were to be conducted by way of a top-up placing with the assistance of Jinchuan HK and/or the Seller (or their respective nominee(s)).

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Mauritius on 30 November 2011 and is indirectly wholly-owned by Jinchuan HK. In turn, the Target Company, through Newshelf, holds the entire issued share capital of Metorex. Metorex is an established mid-tier mining company and focuses on the base metal mining industry, primarily copper and cobalt production.

Jinchuan Group acquired Metorex through the making of a public takeover offer in July 2011 with a total offer price of ZAR9,110.3 million (which was equivalent to approximately US$1.36 billion at the then exchange rate between ZAR and US$) and the takeover and privatisation were completed on 16 January 2012 upon which Jinchuan Group acquired the entire issued share capital of Metorex through a number of intermediary investment holding companies which include the Seller, the Target Company and Newshelf. It is expected that, notwithstanding the Acquisition by the Company, Jinchuan Group will remain to be the indirect majority shareholder of Metorex through its indirect majority shareholding in the Company. Prior to the acquisition by Jinchuan Group, Metorex was listed on the Johannesburg Stock Exchange. Metorex was delisted from the Johannesburg Stock Exchange on 17 January 2012 as a result of Jinchuan Group's takeover and privatisation of Metorex.

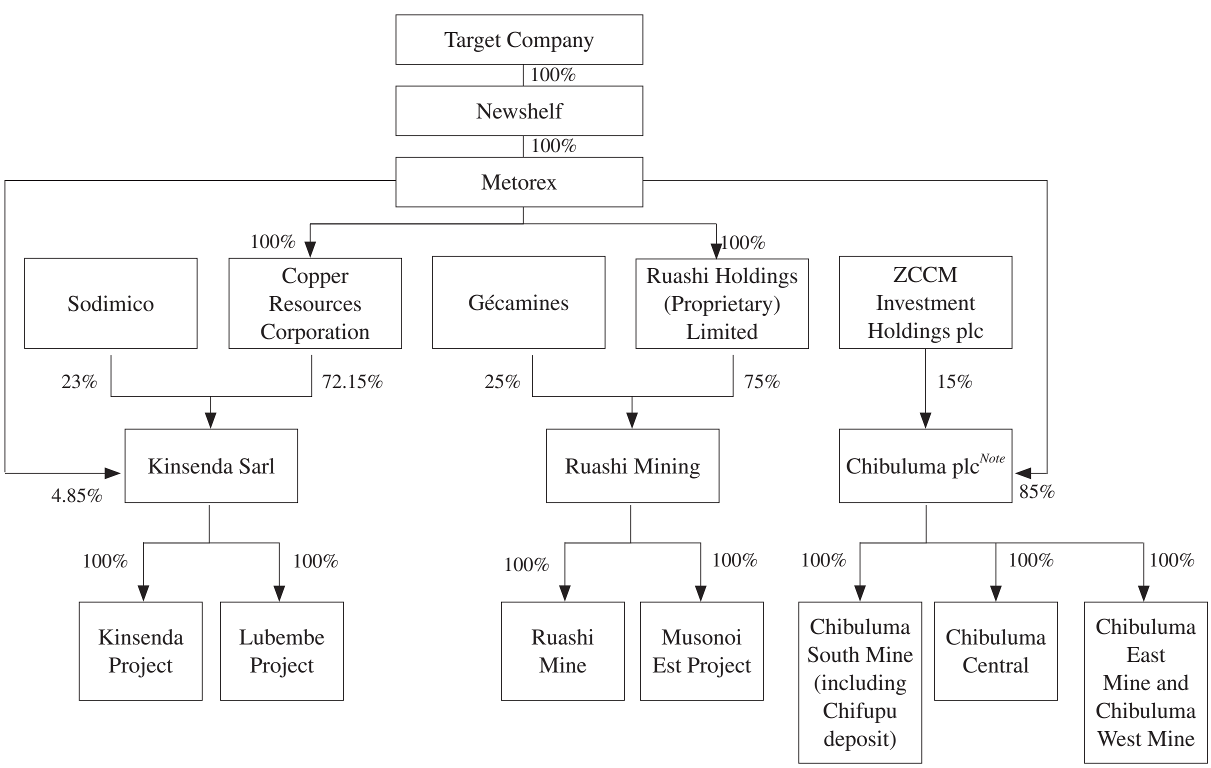
The actual purchase price (excluding financing and transaction costs) paid by Jinchuan Group in January 2012 for the acquisition of Metorex upon completion of the takeover amounted to US$1.27 billion, at the then exchange rate between ZAR and US$. Upon the completion of such acquisition, the Target Company came to hold the entire issued share capital of Metorex through Newshelf and Metorex became an indirect wholly-owned subsidiary of Jinchuan Group. The acquisition of Metorex represents a landmark step of Jinchuan Group to extend its global footprint to the African continent. Since such acquisition, Metorex has become an important platform for Jinchuan Group to implement its mineral resource strategy in Africa.

The Metorex Group currently operates two Operating Mines and holds a portfolio of highly attractive development and advanced stage exploration projects. All the projects of the Metorex Group are located in the DRC and Zambia, which are within the Central African copperbelt. The Central African copperbelt which extends from north eastern Angola through southern DRC and into Zambia, is one of the richest sources of copper and cobalt in the world containing over a tenth of the world's copper mineral reserves and a third of the world's cobalt mineral reserves. The grade of the copper deposits found in this area are generally in the range of 1.0% to 4.0% and the grades of 7.0% to 8.0% have been recorded in some instances, which are significantly higher than the typical grade of world deposits in the range of 0.2% to 2%, according to British Geological Survey. It is second only to the Chilean Porphyry belt in terms of copper endowment. The main cities of the copperbelt are Kitwe, Ndola, Mufulira, Luanshya, Chingola, Chililabombwe, Lubumbashi and Kolwezi.

The Metorex Group operates and holds the mining rights to some of the highest grade copper projects in the world. Mineral Resources at the Chibuluma South Mine and the Ruashi Mine have average grades of 3.58% copper and 2.18% copper, respectively. The Kinsenda Project is one of the world's highest grade copper deposits, with Mineral Resources grade averaging 5.51% copper. In addition, the two advanced stage exploration projects, the Lubembe Project and the Musonoi Est Project, also benefit from relatively high grade Mineral Resources with average copper grades ranging between 1.96% and 2.76%.

As at 30 June 2013, the Metorex Group has SAMREC-compliant total Mineral Reserves of approximately 774 kt of contained copper metal (22.5 Mt at 3.30% Cu) and 59 kt of contained cobalt metal (22.5 Mt at 0.26% Co) and Mineral Resources (inclusive of Mineral Reserves) of approximately 4,736 kt of contained copper metal (182.3 Mt at 2.04% Cu) and 389 kt of contained cobalt metal (182.3 Mt at 0.21% Co).

The following group structure shows the key companies and mineral assets within the Target Group:



Note: The minister responsible for finance holds one special share of Chibuluma plc on behalf of the Government of Zambia.

MINERAL ASSETS OF METOREX AND ITS SUBSIDIARIES

Operating Mines

(a) The Ruashi Mine. Metorex indirectly owns a 75% interest in Ruashi Mining which owns the Ruashi Mine, a copper and cobalt mine located in the DRC. The remaining 25% interest in Ruashi Mining is held by Gécamines, a state-owned mining company in the DRC.

 (i) Location: the Ruashi Mine is an open pit copper and cobalt mine located near Lubumbashi, the capital city of the Katanga province of the DRC.

 (ii) Products: copper cathode and cobalt hydroxide.

 (iii) The Ruashi Mine comprises three open pits and a modern leach SX-EW processing plant. The Ruashi Mine currently has a remaining mine life of approximately ten years based on its Mineral Reserves.

 (iv) For the financial year ended 31 December 2012, production from the Ruashi Mine amounted to 26,976 t of copper and 3,035 t of cobalt.

 (v) For the six months ended 30 June 2013, production from the Ruashi Mine amounted to 16,092 t of copper and 1,462 t of cobalt.

 (vi) As at 30 June 2013, 1,187 employees and 1,408 casual and contract workers were engaged in the operation of the Ruashi Mine.

(b) The Chibuluma South Mine. Metorex directly owns an 85% interest in Chibuluma plc, which owns the Chibuluma South Mine, a copper mine located in Zambia. The remaining 15% interest in Chibuluma plc is held by ZCCM Investment Holdings plc.

 (i) Location: The Chibuluma South Mine is an underground mine located 13 km from the town of Kalulushi, which is approximately 12 km west of Kitwe, one of the metropolitan and industrial centres of Zambia and is approximately 300 km north of Lusaka, the capital city of Zambia.

 (ii) Products: copper concentrate.

 (iii) The Chibuluma South Mine is the main operating asset of Chibuluma plc. Chibuluma plc is planning on mining the Chifupu deposit simultaneously with the Chibuluma South Mine going forward. The Mineral Reserves at the Chibuluma South Mine and the Chifupu deposit as at 30 June 2013 support mining operations up to 2019. In addition, Chibuluma plc was awarded a large scale prospecting licence in respect of Chibuluma Central in 2013 for a period of two years.

 (iv) For the financial year ended 31 December 2012, production from the Chibuluma South Mine amounted to 17,906 t of copper in concentrate.

