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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2899)**

### **Discloseable Transaction**

#### **Announcement in relation to Acquisition of Nevsun Resources Ltd. by All Cash Takeover**

The Board is pleased to announce that the Company entered into the Pre-Acquisition Agreement with Nevsun and the Lock-up Agreement with Nevsun's directors and executive officers on 5 September 2018 (Beijing Time). The Company proposes to make an all cash takeover through a subsidiary of an overseas wholly-owned subsidiary, Gold Mountains (H.K.), to acquire all of the Nevsun's issued common shares which is approximately 302,592,672 common shares (of which, 3,197,191 Nevsun's common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time) at a consideration of CAD \$6 per common share.

The total amount of the consideration will be approximately CAD \$1,839,016,284 (based on the current number of issued common shares and options of Nevsun, assuming all of the options are exercised; excluding the common shares held by Zijin Global Fund), approximately equivalent to RMB9,530,150,187 (based on the middle rate of foreign exchange rate quotation of CAD \$1:RMB5.1822 of China Foreign Exchange Trade System on 5 September 2018, same hereinafter); approximately equivalent to US\$1.39 billion. The final amount of the acquisition consideration shall prevail.

The offer price represents a premium of 21% over the closing price of CAD \$4.94 per share of Nevsun's common shares on 4 September 2018; a premium of 26% over the CAD \$4.75 per share of the hostile takeover bid made by Lundin Mining Corporation ("Lundin") on 26 July 2018; and a premium of 57% over the closing price of CAD \$3.82 per share on 7 May 2018 before the impact of Lundin's hostile takeover bid.

As one or more of the applicable percentage ratios in relation to the Transaction (as set out in the Listing Rules) is/are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the

Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements set out in the Listing Rules.

The Board is pleased to announce that the Company entered into the Pre-Acquisition Agreement with Nevsun and the Lock-up Agreement with Nevsun's directors and executive officers on 5 September 2018 (Beijing Time). The Company proposes to make an all cash takeover through a subsidiary of an overseas wholly-owned subsidiary, Gold Mountains (H.K.), to acquire all of the Nevsun's issued common shares which is approximately 302,592,672 common shares (of which, 3,197,191 Nevsun's common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time) at a consideration of CAD \$6 per common share.

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## **I. Summary of the Transaction**

### **(1) Basic information of the Transaction**

On 8 August 2018 (Beijing Time), the Company issued a takeover offer proposal to Nevsun. After friendly negotiations between the two parties, Nevsun's board of directors ("Nevsun's Board") consented to support the takeover offer. On 5 September 2018 (Beijing Time), the Company entered into the Pre-Acquisition Agreement with Nevsun and the Lock-up Agreement with Nevsun's directors and executive officers. The Company proposes to make an all cash takeover to acquire all of the Nevsun's issued common shares which is approximately 302,592,672 common shares (of which, 3,197,191 Nevsun's common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time). The offer price represents a premium of 21% over the closing price of the Nevsun's common shares on the previous trading day.

The total amount of the consideration will be approximately CAD \$1,839,016,284 (based on the current number of issued common shares and options of Nevsun, assuming all of the options are exercised; excluding the common shares held by Zijin Global Fund), approximately equivalent to RMB9,530,150,187; approximately equivalent to US\$1.39 billion. The final amount of the acquisition consideration shall prevail.

## **(2) Approval procedure**

The Transaction was considered and approved by the Company under the resolutions in relation to proposal of acquisition of Nevsun by all cash takeover at the sixth extraordinary meeting of the sixth term of the Board of Directors through telecommunication on 7 August 2018. On 2 September 2018, the Company approved the proposal in relation to execution of the Pre-Acquisition Agreement with Nevsun, Canada and other relevant matters at the eighth extraordinary meeting of the sixth term of the Board of Directors. As the Company issued an offer price for the acquisition to Nevsun, whether the counterparties will accept the offer is subject to uncertainties. To avoid misleading the market, the details of the above Board of Directors meeting resolutions were filed to the Shanghai Stock Exchange only and would disclose with Nevsun at the same time with the announcement after the agreements were entered into. For more details of the Board of Directors meeting resolutions, please refer to the relevant Board of Directors meeting resolutions.

The Transaction does not constitute a connected transaction nor a material asset restructuring. The approval for the Transaction is within the scope of authority of the Board of Directors. The applicable percentage ratios in relation to the Transaction are less than 25% of the percentage ratios as stipulated in the Listing Rules, and are also less than 50% of the percentage ratios as stipulated in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. Hence it is not necessary to table the Transaction to the Shareholders' general meeting of the Company for consideration.

