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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ALLOTMENT OF SHARES OF A SUBSIDIARY

This announcement is made by Jinchuan Group International Resources Co. Ltd (the “**Company**”, together with its subsidiaries, 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 29 March 2019 (after trading hours), Metorex (Proprietary) Limited (“**Metorex**”), a wholly-owned subsidiary of the Company, and 金誠信礦業管理股份有限公司 (JCHX Mining Management Co., Ltd.*) (“**JCHX Mining**”, together with its subsidiaries, “**JCHX**”) entered into a non-legally binding memorandum of understanding (the “**MOU**”). Pursuant to the MOU and subject to the entering into of a formal agreement, Metorex shall cause its wholly-owned subsidiary incorporated in the Republic of South Africa, Ruashi Holdings (Proprietary) Limited (“**Ruashi Holdings**”), to allot new shares in favour of JCHX Mining (the “**Proposed Allotment of Shares**”). If the Proposed Allotment of Shares contemplated under the MOU materializes, and depending on the final terms to be agreed between the parties, Ruashi Holdings will become a non wholly-owned subsidiary of the Group. The Proposed Allotment of Shares will be a deemed disposal of an interest in a subsidiary of the Company for purpose of the Listing Rules.

PRINCIPAL TERMS OF THE MOU

Date:

29 March 2019

Parties:

- (i) Metorex, a company incorporated in the Republic of South Africa and a wholly-owned subsidiary of the Company; and
- (ii) JCHX Mining, a company established in the People's Republic of China (the "PRC") and the shares of which are listed on the Main Board of the Shanghai Stock Exchange (Stock Code: 603979).

(collectively, the "**Parties**")

JCHX Mining Construction Zambia Limited, one of the subsidiaries of JCHX Mining, is currently one of the service providers of the Group. It provides underground mine development service for Chibuluma Mines Plc, a subsidiary of the Group. Save as disclosed, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, JCHX Mining and its ultimate beneficial controlling shareholder are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Subject Matter:

If the Proposed Allotment of Shares contemplated under the MOU materializes, and depending on the final terms to be agreed between the parties, Metorex's shareholding interest in Ruashi Holdings will be reduced and Ruashi Holdings will become a non wholly-owned subsidiary of the Group.

Pursuant to the MOU, JCHX Mining shall conduct, and Metorex shall proactively assist with, due diligence on Ruashi Holdings and the mines which it owns. The pricing of the new shares to be issued under the Proposed Allotment of Shares shall be assessed based on the fair value of Ruashi Holdings' consolidated net asset value, to be determined with reference to the result of the due diligence exercise.

Binding effect:

The MOU is not intended to constitute any legally binding obligations between the Parties, and only provides a basic framework on the non-exclusive cooperation between the Parties, save for the provisions relating to the binding force, confidentiality, cost and expenses and governing law. The Proposed Allotment of Shares therefore may or may not materialize and is subject to the execution and completion of a formal agreement between the Parties.

The MOU shall be deemed to be terminated if the Parties do not sign any legally binding contract within 365 days from the date of the MOU.

INFORMATION OF THE RELEVANT PARTIES

The Group is principally engaged in (i) the mining of metals, primarily copper and cobalt, in the Democratic Republic of Congo (“**DRC**”) and in Zambia; and (ii) the trading of mineral and metal products in the PRC and Hong Kong.

Ruashi Holdings has majority control over Ruashi mine, an operating copper and cobalt mine located in the DRC (“**Ruashi Mine**”) and Musonoi project, a copper and cobalt project at development stage in the DRC (“**Musonoi Project**”).

JCHX is principally engaged in the provision of management services for the mining industry, and is one of the most highly regarded companies providing mine development services in the market. It is a professional management service company combining specialities in the infrastructure construction of non-ferrous metal mines, ferrous metal mines and chemical mines, the operation management of mines, and the research and development of the design and technology of mines.

REASONS FOR AND BENEFITS OF THE PROPOSED ALLOTMENT OF SHARES

The Proposed Allotment of Shares will provide project financing for Musonoi Project and introduce a quality shareholder into Ruashi Holdings. Ruashi Holdings can leverage on the expertise knowledge of JCHX in areas of engineering, design and technology for Strengthening the on-going development of its Ruashi Mine and Musonoi Project.

In view of the above, the Proposed Allotment of Shares, should it materialise, will enhance the project financing and technology of the Group which will be in the interests of the Company and shareholders as a whole.

GENERAL

As at the date of this announcement, the terms and conditions of the Proposed Allotment of Shares are still being negotiated and no legally binding agreement has been entered into. Depending on the final allotment price of new shares to be issued by Ruashi Holdings, the Proposed Allotment of Shares, if materialized, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and all on-going and future transactions between the Group and JCHX will be subject to compliance with the requirements under Chapter 14A and Chapter 14 (if applicable) of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

**AS THE PROPOSED ALLOTMENT OF SHARES MAY OR MAY NOT PROCEED,
SHAREHOLDERS AND INVESTORS ARE REMINDED TO EXERCISE CAUTION
WHEN DEALING IN THE SHARES OF THE COMPANY.**

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

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Gao Tianpeng and Mr. Qiao Fugui; three non-executive Directors, namely Mr. Zhang Youda, Mr. Yang Jinshan 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.

* *for identification purpose only*