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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)

**REVISION OF PROPOSED ANNUAL CAPS
UNDER THE 2016 CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the proposed annual caps referred to in the announcement of Jinchuan Group International Resources Co. Ltd (the “**Company**”) dated 29 November 2016 in relation to the 2016 Continuing Connected Transactions (the “**Announcement**”), being approximately USD300 million, USD500 million and USD700 million for the years ending 31 December 2017, 2018 and 2019, respectively. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

As the historical annual caps and trading amounts under the 2013 CCT Agreement and the 2015 Cobalt Agreement were mainly affected by the demand of Jinchuan Group on Mineral and Metal Products (which the Group has little or no control over), and taking into account of the actual utilisation rate of the historical annual caps under the 2013 CCT Agreement and the current under-utilisation of the annual caps under the 2015 Cobalt Agreement, the Company considered that it would be more conservative to reduce the Proposed Annual Caps for the three years ending 31 December 2017, 2018 and 2019 to USD165 million, USD190 million and USD200 million, respectively.

The Proposed Annual Caps have been determined by reference to: (i) the respective financial resources of the parties to the 2016 CCT Agreement; (ii) the respective needs of the business development of the Group and the Jinchuan Group; (iii) the expanded scope of Mineral and Metal Products that the Group sourced from third parties or produced by the mines of the Group to be covered under the 2016 CCT Agreement, in particular the inclusion of the supply of cobalt and its related product, including but not limited to the transactions contemplated under the remaining term of the 2015 Cobalt Agreement (having taken into account the potential output fluctuations); (iv)

historical and prevailing prices of the Mineral and Metal Products; (v) historical trading amounts, including those under the 2013 CCT Agreement and the 2015 Cobalt Agreement; (vi) possible fluctuations in prices of the Mineral and Metal Products in the future; and (vii) a buffer to cater for potential business growth. Particularly, in respect of the Proposed Annual Cap for the year ending 31 December 2017, it has been determined with reference to (i) the annual cap for the year ending 31 December 2017 under the 2015 Cobalt Agreement as approved by a resolution passed at the extraordinary general meeting of the Company held on 7 January 2016; (ii) the historical trading amounts for the year ended 31 December 2016 under the 2013 Continuing Connected Transactions; (iii) the increasing trend of copper and cobalt prices in the fourth quarter of 2016; and (iv) the business development and expansion plans of the Group which are expected to increase the production capacity of the Group and thereby increasing the revenue base of the Group. The Board has also taken into account (i) the annual cap for the year ending 31 December 2018 under the 2015 Cobalt Agreement as approved by a resolution passed at the extraordinary general meeting of the Company held on 7 January 2016; (ii) the volatile nature of the commodity market and prices; and (iii) the business development and expansion plans of the Company which are expected to increase the production capacity of the Group and thereby increasing the revenue base of the Group, in determining the Proposed Annual Cap for the years ending 31 December 2018 and 2019.

The Company will seek approval from the Independent Shareholders for such reduced Proposed Annual Caps, together with the 2016 CCT Agreement and the 2016 Continuing Connected Transactions, at the EGM.

A circular including, among other information, (1) a letter from the Board containing further details of the 2016 CCT Agreement; (2) a letter from the Independent Board Committee setting out its recommendations in connection with the 2016 CCT Agreement and the 2016 Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Shareholders; (3) a letter from the Independent Financial Adviser containing its advice in connection with the 2016 CCT Agreement and the 2016 Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Board Committee and the Independent Shareholders; and (4) a notice of the EGM will be despatched to the Shareholders on 12 January 2017.

By Order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Tak Chuen
Company Secretary

Hong Kong, 11 January 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Chen Dexin and Mr. Zhang Zhong; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Neil Thacker Maclachlan.