The completion of the Transaction is subject to necessary filings and approvals, including but not limited to the effective approvals or waivers granted by the government of the PRC or its authorised departments, and the regulatory authorities of Canada.

## **II. Parties to the Transaction**

### **(1) Zijin Mining Group Co., Ltd.\***

For basic information and financial data of the Company, please refer to its website, <https://www.zjky.cn/>.

### **(2) Gold Mountains (H.K.) International Mining Company Limited**

Company name: Gold Mountains (H.K.) International Mining Company Limited

Place of registration: Unit 7503A, Level 75, International Commerce Centre, 1 Austin Road West, Kowloon,  
Hong Kong

Registered capital: HK\$8,673,462,786

Business scope: Investment and trading

As at 31 December 2017, the amount of total assets, total liabilities and net assets of Gold Mountains (H.K.) was RMB18.29069 billion, RMB10.80878 billion and RMB7.48191 billion respectively. The debt ratio was 59.09%. The realised sales revenue for the year of 2017 was RMB948.97 million. The net profit was -RMB277.81 million (the above financial figures were audited).

As at 30 June 2018, the amount of total assets, total liabilities and net assets of Gold Mountains (H.K.) was RMB19.65154 billion, RMB12.09589 billion and RMB7.55565 billion respectively. The debt ratio was 61.55%. The realised sales revenue for the period from January to June 2018 was RMB384.98 million. The net profit was -RMB74.87 million (the above financial figures were unaudited).

### **(3) Basic information of the counterparties to the Transaction**

Nevsun is a company dual-listed on the Toronto Stock Exchange in Canada and the New York Stock Exchange in the United States. The counterparties to the Transaction are the shareholders of Nevsun. Nevsun's Board unanimously consented to and supported the Transaction.

To the best of the Directors' knowledge, and having made all reasonable enquiries, Nevsun and its ultimate beneficiary owners are not connected persons of the Company.

## **III. Basic information of the acquisition target**

### **(1) Basic information of the company**

Company name: Nevsun Resources Ltd.

Listing venues: Toronto Stock Exchange in Canada and New York Stock Exchange in the United States

Stock code: NSU

Year of incorporation: 1965

Registered address: 2600-595 Burrard Street, Vancouver, British Columbia, Canada

Number of issued shares: 302,592,672 shares (as at 31 August 2018)

Number of shares which may be issued: 7,107,233 stock options granted but not exercised as at 31 August 2018.

According to Bloomberg, as at 31 August 2018, the top ten shareholders of Nevsun are as follows:

<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Proportion of shareholding</b>
BlackRock Inc	41,204,171	13.62%
FIL Ltd	19,797,206	6.54%
Prudential PLC	19,438,941	6.42%
Dimensional Fund Advisors LP	11,610,274	3.84%
Franklin Resources Inc	8,703,124	2.88%
Vanguard Group Inc	6,835,318	2.26%
Cobas Asset Management SGIIC SA	5,507,660	1.82%
Global Strategic Management Inc	3,250,304	1.07%
Passport Capital LLC	3,245,100	1.07%
Invesco Ltd	3,178,009	1.05%

For more details of Nevsun, please refer to its website, <https://www.nevsun.com/>.

## **(2) Major assets and operating status**

Nevsun is a mine exploration and development company focusing on copper, zinc and gold. It owns 60% interest in the Bisha copper-zinc mine project in Eritrea, Africa, which is currently in production, as well as the Timok copper-gold mine project in Serbia (Nevsun owns 100% interest of the Upper Zone, which contains resources of high-grade copper-gold deposits, and 60.4% interest of the Lower Zone (which may be diluted to 46% finally), which contains resources of large-scale porphyry type copper deposits). The aforementioned two mines are Nevsun's flagship projects. In total, Nevsun owns 27 exploration permits in Serbia, Eritrea and Macedonia.

### **1. Bisha copper-zinc mine project**

#### **(1) Geographical location and investment environment**

The Bisha copper-zinc mine is located 150km west of Asmara, the capital of Eritrea, with fine transport access. Electric power for the mine is supplied from a diesel-fuelled power station and the water supply comes from wells, open pit mine water and water recycled from tailing storage facility.