(v) For the six months ended 30 June 2013, production from the Chibuluma South Mine amounted to 8,279 t of copper in concentrate.

(vi) As at 30 June 2013, 577 employees and 169 casual and contract workers were engaged in the operation of the Chibuluma South Mine.

Development Project

The Kinsenda Project is held by Kinsenda Sarl, previously known as Minière de Musoshi et Kinsenda Sarl, in which a 4.85% interest is directly held by Metorex and a 72.15% interest is held indirectly by Metorex through Copper Resources Corporation. The remaining 23% interest in Kinsenda Sarl is held by Sodimico.

The Kinsenda Project is a brownfields underground mining project, located 5 km from the border of Zambia, in southern Katanga Province of the DRC. Kinsenda Sarl owns the mining rights under mining licences PE101 and PE12548.

The Kinsenda Project is one of the world's highest grade copper deposits, with an average Mineral Resources grade at 5.51% copper. A feasibility study was completed by Metorex in the first half 2013 which determined the viability of the Kinsenda Project. The ore reserves of the Kinsenda Project are planned to be extracted in two phases. Phase 1 will involve the extraction of high grade copper sulphides/oxides which is estimated to last for a period of ten years. Phase 2 which will involve the extraction of lower grade copper sulphides/oxides, if determined to be economically feasible and undertaken, will allow the life of mine of the Kinsenda Project to be further extended beyond the ten year period. The Kinsenda Project is expected to produce, on average, approximately 24 ktpa of copper in concentrate.

Exploration Projects

(a) The Lubembe Project

The Lubembe Project is also held by Kinsenda Sarl. The Lubembe Project is a greenfields site located in the DRC, a further 25 km south-east of the Kinsenda Project and within a 50 km radius of Kasumbalesa. Kinsenda Sarl holds mining licence PE330 for the exploitation of the Lubembe Project.

The Lubembe Project is an advanced stage exploration prospect. An infill drilling programme on the Lubembe deposit was funded by Metorex and commenced in June 2008 to verify old data and improve the resource confidence. A number of mining options were considered in the mining scoping study completed in 2011, with options including open pit, longitudinal and transverse sub-level caving, block caving and open stoping. Conceptually, the Lubembe Mineral Resources of 90.6 Mt at an average 1.96% TCu copper grade is likely to be mined using large-scale open-pit mining methods. At a planned ore production rate of 3.6 Mtpa, the operation is expected to have a 20-year life of mine. No Mineral Reserve has as yet been declared for the Lubembe Project.

A pre-feasibility study commenced in mid 2012 to determine the optimal processing option, to carry out detailed metallurgical testing and to commence baseline environmental fieldwork in the areas identified for waste rock dumping and tailings storage. The results of the pre-feasibility study recommended that two possible ore processing methods be taken through to definitive feasibility study level. Kinsenda Sarl is currently undertaking the work required to advance the Lubembe Project to a feasibility study level of confidence and has already spent US$4.0 million on exploration at the Lubembe Project. The budget for the compilation of the feasibility study is a further amount of US$9.0 million, split into US$3.0 million and US$6.0 million to be spent in 2014 and 2015 respectively.

(b) The Musonoi Est Project

The Musonoi Est Project is located in the DRC, on the outskirts of the mining town of Kolwezi. The project area covers the Dilala Syncline which has been extensively drilled by Metorex since 2006. The Musonoi Est Project is located within the area for which mining licence PE13083 has been issued and which is held by Ruashi Mining.

During 2010, Metorex completed a pre-feasibility study to evaluate the economic viability of developing an underground mine at the Musonoi Est Project with mineral processing to recover copper and cobalt in concentrate via a differential flotation plant. Metorex has indicated that the copper concentrate produced at the Musonoi Est Project could be transported to the Ruashi Mine for treatment. The pre-feasibility study also recommended the optimal extraction rate for the mine as 70 ktpm run-of-mine ore, which would support ten years of mining operations. Metorex has appointed an independent third party to complete a definitive feasibility study in respect of the Musonoi Est Project which is presently underway. The Musonoi Est Project Mineral Resources is likely to be mined using the long hole open stoping and sub-level open stoping methods. The budget for the compilation of the feasibility study is US$6.8 million, split into US$2.7 million to be spent in the remainder of 2013 and US$4.1 million to be spent in 2014. A total of US$1.8 million had already been spent in 2012 and the first half of 2013. No Mineral Reserve has as yet been declared for the Musonoi Est Project.

Summary

The key assets of the Metorex Group are summarised in the table below:

Operating Mines/ Development Project/ Exploration Projects	Effective Interest held by Metorex	Location	Status	Minerals
Ruashi Mine	75%	DRC	operating	copper/cobalt
Chibuluma South Mine (including Chifupu deposit)	85%	Zambia	operating (Chibuluma South Mine)/exploration project (Chifupu deposit)	copper
Kinsenda Project	77%	DRC	development project	copper
Lubembe Project	77%	DRC	exploration project	copper
Musonoi Est Project	75%	DRC	exploration project	copper/cobalt

The concessions and their key terms (area and expiry date) that are associated with each of the Operating Mines, the Development Project and the Exploration Projects are summarised in the following table:

Concession	Number	Location/ Licencing Authority	Area (ha)	Valid from	Licence Holder	Expiry Date	Commodity
Ruashi Mine							
• Exploitation Permit	PE578	DRC/DRC Minister of Mines	900	26 September 2001	Ruashi Mining	25 September 2021	Cu, Co, base and precious metals
	PE11751	DRC/DRC Minister of Mines	420	11 December 2009	Ruashi Mining	10 December 2039	Cu, Co, base and precious metals
Chibuluma South Mine (including Chifupu)							
• Large-scale Mining Licence	7064-HQ-LML[(1)] (Chibuluma East Mine and Chibuluma West Mine)	Zambia/Zambia Ministry of Mines	4,895	6 October 1997	Chibuluma plc	5 October 2022	Cu, Co, base and precious metals
	7065-HQ-LML (Chibuluma South Mine and Chifupu deposit)	Zambia/Zambia Ministry of Mines	1,120	6 October 1997	Chibuluma plc	5 October 2022	Cu, Co, base and precious metals
• Prospecting Licence	17314-HQ-LPL (Chibuluma Central exploration area)	Zambia/Zambia Ministry of Mines	9,309	1 February 2013	Chibuluma plc	31 January 2015	Cu, Co, Ni, Zn, Au
Kinsenda Project							
• Exploitation Permit	PE101	DRC/DRC Minister of Mines	4,928	6 October 2006	Kinsenda Sarl	5 October 2021	Cu, Co, Pb, Ni, Pd, W
	PE12548	DRC/DRC Minister of Mines	5,695	10 March 2012	Kinsenda Sarl	9 March 2042	Cu, Co, Ag, Ni Au, Pt
Lubembe Project							
• Exploitation Permit	PE330	DRC/DRC Minister of Mines	2,338	29 January 2002	Kinsenda Sarl	28 January 2017	Cu, Co, Pb, Ni, Pd, W
Musonoi Est Project							
• Exploitation Permit	PE13083	DRC/DRC Minister of Mines	324	4 December 2012	Ruashi Mining	3 April 2024	Cu, Co, Ni and Au

Notes:

(1) The mining licence of 7064-HQ-LML is held by Chibuluma plc for the Chibuluma west property which comprises the Chibuluma West Mine and the Chibuluma East Mine which are defunct as mineral resources and mineral reserves have been depleted.

(2) There is no material outstanding licence or permit for the conduct by the Metorex Group of the relevant mining, development and exploration activities for the Ruashi Mine, the Chibuluma South Mine (including the Chifupu Deposit), the Kinsenda Project, the Lubembe Project and the Musonoi Est Project.

(3) The mining licences and permits of the Metorex Group do not impose limits on the permitted annual production capacities as regards its mining and processing operations at its respective mineral assets.

(4) There is no annual mining license review in the DRC. A concession (exploitation permit) is valid for its whole duration except when the company holding the permit does not pay the surface area fee. To monitor compliance of their mining duties, the DRC authorities require, among other things, mining companies to submit: (i) audit report on environment once every two years, (ii) periodical reports on mining operations and (iii) annual report on environmental impact of mining operations and the measures taken to mitigate and rehabilitate this impact.

(5) There is no annual review of mining and prospecting licences in Zambia. A licence is valid for its whole duration unless revoked earlier. A licence may be revoked for failure to comply with licence conditions, failure to comply with provisions of mining legislation, failure to comply with statutory directives issued under mining legislation, conviction on account of environmental, safety or health matters, wasteful mining practices and ineligibility to hold mining rights. The Zambian authorities supervise compliance with mining laws and regulations.

