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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 2021

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 2021 (the “**Period**”).

OPERATIONAL UPDATE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Operational Data

The Group’s operational data of mining operations and the revenue generated from trading of mineral and metal products summarised and shown in the table below are derived from the management account and internal records currently available to the Group. Such operational 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 2021	For the nine months ended 30 September 2020
Mining operations		
Production:		
Copper (<i>tonne</i>)	45,244	55,872
Cobalt (<i>tonne</i>)	2,407	3,422
Product sold:		
Copper (<i>tonne</i>)	47,376	52,731
Cobalt (<i>tonne</i>)	1,660	4,593
Revenue (including provisional pricing adjustment) – approximate figures:		
Copper (<i>US\$'000</i>)	430,790	272,605
Cobalt (<i>US\$'000</i>)	70,189	86,804
Mining operations revenue (<i>US\$'000</i>)	500,979	359,409
Trading of mineral and metal products		
Revenue – trading of externally sourced mineral and metal products – approximate figures (<i>US\$'000</i>)	95,548	155,713
Total revenue (<i>US\$'000</i>)	596,527	515,122

Note: Pricing coefficients were considered in actual sales revenue

During the Period, the Group's mining operations produced 45,244 tonnes of copper content included in copper cathode and copper concentrate (nine months ended 30 September 2020: 55,872 tonnes) and 2,407 tonnes of cobalt content included in cobalt hydroxide (nine months ended 30 September 2020: 3,422 tonnes).

During the Period, the Group's mining operations sold 47,376 tonnes of copper (nine months ended 30 September 2020: 52,731 tonnes), representing a decrease of approximately 10% year-on-year compared to the corresponding period in 2020, and 1,660 tonnes of cobalt (nine months ended 30 September 2020: 4,593 tonnes), representing a decrease of approximately 64% year-on-year compared to the corresponding period in 2020.

Out of the sales of copper and cobalt, the Group's mining operations generated revenue of approximately US\$430.8 million and US\$70.2 million in the Period, respectively (nine months ended 30 September 2020: approximately US\$272.6 million and US\$86.8 million, respectively), representing approximately 58% year-on-year increase and 19% year-on-year decrease respectively compared to the corresponding period in 2020.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$95.5 million in the Period, representing a decrease of 39% as compared to US\$155.7 million for the nine months ended 30 September 2020.

Provisional pricing

The following table provides a summary of the metal that was sold but which remains provisionally priced at the end of September 2021 and the month that final average pricing is expected to occur at the time of final invoicing.

	Open pricing at 30 September 2021			Total
	October 2021	November 2021	December 2021	
Copper (<i>tonnes</i>)	1,962	2,546	2,855	7,363

Analysis and Prospect

Copper and cobalt production volume in the Period decreased by 19% and 30% respectively as compared to the corresponding period in 2020 as the Group has processed ores with lower copper and cobalt grade at the Group's Ruashi Mine and Kinsenda Mine in the Period. The decrease was also due to the finance lease of Chibuluma which became effective in the Period. Mining assets at Chibuluma are leased out to an independent third party under a finance lease arrangement in the Period. For details of the finance lease arrangement, please refer to the Company's announcement dated 28 December 2020. The lessee produced and sold 1,993 tonnes of copper in the Period and the Group has recorded a royalty income of approximately US\$1.6 million under the finance lease arrangement. In the corresponding period in 2020, Chibuluma produced 8,023 tonnes of copper content under the Group's operation.

Despite the decrease in volume of copper and cobalt sold in the Period, the total revenue generated from the mining operations had increased owing to materially higher prices for copper and cobalt in the Period as compared to the corresponding period in 2020, with market copper and cobalt prices increased by approximately 57% and 43% respectively, leading to a significant increase in revenue. Also, as a result of higher commodity price, there has been an adjustment to the provisional sales price previously recognized.

The average benchmark London Metal Exchange (“LME”) copper and Metal Bulletin (“MB”) cobalt prices in the Period were US\$9,187 per tonne and US\$22.1 per pound respectively, representing a 57% and 43% increase as compared to the average benchmark copper and cobalt price for the corresponding period in 2020 of US\$5,834 per tonne and US\$15.4 per pound respectively.

LME copper price has increased by approximately 17% from the end of 2020 and reached US\$9,041 per tonne by the end of September 2021. This has led to the increase in the Group’s mining operation’s revenue and profit in the Period.

The trading of mineral and metal products segment recorded a significant decrease in revenue on trading of externally sourced commodities of 39% from US\$155.7 million in the corresponding period in 2020 to US\$95.5 million in the Period. The decrease was due to the voluntary liquidation of Shanghai Jinchuan Junhe Economic Development Co., Ltd.* (上海金川均和經濟發展有限公司), one of the principal trading arms of the Group. For details, please refer to the “Significant Events” section in the Company’s annual report 2020.

The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group and the current information available to the Board which have not been audited nor reviewed by the Company’s independent auditor.

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.

* for identification purposes only

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

Hong Kong, 5 November 2021

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Gao Tianpeng and Mr. Cheng Yonghong; three non-executive directors, namely Mr. Zhang Youda, Mr. Liu Jian and Mr. Wang Qiangzhong; and two independent non-executive directors, namely Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.