Eritrea is located in East Africa and the northernmost point of the Horn of Africa, which is at the strait of Bab-el-Mandeb, an entrance of the Suez Canal from the Red Sea. Eritrea occupies a significant geographical location. Eritrea has a stable political situation and society. Although its overall economy, social and infrastructure development are relatively less developed, there is fast improvement in the recent years. Eritrea maintains relatively sound policies towards foreign investors and a friendly relationship with China. Eritrea has rich mineral resources, providing many investment opportunities.

## (2) Project structure and ownership of the mines

Nevsun set up a joint venture, Bisha Mining Share Company (“BMSC”), with the Eritrean National Mining Corporation. Nevsun and the Eritrean National Mining Corporation hold 60% and 40% of the interest in BMSC respectively. BMSC is the operator for the two mining licences, namely Bisha and Harena in Bisha region, as well as two other exploration licences at the surrounding. Among them, the mining licences of Bisha and Harena cover areas of 16.5km<sup>2</sup> and 7.5km<sup>2</sup> respectively, which will expire on 26 May 2028 and 5 July 2022 respectively. The exploration licences of Tabakin and New Mogoraib cover areas of 184km<sup>2</sup> and 630km<sup>2</sup> respectively, both of which will expire on 24 July 2021 respectively.

## (3) Production and operation of the project

The Bisha copper-zinc mine is the key asset of Nevsun in Eritrea. The mine, currently in operation, was put into commercial production since 2011. The mine focused on gold production before mid-2013, and switched to copper production from mid-2013 to mid-2016. From mid-2016 to the present, zinc is the current main product, with copper as a co-product. Currently, the Bisha copper-zinc mine project has a mining and stripping capacity of 20 million tonnes/year. The project adopts open pit mining and automobile transport. The process plant has a designated production capacity of 2.4 million tonnes/year. The mineral processing goes through crushing, semi-automatic milling, ball milling and floatation processing with the final products of zinc concentrate and copper concentrate.

In 2017, the Bisha copper-zinc mine produced 95,000 tonnes of zinc metal, realized zinc C1 cash costs of US\$0.97 per payable pound of zinc sold on a co-product basis and US\$0.88 per payable pound of zinc sold on a by-product basis; the mine produced 8,000 tonnes of copper metal, realized C1 cash costs of US\$1.72 per payable copper pound sold on a co-product basis. Under the current plan, the mine life will end in 2022. The mine life takes into account of the Bisha mine section only. Mine sections including Harena, Asheli, etc. have relatively large volume of resources reserves. They can extend the expected mine life after further development.

Canadian standards are applied in the safety management of the Bisha copper-zinc mine. Specific institutions provide training, guidance and supervision for the staff. The headquarters imposes stringent safety assessment on the management. Safety reward and incentives are available as well. The mine is operated in a safe condition.

## (4) Resources reserves

Resources reserves of the Bisha copper-zinc mine project (based on NI 43-101 Standard of Canada, as at 31 December 2017) are as follows:

		<b>Resources reserves of the Bisha copper-zinc mine project</b>								
<b>Type</b>		<b>Tonnes (’000s)</b>	<b>Grade</b>				<b>Metal</b>			
			<b>Zn (%)</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Zn (kt)</b>	<b>Cu (kt)</b>	<b>Au (t)</b>	<b>Ag (t)</b>
Reserves	Proven	316	7.92	1.16	0.69	51.00	25	4	0	16
	Probable	8,163	6.19	1.07	0.72	46.00	505	81	6	351
	Total	8,479	6.25	1.07	0.72	47.00	530	85	6	367
Resources (Including reserves)	Measured	2,660	4.50	1.33	2.01	90.54	103	7	2	72
	Indicated	33,130	4.33	1.03	0.57	33.72	1,391	340	19	1,117
	Measured + Indicated	35,790	4.34	1.03	0.60	35.04	1,494	347	21	1,189
	Inferred	31,400	5.56	1.01	0.54	26.06	1,634	308	17	818

Notes: The figures of reserves and resources volume are based on the 2017 annual report of Nevsun, of which the figures of grades in resources volume are obtained by inverse calculation.

After on-site inspection and research, the technology team of the Company concluded that the resources volume of the project is reliable. Through further technology and management reform, it is expected that the project can further reduce the costs, increase the amount of available mineral reserves, extend the mine life and improve the value of the mine.

## **2. Timok copper-gold mine project**

### **(1) Geographical location and investment environment**

The Timok copper-gold mine project is located in eastern Serbia, 5 kilometres from Bor, an administrative and mining centre, and approximately 245 kilometres from Belgrade, the capital of Serbia. The project can obtain water and electricity conveniently, and is well-situated relative to existing rail/road/waterways networks.