The following table summarises the Mineral Resources of the Metorex Group as at 30 June 2013:

Mineral Resources[1]	Tonnage (Mt)	Grade[2] (% Cu)	(% Co)	Contained metals (kt Cu)	(kt Co)
Ruashi Mine (oxide and sulphide)					
– Measured	0.7	4.71	0.26	34.7	1.9
– Indicated	18.6	2.15	0.38	400.0	70.2
– Inferred	14.0	2.08	0.21	290.4	29.4
– Total Ruashi Mine	33.3	2.18	0.30	725.0	101.4
Chibuluma					
Chibuluma South Mine					
– Measured	1.6	3.99	–	63.8	–
– Indicated	1.2	4.34	–	52.0	–
– Inferred	0.7	4.55	–	31.9	–
– Total Chibuluma South Mine	3.5	4.22	–	147.7	–
Chifupu deposit					
– Measured	–	–	–	–	–
– Indicated	1.3	2.68	–	34.8	–
– Inferred	0.9	2.41	–	21.7	–
– Total Chifupu deposit	2.2	2.57	–	56.5	–
– Total Chibuluma South Mine (including Chifupu deposit)	5.7	3.58	–	204.2	–
Kinsenda Project (Development Project)					
– Measured	0.0	0.00	–	0.0	–
– Indicated	13.5	5.25	–	711.1	–
– Inferred	7.5	5.96	–	445.6	–
– Total Kinsenda Project	21.0	5.51	–	1,156.6	–
Musonoi Est Project (Exploration Project)					
– Measured	13.0	3.27	0.92	424.4	118.9
– Indicated	13.9	2.36	0.92	328.2	127.2
– Inferred	4.8	2.52	0.87	120.6	41.4
– Total Musonoi Est Project	31.7	2.76	0.91	873.2	287.6
Lubembe Project (Exploration Project)					
– Measured	–	–	–	–	–
– Indicated	54.0	1.88	–	1,015.8	–
– Inferred	36.6	2.08	–	761.4	–
– Total Lubembe Project	90.6	1.96	–	1,777.2	–
Metorex's Resources					
– Measured	15.3	3.41	0.79	522.9	120.8
– Indicated	102.5	1.49	0.19	2,541.9	197.4
– Inferred	64.5	2.59	0.11	1,671.5	70.8
– Total Resources	**182.3**	**2.04**	**0.21**	**4,736.4**	**388.9**

Notes:

(1) *The figures do not imply precision and may not total due to rounding. Mineral Resources for the various operations and projects have been compiled in compliance with SAMREC Code. Mineral Resources are quoted inclusive of Mineral Reserves.*

(2) *The grade for the Chibuluma South Mine, the Chifupu deposit and the Lubembe Project is TCu grade.*

The following table summarises the Mineral Reserves of the Metorex Group as at 30 June 2013.

Mineral Reserves[1]	**Tonnage (Mt)**	**Grade**[2] **(% Cu)**	**(% Co)**	**Contained metals (kt Cu)**	**(kt Co)**
Ruashi Mine (oxide)					
– Proved Reserves	0.3	6.12	0.26	19.7	0.8
– Probable Reserves	12.7	2.59	0.46	329.7	58.5
– Total Ruashi Mine	13.1	2.68	0.45	349.4	59.3
Chibuluma South Mine					
– Proved Reserves	1.4	3.06	–	43.6	–
– Probable Reserves	0.9	3.95	–	35.4	–
– Total Chibuluma South Mine	2.3	3.41	–	79.0	–
Chifupu deposit					
– Proved Reserves	–	–	–	–	–
– Probable Reserves	1.1	2.12	–	22.4	–
– Total Chifupu deposit	1.1	2.12	–	22.4	–
– Total Chibuluma South Mine (including Chifupu deposit)	3.4	3.01	–	101.4	–
Kinsenda Project (Development Project)					
– Proved Reserves	–	–	–	–	–
– Probable Reserves	6.1	4.80	–	293.1	–
– Total Kinsenda Project	6.1	4.80	–	293.1	–
Metorex's Reserves					
– Proved Reserves	1.7	3.63	0.05	63.4	0.8
– Probable Reserves	20.8	3.27	0.28	680.6	58.5
– Total Reserves	**22.5**	**3.30**	**0.26**	**743.9**	**59.3**

Notes:

(1) *The figures do not imply precision and may not total due to rounding. Mineral Reserves for the various operations and projects have been compiled in compliance with SAMREC Code. No Mineral Reserve has as yet been declared for the Lubembe Project and the Musonoi Est Project.*

(2) *The grade for the Chibuluma South Mine and the Chifupu deposit is TCu grade.*

The production volumes of the Operating Mines for the 18 months ended 31 December 2010, the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013 are set out in the table below:

Summary of Metorex Production Volume (Contained Metals)

Operating Mines	18 months ended 31 December 2010		Year ended 31 December 2011		Year ended 31 December 2012		Six months ended 30 June 2013	
	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)
Ruashi Mine	42,998	5,058	34,534	3,678	26,976	3,035	16,092	1,462
Chibuluma South Mine	26,148	–	17,533	–	17,906	–	8,279	–
Total Production Volume(Note)	**69,146**	**5,058**	**52,067**	**3,678**	**44,882**	**3,035**	**24,371**	**1,462**

Note: *The total production volume does not include the copper and cobalt produced by Sable Zinc Kabwe Limited, which was sold by the Metorex Group to independent third parties in 2010 and 2011.*

Financial Information of the Metorex Group and the Target Group

According to the audited consolidated financial statements of the Metorex Group for the years ended 31 December 2011 and 31 December 2012 and the six months ended 30 June 2013, respectively prepared in accordance with International Financial Reporting Standards ("**IFRS**"), the consolidated net asset value of the Metorex Group as at 31 December 2011 was approximately US$637.0 million (equivalent to approximately HK$4,970.4 million), as at 31 December 2012 was US$652.0 million (equivalent to approximately HK$5,085.6 million) and as at 30 June 2013 was US$644.0 million (equivalent to approximately HK$5,023.2 million).

The audited consolidated revenue, earnings before interest, tax, depreciation and amortisation ("**EBITDA**"), and net profit before and after tax of the Metorex Group for the 18 months ended 31 December 2010 (which was a financial year comprising 18 months), the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively, prepared in accordance with IFRS were as follows:

	18 months ended 31 December 2010 *(US$'000)*	**Year ended 31 December 2011(1)** *(US$'000)*	**Year ended 31 December 2012(2)** *(US$'000)*	**Six months ended 30 June 2013** *(US$'000)*
Revenue	561,404	507,315	408,051	203,085
EBITDA	249,760	190,862	119,003	48,441
Net profit before taxation (continuing operations)	172,066	140,939	69,884	24,795
Net profit after taxation (continuing operations)	133,448	70,312	28,512	12,762

Note: (1) *In 2011, the Metorex Group made a one-off impairment charge of an amount of US$9.9 million relating to a change in the tax rate which it previously expected to recover from the Zambian tax authority. The Metorex Group also incurred a substantial amount of income tax expense of US$60.7 million due to the increase in corporate tax rate in Zambia from 30% to 42% and the incurrence of additional non-tax deductible expenses.*

(2) *The decrease in the total revenue of the Metorex Group in 2012 compared with 2011 was primarily due to the decrease in the volumes of copper and cobalt produced and therefore sold at the Ruashi Mine as a result of large scale power disruptions in the DRC as well as a reduction in the average price of the cobalt sold by the Metorex Group arising from a decrease in cobalt commodity prices from 2011 to 2012. This decrease has had an impact on the EBITDA, net profit before tax and net profit after tax figures of the Metorex Group for 2012.*

According to the audited consolidated financial statements of the Target Group for the period ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively, prepared in accordance with IFRS, the audited consolidated net liabilities of the Target Group as at 31 December 2011 was approximately US$18,000 (equivalent to approximately HK$140,400), the audited consolidated net asset value of the Target Group as at 31 December 2012 was US$246.0 million (equivalent to approximately HK$1,918.8 million) and the audited consolidated net asset value of the Target Group as at 30 June 2013 was US$389.9 million (equivalent to approximately HK$3,041.2 million).

The audited consolidated revenue, EBITDA, and net profit before and after tax of the Target Group for the period from 30 November 2011 (date of incorporation of the Target Company) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively, prepared in accordance with IFRS were as follows:

	For the period from 30 November 2011 to 31 December 2011 *(US$'000)*	**Year ended 31 December 2012** *(US$'000)*	**Six months ended 30 June 2013** *(US$'000)*
Revenue	–	388,990	203,085
EBITDA	(18)	143,631	60,080
Net profit before taxation (continuing operations)	(18)	73,897	173,111
Net profit after taxation (continuing operations)	(18)	49,249	164,721

Note: The Target Group consolidated the results of the Metorex Group since 16 January 2012.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition is consistent with the Company's continuing strategy to strengthen its business in the mineral resources sector and, in view of the quality of the Operating Mines, the Development Project and the Exploration Projects held by the Target Group, that the Acquisition represents a rare and valuable opportunity for the Company to acquire profit generating mines as well as mining projects with immense development potential to drive future revenue and profit. The Acquisition is expected to allow the Group to transform into Jinchuan Group's flagship to undertake overseas mineral resources projects and to significantly increase the Group's business scale and shareholder value.

It is expected that the Acquisition will enhance the Group's business and performance in the following aspects:

(i) Reposition the Company as an international upstream base metals company

The objective of the Company is to reposition itself to become an international upstream base metals company for undertaking overseas development of mining assets. The Acquisition represents a good opportunity for the Company to operate a diversified and significant portfolio of operating and development copper and cobalt mining projects in central Africa and is expected to contribute to the achievement of this strategic objective of the Company.

