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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)

**OPERATIONAL UPDATE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019
AND
FURTHER UPDATE ON THE LEGAL DISPUTE WITH THE NON-
CONTROLLING SHAREHOLDER OF A SUBSIDIARY OF THE GROUP**

This announcement is made by Jinchuan Group International Resources Co. Ltd (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company announces the unaudited operational update for the nine months ended 30 September 2019 (the “**Period**”) and the update on the legal dispute with the Non-Controlling Shareholder of a Subsidiary (as defined hereafter).

**OPERATIONAL UPDATE FOR THE NINE MONTHS ENDED 30
SEPTEMBER 2019**

Operational Data

The Group’s operational data of mining operations and the revenue generated from trading of mineral and metal products summarized and shown in the table below are derived from the management account and internal records currently available to the Group. Such operation data are intended to give investors an overview of the Group’s operations in a timely manner which may differ from the actual data to be disclosed in future periodic report(s) of the Group.

	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Mining operations		
Production:		
Copper (<i>tonne</i>)	54,382	45,848
Cobalt (<i>tonne</i>)	3,878	3,781
Product sold:		
Copper (<i>tonne</i>)	55,913	49,343
Cobalt (<i>tonne</i>)	1,629	3,098
Revenue (including provisional pricing adjustment):		
Copper (<i>US\$'000</i>)	296,923	282,592
Cobalt (<i>US\$'000</i>)	23,653	220,631
Trading of mineral and metal products		
Revenue – trading of externally sourced mineral and metal products (<i>US\$'000</i>)	658,086	662,292

During the Period, the Group's mining operations produced 54,382 tonnes of copper (nine months ended 30 September 2018: 45,848 tonnes) and 3,878 tonnes of cobalt (nine months ended 30 September 2018: 3,781 tonnes).

During the Period, the Group's mining operations sold 55,913 tonnes of copper (nine months ended 30 September 2018: 49,343 tonnes), representing an increase of approximately 13% year-on-year compared to the corresponding period in 2018, and 1,629 tonnes of cobalt (nine months ended 30 September 2018: 3,098 tonnes), representing a decrease of approximately 47% year-on-year compared to the corresponding period in 2018.

Out of the sales of the copper and cobalt, the Group's mining operations generated revenue of approximately US\$296.9 million and US\$23.7 million, respectively (nine months ended 30 September 2018: US\$282.6 million and US\$220.6 million, respectively) in the Period, representing approximately 5% year-on-year increase and 89% year-on-year decrease compared to the corresponding period in 2018.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$658.1 million, representing a decrease of 0.6% as compared to US\$662.3 million in the corresponding period in 2018.

Analysis and Prospect

The decrease in revenue in the Period was attributable to the softer trading conditions and the factors below:

1. Materially lower prices for copper and cobalt in the Period as compared to the corresponding period in 2018 with market copper and cobalt prices falling by approximately 9% and 59% respectively, leading to a significant drop in revenue. Also, as a result of lower commodity price, there is an adjustment to the provisional sales price previously recognized; and
2. In view of the low cobalt price, the Group has strategically slowed its sale of cobalt and has increased its storage of cobalt inventory, leading to the significant decrease in cobalt quantity sold by approximately 67% in the Period as compared to the corresponding period in 2018. Approximately 3,600 tonnes of cobalt inventory was recorded as at 30 September 2019 with a net realization value of approximately US\$85 million under the current market terms. Cobalt price has gradually rebounded since the beginning of August 2019 with the news of major cobalt suppliers limiting their cobalt production. The Group has concluded a few new cobalt sales agreements in the third quarter of 2019 and more cobalt will be delivered in the fourth quarter of 2019. The Group will continue to monitor the commodity market price fluctuation closely in order to react timely to market changes, and will continue to expand its customer base in search of best market terms available.

FURTHER UPDATE ON THE LEGAL DISPUTE WITH THE NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY OF THE GROUP

Reference is made to the announcements (the “**Announcements**”) published by the Company on 8 May 2019 and 1 August 2019 and the Interim Report published on 26 September 2019 regarding the legal dispute for payment of overdue royalties for years from 2009 to 2017, together with interest, mineral content fee and alleged compensation for loss of the dividend with the Non-controlling Shareholder of a Subsidiary of the Group. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Group and the Non-controlling Shareholder of a Subsidiary have recently engaged in negotiations with the aim of putting an end to the ongoing dispute. As at the date of this announcement, the arbitration proceedings are suspended and the hearing which was originally scheduled to take place in October was cancelled pending the outcome of the negotiations.

The legal dispute and its potential impact on the financial performance of the Group are being reviewed on a regular basis. The Company will publish further announcement(s) on the update of the legal dispute as and when required. **Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.**

By order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Hok Bun Mario
Company Secretary

Hong Kong, 21 October 2019

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Gao Tianpeng and Mr. Qiao Fugui; four non-executive directors, namely Mr. Zhang Youda, Mr. Yang Jinshan, Mr. Wang Qiangzhong and Mr. Zeng Weibing; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.