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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 2020**

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 2020 (the “**Period**”).

OPERATIONAL UPDATE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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 future periodic report(s) of the Group.

	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019
Mining operations		
Production:		
Copper (<i>tonne</i>)	55,872	54,382
Cobalt (<i>tonne</i>)	3,422	3,878
Product sold:		
Copper (<i>tonne</i>)	52,731	55,913
Cobalt (<i>tonne</i>)	4,593	1,629
Revenue (including provisional pricing adjustment):		
Copper (<i>US\$'000</i>)	272,605	296,923
Cobalt (<i>US\$'000</i>)	86,804	23,653
Trading of mineral and metal products		
Revenue – trading of externally sourced mineral and metal products (<i>US\$'000</i>)	155,713	658,086

Note: Pricing coefficients were considered in actual sales revenue

During the Period, the Group's mining operations produced 55,872 tonnes of copper content included in direct shipping ore ("**DSO**"), copper cathode and copper concentrate (nine months ended 30 September 2019: 54,382 tonnes) and 3,422 tonnes of cobalt content included in cobalt hydroxide (nine months ended 30 September 2019: 3,878 tonnes).

During the Period, the Group's mining operations sold 52,731 tonnes of copper (nine months ended 30 September 2019: 55,913 tonnes), representing a decrease of approximately 6% year-on-year compared to the corresponding period in 2019, and 4,593 tonnes of cobalt (nine months ended 30 September 2019: 1,629 tonnes), representing an increase of approximately 182% year-on-year compared to the corresponding period in 2019.

Out of the sales of copper and cobalt, the Group's mining operations generated revenue of approximately US\$272.6 million and US\$86.8 million, respectively (nine months ended 30 September 2019: US\$296.9 million and US\$23.7 million, respectively) in the Period, representing approximately 8% year-on-year decrease and 267% year-on-year increase as compared to the corresponding period in 2019 respectively.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$155.7 million, representing a decrease of approximately 76% as compared to US\$658.1 million in the corresponding period in 2019.

Analysis and Prospect

The average benchmark London Metal Exchange (“LME”) copper and Metal Bulletin (“MB”) cobalt prices for the Period were US\$5,833/t and US\$33,882/t respectively, representing a 3.5% and 3.5% decrease as compared to the average benchmark copper and cobalt for the corresponding period in 2019 of US\$6,044/t and US\$35,109/t respectively.

Cobalt revenue from mining operations for the Period increased by 267% when compared to the corresponding period in 2019 as a result of the increase in both volume of cobalt sold and the average realized cobalt price.

Despite market cobalt price was lower in the Period as compared to the corresponding period in 2019, there was a provisional pricing adjustment in 2019 to recognise the drop in cobalt price from the fourth quarter of 2018 to the first quarter of 2019, leading to an abnormally low in cobalt revenue for the Group in the corresponding period in 2019.

Cobalt production volume in the Period decreased by 12% as compared to the corresponding period in 2019 as the Group has processed ores with lower cobalt grade in the Period.

Copper revenue from mining operations for the Period decreased by 8% when compared to the corresponding period in 2019. This was due to the decrease in the average benchmark copper price in the Period as compared to corresponding period in 2019. Also, as a result of lower copper price as compared to the fourth quarter of 2019, there is a downward adjustment to the provisional sales price previously recognised.

As mentioned in the Company’s interim report 2020, the Group has commenced to send copper concentrate produced by our Kinsenda Mine to a local smelter for processing into copper blister since March 2020. Although the refinery process initially caused a temporary disruption in the sales of copper products for the months of March and April 2020 and caused an increase in the processing fees and transportation cost, it will in the long run enhance the copper products of Kinsenda Mine and the Group will be benefited from the increased sales prices. Due to the additional time required for processing copper concentrate to copper blister, no sales was recorded by Kinsenda Mine in March and April 2020. Kinsenda Mine has started selling copper blister to international market in May 2020 and in the third quarter of 2020, Kinsenda Mine has managed to increase the copper sales volume by shortening the additional time required for further processing.

LME copper price has recovered by nearly 30% from its lowest point in the Period and reached US\$6,610/t by the end of September 2020. LME copper price has reached a two years high of US\$6,953/t, subsequent to the Period end, on 21 October 2020. The overall profitability of the Group’s mining operations has improved and is able to turnaround in the third quarter of 2020 as compared to the first two quarters of 2020 where a loss was recorded in the first half of 2020.

While the precise timing of COVID-19 to be contained is still unknown, 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 the best market terms available.

The trading of mineral and metal products segment recorded a significant decrease in revenue on trading of externally sourced commodities of 76% from US\$658.1 million for the corresponding period in 2019 to US\$155.7 million for 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 interim 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, 31 October 2020

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. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.