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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 YEAR ENDED 31 DECEMBER 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 year ended 31 December 2021.

OPERATIONAL UPDATE FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 the announcement regarding the annual results of the Group for the year ended 31 December 2021, which is expected to be published before the end of March 2022.

	For the year ended 31 December 2021	For the year ended 31 December 2020
Mining operations		
Production:		
Copper (<i>tonne</i>)	61,260	72,477
Cobalt (<i>tonne</i>)	3,379	4,158
Product sold:		
Copper (<i>tonne</i>)	55,549	67,843
Cobalt (<i>tonne</i>)	2,538	5,468
Revenue (including provisional pricing adjustment) – approximate figures:		
Copper (<i>US\$'000</i>)	510,134	388,139
Cobalt (<i>US\$'000</i>)	106,613	109,529
Mining operations revenue (<i>US\$'000</i>)	616,747	497,668
Trading of mineral and metal products		
Revenue – trading of externally sourced mineral and metal products – approximate figures (<i>US\$'000</i>)	203,498	166,560
Total revenue (<i>US\$'000</i>)	820,245	664,228

Note: Pricing coefficients were considered in actual sales revenue

In 2021, the Group's mining operations produced 61,260 tonnes of copper content included in copper cathode and copper concentrate (2020: 72,477 tonnes) and 3,379 tonnes of cobalt content included in cobalt hydroxide (2020: 4,158 tonnes).

In 2021, the Group's mining operations sold 55,549 tonnes of copper (2020: 67,843 tonnes), representing a decrease of approximately 18% compared to 2020, and 2,538 tonnes of cobalt (2020: 5,468 tonnes), representing a decrease of approximately 54% compared to 2020.

Out of the sales of the copper and cobalt, the Group's mining operations generated revenue of approximately US\$510.1 million and US\$106.6 million, respectively, in 2021 (2020: approximately US\$388.1 million and US\$109.5 million, respectively), representing an increase of approximately 31% and a decrease of approximately 3% respectively as compared to 2020.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$203.5 million in 2021, representing an increase of approximately 22% as compared to approximately US\$166.6 million in 2020.

Provisional pricing

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

	Open pricing at 31 December 2021			Total
	January 2022	February 2022	March 2022	
Copper (<i>tonnes</i>)	2,281	1,513	1,216	5,010

Analysis and Prospect

Copper and cobalt production volume in 2021 decreased by 15% and 19% respectively as compared to 2020 as the Group has processed ores with lower copper and cobalt grade at the Group's Ruashi Mine and Kinsenda Mine in 2021. The decrease was also due to the finance lease of Chibuluma which became effective in 2021. Mining assets at Chibuluma are leased out to an independent third party under a finance lease arrangement in 2021. For details of the finance lease arrangement, please refer to the Company's announcement dated 28 December 2020. The lessee produced and sold 3,051 tonnes of copper in 2021 and the Group has recorded a royalty income of approximately US\$2.4 million under the finance lease arrangement. 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 2021, the total revenue generated from the mining operations increased owing to materially higher prices for copper and cobalt in 2021 as compared to 2020, with market copper and cobalt prices increased by approximately 51% and 55% respectively, leading to a significant increase in revenue. Also, as a result of higher commodity price, there had 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 2021 were US\$9,315 per tonne and US\$23.9 per pound respectively, representing a 51% and 55% increase as compared to the average benchmark copper and cobalt prices in 2020 of US\$6,169 per tonne and US\$15.4 per pound respectively.

LME copper price increased by approximately 25% from the end of 2020 and reached US\$9,692 per tonne by the end of 2021. This has led to the increase in the Group’s mining operation’s revenue and profit in 2021.

The trading of mineral and metal products segment recorded an increase in revenue on trading of externally sourced commodities of approximately 22% from approximately US\$166.6 million in 2020 to approximately US\$203.5 million in 2021. The commencement of 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 in 2020 has led to the decrease in trading revenue in 2020. The set up of another trading business line in Hong Kong has grown its trading volume in 2021 and has led to the increase in trading revenue in 2021.

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.

The overall financial results of the Group for the financial year ended 31 December 2021 will only be ascertained when all the relevant results and accounting treatments are finalized. Since the Group’s financial performance will also be affected by other factors such as final valuation on the Group’s assets and liabilities which could possibly result in additional impairment loss (or gain) and/or provision to be recorded, the Company will make further announcement as and when required if there is further material information in relation to the finalization of financial results. Shareholders of the Company and potential investors are also advised to refer to the details of the Company’s annual results announcement for the financial year ended 31 December 2021 which will be announced before the end of March 2022.

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, 28 January 2022

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 three independent non-executive directors, namely Mr. Yen Yuen Ho, Tony, Mr. Poon Chiu Kwok and Mr. Yu Chi Kit.