(ii) Deliver a diversified and significant portfolio of mineral assets, operations, development projects and future growth opportunities

Metorex is a copper focused mining company with significant copper and cobalt reserves and resources. It currently operates two copper mines and holds a portfolio of highly attractive development and advanced stage exploration projects. As at 30 June 2013, it has significant SAMREC-compliant total Mineral Reserves of approximately 744 kt of contained copper metal and 59 kt of contained cobalt metal and Mineral Resources (inclusive of Mineral Reserves) of approximately 4,736 kt of contained copper metal and 389 kt of contained cobalt metal. All of Metorex's mining projects are located in the DRC and Zambia in the Central African copperbelt, which hosts some of the world's largest copper and cobalt deposits, containing over a third of the world's cobalt mineral reserves and a tenth of the world's copper mineral reserves. It is expected that the Acquisition will allow the Enlarged Group to further expand its business into the mineral resources sector and acquire a diversified portfolio of high-quality upstream base metal assets.

(iii) Derive and deliver a substantial earnings and cash flow contribution from the Metorex Group

Through the Acquisition, the Company expects to derive and deliver a substantial earnings and cash flow contribution from the Metorex Group. The Metorex Group produced significant quantities of base metal including 44.9 kt of copper and 3.0 kt of cobalt for the year ended 31 December 2012. Such production resulted in Metorex reporting a gross revenue of approximately US$408.1 million (equivalent to approximately HK$3,183.2 million) and profit before taxation of US$69.9 million (equivalent to approximately HK$545.2 million) and profit attributable to its equity holders of US$22.7 million (equivalent to approximately HK$177.1 million) for the year ended 31 December 2012. The cash and cash equivalents of Metorex at the end of the year of 2012 amounted to approximately US$36.6 million (equivalent to approximately HK$285.5 million).

(iv) Expand shareholder base and investors' interest in the Company to support a market re-rating

It is expected that the Acquisition represents a unique opportunity for the investors of the Company to participate in an established mid-tier mining group uniquely positioned in the central African base metals mining industry, supported by Jinchuan Group, one of the leading PRC state-owned enterprises with a strong international market position in the nonferrous mining, ore processing and smelting sector, as its ultimate controlling Shareholder. It is believed that the relatively few number of mining companies with a focus on upstream copper mining business and operating and profit generating mineral assets that are listed on the Stock Exchange will make the Shares appealing to both institutional and retail investors domestically and internationally which will enhance the Enlarged Group's shareholder base and support a market re-rating for the Shares.

(v) Benefit from a management team with in-depth mining related experience in Africa

The existing senior management team of Metorex, which the Group intends to retain upon completion of the Acquisition, possesses a deep understanding of and rich experience in various aspects of the mining business and operations of the Metorex Group, including exploration, ore processing, smelting and sales and marketing of minerals, including copper and cobalt in Africa. In addition, many of these senior management members of Metorex have had extensive on-the-ground mining related experience in the DRC and Zambia and possess the industry knowledge, skills and contact networks to engage with local government bodies and other authorities and maintain relationship with local communities. Upon completion of the Acquisition, the senior management team of Metorex will continue to be in charge of the day-to-day management and operational decisions of the Metorex Group. It is expected that the Enlarged Group will benefit from the extensive experience of the board of directors and executive committee of Metorex with their valued insights into the base metals markets in Africa and expertise and contributions in the identification and execution of any potential future mergers and acquisitions by the Enlarged Group in Africa. The combination of the capable and experienced boards and management teams of both the Group and the Metorex Group will provide the Enlarged Group with complementary human capital and enhance its talent pools.

(vi) Capitalise on the favourable copper and cobalt industry dynamics by establishing a presence in the upstream base metals mining sector

According to Copper Market Forecast 2012-2013, ICSG, global refined copper consumption in 2012 was around 20.47 Mt, of which around 63% was consumed in Asia; while the global refined copper production in 2012 was approximately 20.12 Mt, of which almost half was produced in Asia, indicating a production deficit of 350 kt of refined copper in 2012, which has been the third year of supply deficit since 2010.

According to Darton Commodities Limited, the global refined cobalt consumption has seen a steady growth between 2009 and 2012, reaching approximately 73,900 t in 2012, representing a CAGR of 11.7% during the period. The recorded world refined cobalt production in 2012 was approximately 76,040 t, representing a small surplus of approximately 2,140 t of refined cobalt or approximately 2.8% of the total production in 2012. Whilst production surpluses from previous years are available, declining metal stocks in China may continue to weigh on the market during 2013, the underlying short-term market fundamentals appear to be signaling a significant improvement. This suggests that the cobalt market may see a gradual but structural price recovery over the course of the year, resulting in a higher average price range from that seen during 2012. The recovery of the global economies coupled with the increase in industrial production might have a positive impact on cobalt price in the long run.

The Acquisition presents a good opportunity for the Group to establish a presence in the upstream copper and cobalt mining sector which will in turn allow it to capitalise on the favourable copper and cobalt industry dynamics.

Whilst operating mining assets located in the DRC and Zambia may present certain challenges including political instability and limited infrastructure such as power, road transport and communication facilities, the Company considers that the quality of the assets of the Metorex Group, in particular its significant copper and cobalt reserves and resources, present attractive opportunities for the Company to derive sustainable growth of business, operations and financial performance. The Company noted that the Metorex Group has taken active steps to implement measures to stabilise the power supply in the DRC as well as to reduce the negative impact that may be brought about by limited infrastructure and other facilities. The Company considers that these positive measures, together with the retention of the existing management personnel of the Metorex Group who are familiar with the operating environment of the DRC and Zambia, will help the Enlarged Group to continue to devise and implement measures to address these challenges presented in the DRC and Zambia.

The Directors believe that the Acquisition will bring various benefits to the Company and is in conformity with the aligned interests of the Company and its Shareholders as a whole. The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

STRATEGIES AND COMPETITIVE STRENGTHS OF THE ENLARGED GROUP

Principal Strengths

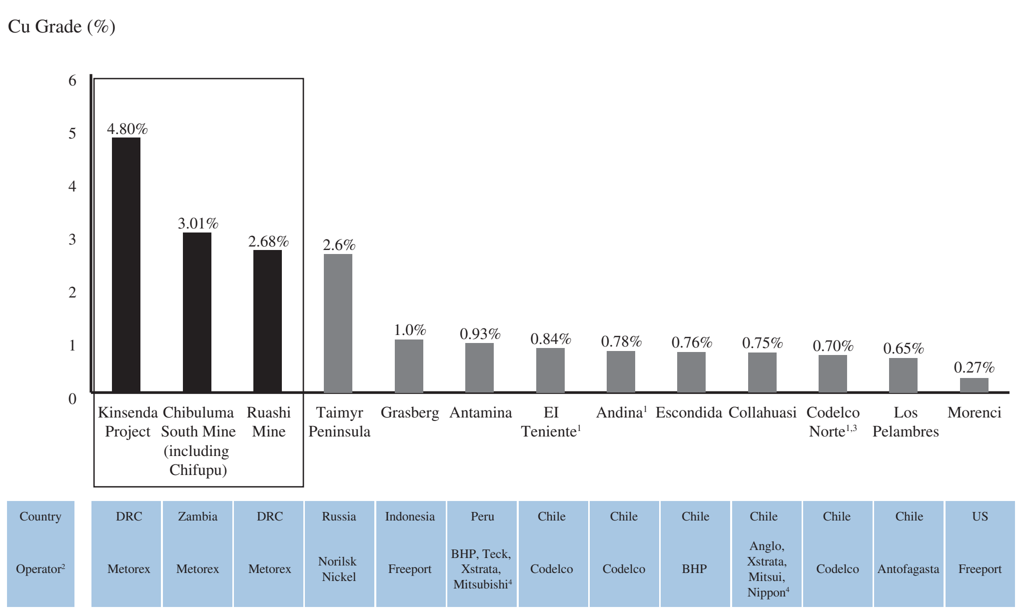
1. The Enlarged Group will be a major international base metals mining group with large, high quality resources and reserves

Metorex is a copper focused mining company with significant copper and cobalt reserves and resources. It currently operates two operating copper mines and holds a portfolio of highly attractive development and advanced stage exploration projects. It produced 44.9 kt of copper and 3.0 kt of cobalt in 2012. As at 30 June 2013, it has SAMREC-compliant total Mineral Reserves of approximately 744 kt of contained copper metal (22.5 Mt at 3.30% Cu) and 59 kt of contained cobalt metal (22.5 Mt at 0.26% Co) and Mineral Resources (inclusive of Mineral Reserves) of approximately 4,736 kt of contained copper metal (182.3 Mt at 2.04% Cu) and 389 kt of contained cobalt metal (182.3 Mt at 0.21% Co). Through its acquisition of the Metorex Group's portfolio of diversified mineral assets focused on copper, the Enlarged Group will be an important international base metals mining group with scalable, high quality resources and reserves. It will be able to capitalise the growth in global demand for copper and benefit from a favourable copper market outlook.

2. High grade projects with competitive cost structures

The Enlarged Group will own and operate some of the highest grade copper projects in the world. Mineral Resources at the Chibuluma South Mine and the Ruashi Mine have average grades of 3.58% copper and 2.18% copper, respectively. The Kinsenda Project is one of the world's highest grade copper deposits, with Mineral Resources grade averaging 5.51% copper. In addition, the advanced exploration projects also benefit from relatively high grade Mineral Resources with average copper grades ranging between 1.96% and 2.76%.

Cu grade of the Metorex Group's projects Mineral Reserves compared to Cu grade of top 10 global copper mines (by production) reserves/resources



Source: ICSG, annual reports and public information of respective companies, the Competent Person's Report

Notes: *(1)* *Grade for resources which is inclusive of reserves*

(2) *Reserves and resources for global top 10 producing copper mines are not SAMREC-compliant and are based on publicly available information which may not be comparable as the same time horizon as the information of the Metorex Group as at 30 June 2013*

(3) *Includes Chuquicamata, Radomiro Tomic, Mina Ministro Hales projects*

(4) *Jointly operated*

The higher grade deposits combined with operational efficiency at the Chibuluma South Mine and the Ruashi Mine provide Metorex with a competitive cost structure. The operating cost per tonne of copper produced at the Chibuluma South Mine and the Ruashi Mine in 2012 averaged approximately US$3,887/t and US$4,146/t (after cobalt credits in respect of the Ruashi Mine) of copper produced, and in the first half of 2013 averaged approximately US$3,594/t and US$5,249/t (after cobalt credits in respect of the Ruashi Mine) of copper produced, respectively. This is significantly lower than the average 2012 LME copper price of approximately US$7,958/t and the average first half 2013 LME copper price of approximately US$7,543/t, respectively.

3. A strong growth profile supported by an attractive pipeline of development and advanced stage exploration projects

The Enlarged Group will control a diversified portfolio of mineral assets with two operating mines, a development project and two advanced stage exploration projects. Through its operating mines, the Ruashi Mine and the Chibuluma South Mine, the Enlarged Group is expected to derive a steady stream of income and cash flows which can be reinvested into its development and advanced stage exploration projects.

The Kinsenda Project is one of the world's highest grade copper deposits, with total Mineral Resources of 21.0 Mt at 5.51% copper grade. Upon commissioning, the Kinsenda Project is expected to produce, on average, approximately 24 ktpa of copper. Development and capital expenditures for the Kinsenda Project have been approved and the project is expected to be in operation by 2015. The Lubembe Project and the Musonoi Est Project are both advanced stage exploration projects. An extensive exploration program has also been undertaken at the Chifupu deposit which is located close to the Chibuluma South Mine. If developed, it is expected to support the mining operations of the entire Chibuluma complex (including the Chifupu deposit) until 2019. It should be noted that there was some 1.2 Mt of material included in the life of mine plan, 0.7 Mt and 0.5 Mt from the Chibuluma South Mine and the Chifupu deposit, respectively, which was removed from the Mineral Reserves as SRK downgraded the resource classification of this material. If included, this would extend the life of mine for the Chibuluma South Mine and the Chifupu deposit by approximately two years and Chibuluma plc plans to undertake the necessary work to potentially upgrade these resources.

The Company believes that the diversified portfolio of mineral assets of the Enlarged Group will allow it to deliver consistency in performance but yet position it for long term organic growth.

4. **Strategic footprint in the Central African copperbelt**

All of the Metorex Group's mining projects are located in the DRC and Zambia in the Central African copperbelt, which hosts some of the world's largest copper and cobalt deposits, containing over a tenth of the world's copper mineral reserves and a third of the world's cobalt mineral reserves. The grade of the copper deposits generally found within the Central African copperbelt ranges from 1.0% to 4.0% and the grades of 7.0 to 8.0% have been recorded in some instances according to "The Democratic Republic of Congo and Zambia: A Growing Global 'Hotspot' for Copper-Cobalt Mineral Investment and Exploration" published on 6th Southern Africa Base Metals Conference 2011, which is significantly higher than the average grade of global copper deposits in the range of 0.2% to 2%, according to British Geological Survey. The abundant and high grade mineral resources in the DRC and Zambia have attracted numerous international mining conglomerates, such as Glencore, First Quantum, Minmetals and Freeport McMoran to establish a mining presence in this region. The DRC and Zambia are likely to remain attractive destinations for the Enlarged Group going forward.

The Company believes that its strategic footprint in the Central African copperbelt positions itself to identify value enhancing exploration, development and acquisition opportunities.

5. **The Company will be the flagship and listed international base metals platform of Jinchuan Group and is well positioned to leverage on its relationships, expertise and support**

The Enlarged Group's ultimate controlling shareholder, Jinchuan Group, founded in 1958, is a state-owned enterprise with its majority interest held by the People's Government of Gansu Province. Other minority shareholders include Baosteel Group Corporation and Taiyuan Iron & Steel (Group) Co., Ltd.. Jinchuan Group is a large-scale non-ferrous mining conglomerate, specializing in mining, concentrating, metallurgy, chemical engineering and further processing, with principal businesses in the production of nickel, copper, cobalt, platinum group metals, non-ferrous metal plates, chemical products and chemicals of non-ferrous metals. With the world's third largest mine of nickel sulphides associated with cobalt sulphides, Jinchuan Group is the fourth largest nickel producer and second largest cobalt producer in the world, the largest producer of nickel, cobalt and platinum group metals in the PRC and the third largest copper producer in the PRC. Jinchuan Group maintains an extensive marketing and distribution network through its seven regional offices in Shanghai, Beijing, Guangzhou, Wuhan, Lanzhou, Shenyang and Lhasa in the PRC and exports its products to customers in Japan, the United States of America, Southeast Asia and Europe.

As it seeks to expand its business internationally, the Enlarged Group will benefit from the strong support of Jinchuan Group as its listed international base metals platform, including but not limited to, Jinchuan Group's extensive marketing and distribution network in the PRC and globally, access to PRC banks for competitive financing and support from Jinchuan Group for future acquisition opportunities.

6. **A strong and experienced management team comprising PRC and international professionals with a strong local workforce**

Experienced mining personnel with established industry experience are critical to the success of mining activities and operations. Upon completion of the Acquisition, the senior management team of Metorex will continue to be in charge of the day-to-day management and operational decisions of the Metorex Group. The senior management team of the Enlarged Group will comprise of existing senior management members of both the Group and the Metorex Group who possess significant experience and expertise in the various aspects of the mining business and operations of the Enlarged Group, including exploration, mine design and construction, mining, processing and sales and marketing of minerals. Many of these senior management members have had extensive on-the-ground mining related experience in the DRC and Zambia and possess the industry knowledge, skills and contact networks to successfully engage with local government bodies and other authorities. The combination of the senior management teams of the Group and the Metorex Group will result in a unique mix of PRC and international management qualifications and expertise in the senior management of the Enlarged Group.

The Enlarged Group will also benefit from Metorex's strong local workforce. A vast majority of the Metorex Group's employees are locally employed in the DRC and Zambia. This local workforce will provide the Enlarged Group with strong insights and an understanding of the local culture and provide the Enlarged Group with a competitive advantage over new entrants into the region. The Metorex Group regards its employees as its most important asset and is committed to enhancing the value contribution of its employees through various training initiatives covering technical and job specific expertise as well as knowledge of safety, health, environment and communities issues.

Strategies

The strategy of the Enlarged Group is to generate shareholder value by becoming one of the world's leading upstream base metals companies. The Enlarged Group will consider pursuing a number of strategic initiatives to achieve this long term objective, including:

1. **Commit to excellence in operations, safety, environmental protection and community relations**

The Enlarged Group will continue to place the highest priority on the health and safety of its workforce, the protection of its assets and the environment, and fostering close ties with the communities in which its operations are located as it recognizes that excellence in these areas are critical drivers for its continued success. To achieve excellence in these areas, Metorex will continue to implement and improve its SHEC policies and management plans that are currently in place to guide the safety, health, environment and community performance across the Metorex Group. Metorex Group's efforts in this regard have delivered marked improvement in safety performance with the Kinsenda Project having reported no non-lost time injury, no lost time injury and no lost days due to accidents (being injured person not able to return to work) for the six months ended 30 June 2013.

The Enlarged Group recognises that employees are an integral part of its operations and will continue to focus on ensuring that all employees and contractors accept as their shared responsibility that zero harm and loss is a priority when performing all work-related activities.

To ensure that its operations are in compliance with relevant environmental laws and regulations and to minimize damage caused to the environment, the Enlarged Group intends to continue integrating environmental management considerations into its overall management practices and conduct environmental impact studies, including the annual Equator Principle audit and internal audits on its assets.

The Enlarged Group has been dedicated in and intends to continue undertaking efforts to improve the living standards in communities where it conducts its operations and to manage existing and develop new relationships with such communities through stakeholder engagement and its corporate social investment projects. The main corporate social investment projects of Metorex include: the electrification of 1,000 residences in the Kawama, Zambia and Luwowoshi areas within the Ruashi Township together with the upgrade of 16 historic sub-stations to improve overall supply to the Ruashi Township, construction of dormitory and rehabilitation of local schools in Ruashi area and near the Chibuluma South Mine, clean-up of water trenches, repairs of roads in the Ruashi area, and recruitment of local full-time/casual posts in the villages near the Chibuluma South Mine.

2. Continue to optimize existing operations

The Enlarged Group aims to continue improving its current mining operational processes and implement new measures to increase efficiencies in its mining operations, including technical and labour efficiencies.

(a) Increase efficiency

The Enlarged Group will continue to develop and undertake initiatives to reduce the cost of production at its projects and extend the mine-life of its existing operations. The Metorex Group has started to implement efficiency initiatives which include the recent commissioning of the H_2SO_4/SO_2 plant and the construction of the spin flash driers at the Ruashi Mine. The construction of the H_2SO_4/SO_2 plant has resulted in higher efficiencies of processing operations at the Ruashi Mine. Two spin flash driers have been commissioned in July 2013 and the third one has been commissioned in August 2013 to reduce moisture content in the cobalt hydroxide which will reduce transportation costs and increase prices received for its cobalt hydroxide. The Enlarged Group will also optimise its workforce selection system in order to attract qualified and experienced management and technical personnel in the mining industry and put in place the necessary management succession plans to ensure that the Enlarged Group maintains the skill sets necessary for carrying out its mining operations effectively for the longer term. The Enlarged Group will continuously improve its procurement and supply chain practices to reduce working capital requirements and to develop further strategies to optimize working capital.

(b) *Stabilise electricity supply*

The Enlarged Group's projects in the DRC are faced with the challenge of an unreliable electricity supply. In an effort to improve the availability of power supplies at the Ruashi Mine, Ruashi Mining purchased seven diesel powered generators, which have been commissioned in August 2013. These generators will be capable of supplementing power from the national electricity company of the DRC and will significantly reduce the possibility of disruptions in its mining operations. As an interim measure pending the commissioning of the seven new diesel power generators with a combined generation capacity of 15 MW, Ruashi Mining entered into a six month lease agreement for diesel powered generators with a combined generation capacity of 13 MW. Ruashi Mining plans to purchase these leased diesel powered generators during the second half of 2013 following the expiry of the lease term as an additional measure for the Ruashi Mine to reduce its reliance on power supplies from the national electricity company of the DRC and become fully self-sufficient in power supply and therefore minimising the negative impact on the mining operations when national grid power disruptions and/or reductions occur. The Chinese government through China Railway Group Limited and Sinohydro Corporation Limited, its state construction companies, had in 2007 committed US$6 billion in a resources-for-infrastructure deal for the nationwide construction of infrastructure including hydroelectric dams and electricity distribution networks in the DRC. The Enlarged Group believes that it stands to benefit from such investments made by the Chinese government in the DRC and plans to tap into such improved electricity infrastructure as an additional and reliable source of power for its mining operations.

3. Develop the Kinsenda Project and its advanced stage exploration projects and evaluate an extension of the Ruashi Mine

The Enlarged Group will push forward with the development of the Kinsenda Project and exploration program at the Lubembe Project, the Musonoi Est Project and the Chifupu project. Development and capital expenditures for the Kinsenda Project have been approved and the mine is expected to be in operation by 2015. Upon commissioning, the Kinsenda Project is expected produce, on average, approximately 24 ktpa of copper in concentrate.

The Enlarged Group will also focus its efforts on the viability of mining and processing the sulphide ores at the Ruashi Mine which would significantly extend the life of mine of the Ruashi Mine. The development of these projects will enable the Enlarged Group to unlock the value attributable to these projects.

4. **Pursue acquisition and expansion opportunities**

The Enlarged Group intends to establish an exploration and development division within Metorex to pursue exploration, acquisition and expansion opportunities. This division will be responsible for assessing new greenfields opportunities and brownfields projects. In identifying opportunities, the Enlarged Group will utilise existing relationships held by Jinchuan Group and Metorex with other PRC and international mining groups. There is also an intention to investigate the potential of developing a central multi-user processing facility in order to achieve economies of scale through partnerships. The Enlarged Group may also consider acquisitions of neighbouring tenements of its existing assets in the DRC as well as the potential to consolidate international upstream base metals assets currently owned by Jinchuan Group. As at the Latest Practicable Date, the Target Group has been presented with possible acquisition or investment opportunities of the neighbouring tenements of its existing assets in the DRC and the Target Group is conducting a preliminary assessment of these opportunities. However, no negotiations which are material have commenced and no definitive and legally binding agreements or contracts have been entered into in this regard. To the best knowledge, information and belief of the Directors, the Enlarged Group currently has no plans to consolidate international upstream base metal assets owned by Jinchuan Group (apart from the Target) and is not aware of any intention of Jinchuan Group to inject such assets into the Enlarged Group.

5. **Continue to develop the minerals and metals trading business of the Group**

The Group has been engaged in the business of trading of minerals and metals since 2012 and the Enlarged Group intends to continue to develop and grow this business. The Directors believe that the existing minerals and metals trading business of the Group and the upstream mining and processing operations of the Metorex Group are complementary in nature. The combination of both lines of business will enable the Enlarged Group to gain greater market intelligence, diversify its income base and provide additional opportunities for its future development. In addition, the minerals and metals trading business is expected to optimise the value chain of the business of the Enlarged Group to maximise returns to Shareholders.

EFFECTS OF THE ACQUISITION ON THE COMPANY

(a) Shareholding Structure

Assuming no changes in the shareholding of the Company from the date of this announcement other than those contemplated under the Acquisition Agreement, the shareholding structures of the Company (a) as at the date of this announcement, (b) immediately after Completion (assuming no conversion of the PSCS) and (c) immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate are illustrated as follows:

	As at the date of this announcement		Immediately after Completion (assuming no conversion of the PSCS)		Immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate	
Name of Shareholders	**Number of Shares**	**% of total issued Shares**	**Number of Shares**	**% of total issued Shares**	**Number of Shares**	**% of total issued Shares**
Jinchuan Group	1,667,142,857	60.52%	1,667,142,857	38.32%	1,667,142,857	9.91%
Seller-Consideration Shares *Note 1*	–	–	1,595,880,000	36.68%	1,595,880,000	9.49%
Seller-Conversion Shares *Note 1*	–	–	–	–	8,466,120,000	50.34%
Total Jinchuan Group shareholding ***Note 2***	1,667,142,857	60.52%	3,263,022,857	75.00%	11,729,142,857	69.75%
Other public Shareholders	1,087,730,194	39.48%	1,087,730,194	25.00%	1,087,730,194	6.47%
Placees	–	–	–	–	4,000,000,000	23.79%
Total Issued Shares	**2,754,873,051**	**100%**	**4,350,753,051**	**100%**	**16,816,873,051**	**100%**

Note:

1. *The above table assumes that the Seller will directly subscribe for the Consideration Shares and hold the PSCS. The Seller may only convert such number of PSCS where such conversion would not cause the Company to contravene the minimum public float requirement under the Listing Rules.*

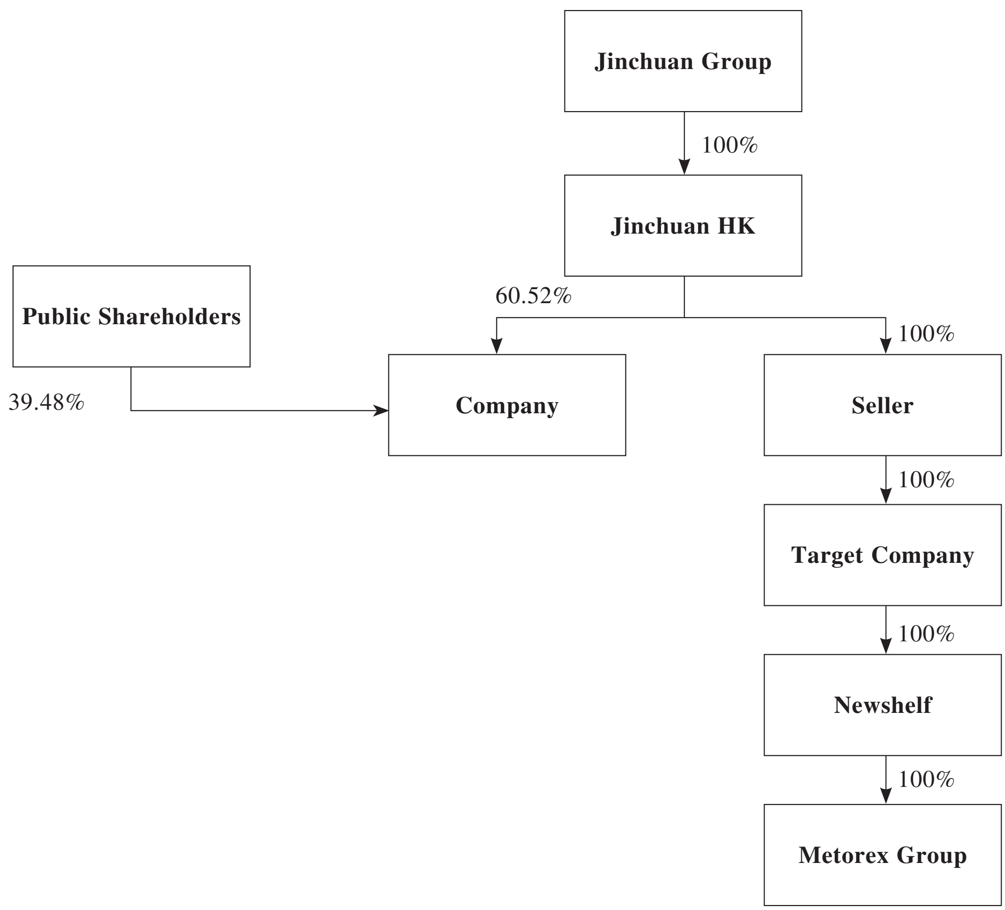
2. *Jinchuan Group holds the entire issued share capital of Jinchuan HK. Jinchuan HK holds approximately 60.52% of the issued share capital of the Company as at the date of this announcement. The Consideration Shares and the Conversion Shares are to be issued to the Seller. The Seller is a direct wholly-owned subsidiary of Jinchuan HK.*

As set out above, assuming no changes in the shareholding of the Company from the date of this announcement other than those contemplated under the Acquisition Agreement, there will not be any change in control of the Company immediately after Completion as Jinchuan Group will remain to be the controlling shareholder of the Company.

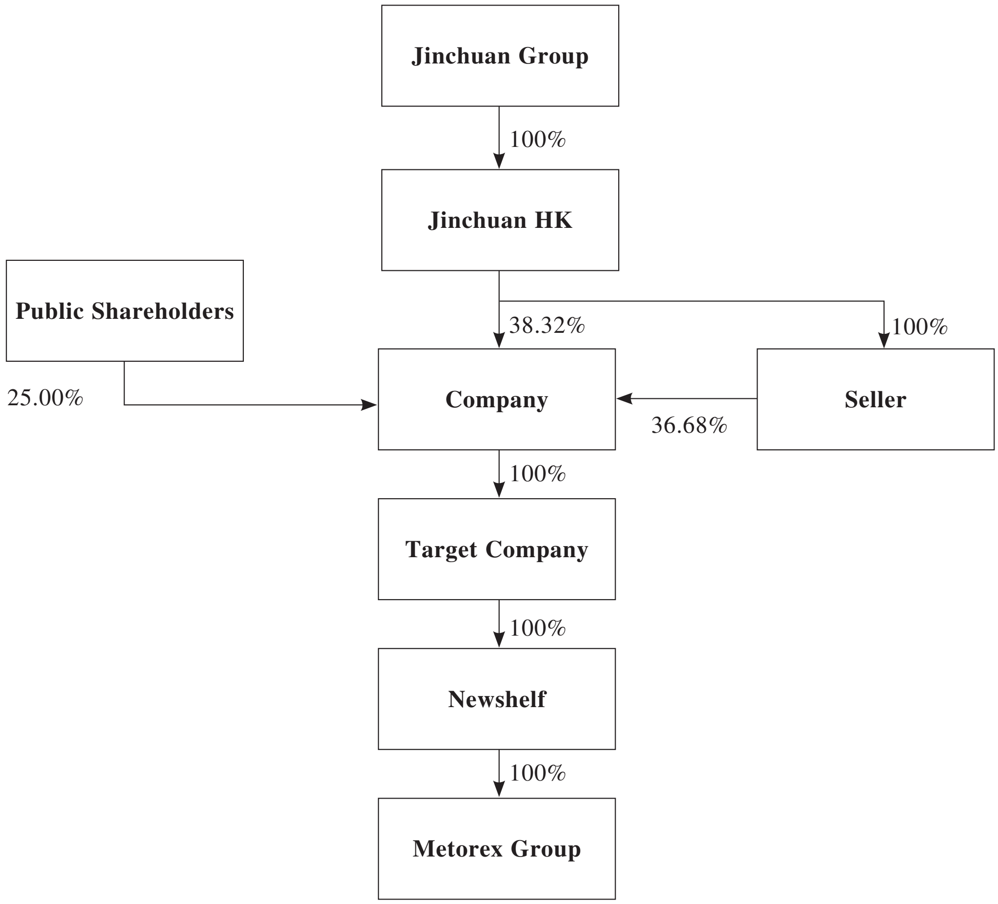
(b) Corporate Structure

Assuming no changes in the shareholding of the Company, the simplified corporate structures of the Company and the Target Group (i) as at the date of this announcement, and (ii) immediately after Completion (assuming no changes from the date of this announcement) are illustrated as follows:

(i) As at the date of this announcement



(ii) Immediately upon Completion (assuming no conversion of the PSCS and that the Seller will hold the Consideration Shares directly)



(c) Pro forma financial effects

Following Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and its financial information will be consolidated into the financial statements of the Company using merger accounting to account for business combinations under common control. Unaudited pro forma financial information of the Enlarged Group will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under the Rule 14.06(5) of the Listing Rules.

In addition, the Seller is an indirect wholly-owned subsidiary of Jinchuan Group. As at the date of this announcement, Jinchuan HK owns 1,667,142,857 Shares, representing approximately 60.52% of the issued share capital of the Company. Jinchuan Group, the ultimate shareholder of Jinchuan HK, is deemed to be interested in 1,667,142,857

Shares, representing approximately 60.52% of the issued share capital of the Company. Since Jinchuan Group is the ultimate controlling shareholder of the Company, the Seller is an associate of Jinchuan Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval requirement under Rule 14A.48 of the Listing Rules. Accordingly, Jinchuan Group and its associates are required to abstain from voting on the Acquisition at the EGM.

The Directors consider that the terms of the Acquisition Agreement have been entered into on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, the Directors consider that (i) the proposed increase in the authorised share capital of the Company is in the interest of the Company and the Shareholders as a whole, and (ii) the Specific Mandate is on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Further, the Directors consider that the Purchase Price, the issue price of the Consideration Shares and the initial Conversion Price of the PSCS are fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into account, among other things, the terms and conditions of the Acquisition Agreement, the quality and potential of the mineral assets held by the Metorex Group, the Market Valuation and the Listing Rules Valuation prepared by SRK, the recent average trading price of the Shares as well as the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share.

The Directors are of the view that the current trading price per Share cannot be taken as the fair market value of the Shares because there appears to be a lack of correlation between the current trading valuation level of the Shares and the underlying business operations or financial performance of the Company when compared with the trading price for comparable listed companies, and the increase in the share price since Jinchuan Group's subscription of new Shares of the Company in 2010 may have been underpinned by the expectation of corporate action to fulfill the stated intention of deploying the Company as its flagship for undertaking overseas operations in the exploration and exploitation of mining assets and related trading. Such expectation may have had the effect of decoupling the typical relationship between share price and the Group's financial performance of its underlying business. Accordingly, the net asset value of the Company per Share was considered as the main value indicator when determining the issue price for the Consideration Shares and the initial Conversion Price for the PSCS.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the Acquisition. None of the members of the Independent Board Committee has any material interest in the Acquisition. Investec has been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

GENERAL INFORMATION

Information of the Group

The Company's current holding company, Jinchuan HK, became the controlling shareholder of the Company since 30 November 2010 pursuant to a subscription of new shares of the Company which was announced by the Company on 24 August 2010. Jinchuan Group is the ultimate holding company of both Jinchuan HK and the Company. The current principal activities of the Group are trading of mineral and metal products. It is the Company's strategic intention to develop its business into base metals and mineral resources sector.

Information of Jinchuan Group

Jinchuan Group, founded in 1958, is a state-owned enterprise with its majority interest held by the People's Government of Gansu Province. Jinchuan Group is a large-scale non-ferrous mining conglomerate with an international presence, specializing in mining, concentrating, metallurgy, chemical engineering and further downstream processing. With the world's third largest mine of nickel sulphides associated with cobalt sulphides, Jinchuan Group is the fourth largest nickel producer and second largest cobalt producer in the world, the largest producer of nickel, cobalt and platinum group metals in the PRC and the third largest copper producer in the PRC.

Other information

BOCI has been appointed as the Sole Global Arranger and BOCI and Merrill Lynch have been appointed as the Joint Financial Advisers to the Company in connection with the Acquisition.

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Acquisition Agreement and the transactions contemplated under the Acquisition Agreement. At the EGM, the Shareholders will also be asked to consider and, if thought fit, approve the Special Mandate and the proposed increase in the authorised share capital of the Company to facilitate the issuance of Shares under the Specific Mandate. Jinchuan Group and its associates will abstain from voting on the resolutions approving the Acquisition Agreement and the transaction contemplated under the Acquisition Agreement.

A circular containing, among others, (i) further details of the Acquisition contemplated under the Acquisition Agreement; (ii) financial and other information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the Competent Person's Report and the Valuation Report; (v) the notice of EGM; (vi) a letter from the Independent Board Committee to the Independent Shareholders regarding the Acquisition; (vii) the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders; (viii) the proposed increase in the authorised share capital of the Company; (ix) the Specific Mandate and (x) such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 August 2013.

As Completion is subject to the fulfilment (or if applicable, waiver) of certain conditions set out in the sub-section headed "The Acquisition — Conditions Precedent" in this announcement, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transaction under the Acquisition Agreement will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares or other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Acquisition"	the proposed acquisition by the Company of the Sale Share and the Sale Loans pursuant to the Acquisition Agreement
"Acquisition Agreement"	the sale and purchase agreement dated 27 August 2013 entered into between the Company, the Seller and Jinchuan HK in relation to the Acquisition
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of the Directors
"BOCI"	BOCI Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the Sole Global Arranger and a Joint Financial Adviser to the Company in respect of the Acquisition
"Chibuluma Central"	the exploration area between the Chibuluma South Mine, Chibuluma West Mine and Chibuluma East Mine
"Chibuluma East Mine"	the Chibuluma East Mine, which is located at the east side of the licenced area under 7064-HQ-LML Licence and adjacent to the town of Kalalushi

"Chibuluma plc"	Chibuluma Mines plc, a company incorporated in Zambia and a subsidiary of Metorex
"Chibuluma South Mine"	an underground copper mine owned by Chibuluma plc situated in Zambia near the town of Kalulushi
"Chibuluma West Mine"	the Chibuluma West Mine which is located within the licenced area under 7064-HQ-LML licence, to the west of the Chibuluma East Mine and adjacent to the town of Kalalushi
"Co"	cobalt
"Company" or "Buyer"	Jinchuan Group International Resource Co. Ltd, a company incorporated in the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
"Competent Person's Report"	has the meaning ascribed to it under Chapter 18 of the Listing Rules, the competent person's report prepared by SRK for inclusion in the circular to be despatched by the Company to the Shareholders in respect of the Acquisition
"Completion"	the completion of the sale and purchase of the Sale Share and the Sale Loans pursuant to the Acquisition Agreement
"Completion Date"	the date on which Completion takes place in accordance with the Acquisition Agreement
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration Share(s)"	the 1,595,880,000 new Shares to be issued and allotted to the Seller and/or its nominee(s) to satisfy part of the Purchase Price
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Conversion Price"	HK$1.00 per Conversion Share, being the initial conversion price of the PSCS (subject to adjustment in accordance with the terms of the PSCS)
"Conversion Share(s)"	the new Share(s) to be issued by the Company upon conversion of the PSCS from time to time
"Cu"	copper
"Directors"	the directors of the Company

"DRC"	the Democratic Republic of Congo
"DRC Minister of Mines"	the minister in charge of mines and quarries of the DRC
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the relevant resolutions to approve the Acquisition Agreement and the transaction contemplated by the Acquisition Agreement as well as the increase in authorised share capital and the granting of the Specific Mandate
"Enlarged Group"	the Group immediately after Completion, being the Group combined with the Target Group
"Exploration Projects"	the two advanced stage exploration projects owned by the Metorex Group located in the DRC namely, (i) the Lubembe Project; and (ii) the Musonoi Est Project
"Gécamines"	La Générale des Carrières et des Mines, a state-owned mining Company in the DRC
"Group"	means the Company and its subsidiaries
"H_2SO_4"	sulphuric acid
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"ICSG"	International Copper Study Group
"Independent Board Committee"	a committee of the Board comprising all the independent non-executive Directors, namely Mr. Gao Dezhu, Mr. Wu Chi Keung, and Mr. Yen Yuen Ho, Tony
"Independent Shareholders"	the shareholders of the Company, other than Jinchuan Group and its associates

"Indicated Mineral Resource(s)" that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed

"Inferred Mineral Resource(s)" that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geologically or through grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited, or of uncertain quality and reliability

"Investec" Investec Capital Asia Limited, a licenced corporation under the SFO for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition

"Jinchuan Group" 金川集團股份有限公司 (Jinchuan Group Co., Ltd.*), a state-owned enterprise established in the PRC and the controlling shareholder of the Company

"Jinchuan HK" Jinchuan Group (Hongkong) Resources Holdings Limited (金川集團(香港)資源控股有限公司), an investment holding company incorporated in Hong Kong and a wholly-owned subsidiary of Jinchuan Group

"Kinsenda Project" or Development Project" a brownfields copper project owned by Kinsenda Sarl and situated in the Katanga Province, the DRC

* *For identification purpose only*

"Kinsenda Sarl"	Kinsenda Copper Company Sarl, a company incorporated the DRC and a subsidiary of Metorex
"kt"	thousand tonnes
"ktpm/pa"	thousand tonnes per month/per annum
"Last Trading Date"	27 August 2013, being the last trading day for the Shares immediately preceding the issue of the Announcement
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Listing Rules Valuation"	a valuation on Metorex's mineral assets as at 30 June 2013 conducted by SRK in compliance with Chapter 18 of the Listing Rules
"LME"	the London Metal Exchange
"Lubembe Project"	a greenfields copper project owned by Kinsenda Sarl and situated in the Katanga Province, the DRC
"Market Valuation"	an independent market valuation on Metorex Group's mineral assets as at 30 June 2013 undertaken by SRK in compliance with the SAMVAL Code
"Measured Mineral Resource(s)"	that part of a Mineral Resource for which the tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
"Merrill Lynch"	Merrill Lynch (Asia Pacific) Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and a Joint Financial Adviser to the Company in respect of the Acquisition

"Metorex"	Metorex (Proprietary) Limited (formerly named Metorex Limited), a company incorporated in South Africa and an indirect wholly-owned subsidiary of the Target Company
"Metorex Group"	Metorex and its subsidiaries (including Chibuluma plc, Kinsenda Sarl and Ruashi Mining), which comprise (amongst other investment holding companies) the operating companies within the Target Group
"Mineral Reserve(s)"	the economically mineable material derived from a Measured Mineral Resource or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project and a life of mine plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed
"Mineral Resource(s)"	a concentration or occurrence of material of economic interest in or on the earth's crust in such a form, quality, and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model
"Mt"	million tonnes
"Mtpa"	million tonnes per annum
"Musonoi Est Project"	a greenfields copper and cobalt project owned by Ruashi Mining and situated in the Katanga Province, DRC
"MW"	million watts

"Newshelf"	Newshelf 1124 (Proprietary) Limited, a company incorporated in South Africa and a direct wholly-owned subsidiary of the Target Company
"Operating Mines"	the Ruashi Mine and the Chibuluma South Mine
"Parity Securities"	in respect of the Company, any security issued or guaranteed by the Company which ranks or is expressed to rank *pari passu* with the PSCS
"Placing(s)"	one or more potential share placement(s) to be conducted by the Company, where new Shares to be issued will be covered under the Specific Mandate
"PRC"	the People's Republic of China
"Probable Reserve"	the economically mineable material derived from a Measured Mineral Resource or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proved Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project or a life of mine plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed
"Proved Reserve"	the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project or a life of mine plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed
"PSCS"	the perpetual subordinated convertible securities to be issued by the Company to satisfy part of the Purchase Price

"PSCS Holder(s)"	in relation to the PSCS, means the person(s) in whose names the PSCS are registered
"Purchase Price"	an amount of US$1,290.0 million (equivalent to approximately HK$10,062.0 million), being the consideration payable by the Company to the Seller for the sale and purchase of the Sale Share and the Sale Loans pursuant to the terms of the Acquisition Agreement
"Ruashi Mine"	an opencast oxide copper and cobalt mine owned by Ruashi Mining and situated in the DRC on the outskirts of Lubumbashi, which is the capital of Katanga province
"Ruashi Mining"	Ruashi Mining Sprl, a company incorporated in the DRC and a subsidiary of Ruashi Holdings
"Sale Loans"	all shareholder's loans outstanding and owing at the Completion Date by the Target Company to the Seller, such loans being interest free loans, which amounted to approximately US$925.8 million (equivalent to approximately HK$7.221.0 million) as at 30 June 2013
"Sale Share"	one ordinary share in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
"SAMREC Code"	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2007 edition) as amended from time to time
"SAMVAL Code"	the South African Code for the Reporting of Mineral Asset Valuation (2008 edition) as amended from time to time
"Seller"	Jintai Mining Investment Limited 金泰礦業投資有限公司, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of Jinchuan HK

"Senior Creditors"	with respect to the Company, all creditors (including subordinated creditors) of the Company other than the PSCS Holder(s), the holder(s) of any Parity Securities and the holder(s) of any class of shares of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"SHEC"	Safety, Health, Environment and Communities
"SO_2"	sulphur dioxide
"Sodimico"	Sociéte de Development Industrial et Minera du Congo, a state-owned enterprice in the DRC
"South Africa"	the Republic of South Africa
"Specific Mandate"	a specific mandate for the Directors to issue up to 4,000,000,000 new Shares and further details of which are set out under the sub-section headed "Specific Mandate" in this announcement
"SRK" or "Competent Person"	SRK Consulting (South Africa) Pty Ltd
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"SX-EW"	solvent extraction – electrowinning
"t"	tonne
"TCu"	total copper
"Target Company"	Jin Rui Mining Investment Limited (金瑞礦業投資有限公司), a company incorporated in the Republic of Mauritius and an indirect wholly-owned subsidiary of Jinchuan HK
"Target Group"	the Target Company (which is an investment holding company), Newshelf (which is an investment holding company) and the Metorex Group
"trading day"	a day on which the Shares are traded on the Stock Exchange

"US$"	United States dollars, the lawful currency of the United States of America
"Valuation Report"	has the meaning ascribed to it under the Chapter 18 of the Listing Rules, the valuation report prepared by SRK for inclusion in the circular to be despatched by the Company to the Shareholders in respect of the Acquisition
"W"	tungsten
"Zambia"	the Republic of Zambia
"Zambia Ministry of Mines"	the ministry of mines, energy and water development of Zambia
"%"	percentage

For the purpose of this announcement, unless otherwise indicated, the exchange rate at US$1.00 = HK$7.80 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts have been, could have been or may be exchanged.

By the Order of the Board
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
Mr. Yang Zhiqiang
Chairman

Jianchang City, Gansu Province, the PRC

27 August 2013

As at the date of the announcement, the Board consists of three executive Directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Zhang Zhong, three non-executive Directors, namely, Mr. Gao Tianpeng, Mr. Qiao Fugui and Ms. Zhou Xiaoyin, and three independent non-executive Directors, namely Mr. Gao Dezhu, Mr. Wu Chi Keung, and Mr. Yen Yuen Ho, Tony.