Serbia is situated in central and eastern Europe and is easily accessible by water and land transportation. The Serbian economy has grown rapidly in the recent years amid a stable political situation. Serbia has adopted a long-term friendly diplomatic policy towards China.

## (2) Project structure and ownership of the mines

Nevsun incorporated a joint venture, Rakita JV, with Freeport-McMoRan Exploration Corporation (“FMEC”). A wholly-owned subsidiary of Nevsun holds 45% shareholding in Rakita JV. In addition, a wholly-owned subsidiary of Nevsun and FMEC hold the shareholding of Freeport International Holding (BVI) Ltd. (“FIHB”), which owns 55% shareholding in Rakita JV. Rakita JV owns the Timok copper-gold mine project.

Upper and lower copper-gold deposits related to the same mineralizing process but two distinct mineralization styles were discovered at the Timok copper-gold mine project. The two owners divided the Timok copper-gold mine into the Upper Zone and the Lower Zone. Nevsun, through its wholly-owned subsidiary, owns 100% of Class A shares and 28% of Class B shares of FIHB, while FMEC owns 72% of Class B shares. Under the relevant joint venture agreements, subject to certain exceptions which are not currently applicable, the Class A shares correspond to all the interest of FIHB in the Upper Zone of the Timok project, while the Class B shares correspond to all the interest of FIHB in the Lower Zone of the Timok Project. Therefore, currently, Nevsun directly and indirectly owns 100% of the Upper Zone and 60.4% of the Lower Zone in total; FMEC owns 39.6% of the Lower Zone. In accordance with the relevant joint venture agreements with FMEC, once a feasibility study has been completed for either the Upper or the Lower Zone, FIHB’s shares in Rakita JV would increase to 75%, while Nevsun’s direct interest in Rakita JV would be 25%. Upon then, Nevsun’s ownership interest in the Lower Zone will decline to 46% and FMEC’s ownership interest in the Lower Zone will increase to 54%, while Nevsun maintains 100% actual ownership in the Upper Zone.

## (3) Progress of the project development

The development of the Timok copper-gold mine has not been commenced yet. Preliminary economic assessment and pre-feasibility study technical report of the Upper Zone were completed in 2017 and March 2018 respectively. The feasibility study technical report is expected to be completed in 2019. According to the pre-feasibility study technical report prepared by Hatch and other two institutions, the construction of the infrastructure of the Upper Zone of Timok will start from 2020, and initial production is targeted for 2022. Pre-production capital cost will be US\$574 million. The life of mine will be 10 years. Life of mine average annual payable production of 86,000 tonnes at an average C1 cash cost of US\$0.92 per copper pound and average annual payable copper production of 148,000 tonnes over the first three full years of production are expected. At US\$3.15 per copper pound and discount rate of 8%, the net value of the Upper Zone of Timok copper-gold mine is expect to reach US\$1.82 billion and the IRR is expected to be 80%. Due to the strong cash flow at the preliminary stage, the payback period of the project is expected to be less



than 1 year.

As at 30 June 2018, Nevsun has acquired 100% of the land required for development of the exploration decline and 64% of the required private land for construction of the Upper Zone of the Timok copper-gold mine project.

At this moment, the Lower Zone of the Timok copper-gold mine is still under exploration, and a detailed development plan is not available yet. Pursuant to the agreement, Nevsun and FMEC can start the development of the Lower Zone upon negotiation.

(4) Resources

Reserves/resources of the Upper Zone and Lower Zone of the Timok copper-gold mine project are as follows (based on NI 43-101 Standard of Canada):

<b>Reserves/resources volume of the Upper Zone of the Timok copper-gold mine</b>						
<b>Type</b>	<b>Tonnes</b>	<b>Grade</b>			<b>Contained metal</b>	
	(Mt)	Cu (%)	Au (g/t)	As (%)	Cu (Mt)	Au (Moz)
<b>Reserves (as at 8 March 2018)</b>						
Proven	0	0	0	0	0	0
Probable	27.1	3.3	2.1	0.17	0.89	1.8
Proven + probable	27.1	3.3	2.1	0.17	0.89	1.8
<b>Resources (including reserves, as at 24 April 2017)</b>						
Measured	2.2	8.6	5.7	0.29	0.19	0.4
Indicated	26.6	3.3	2.1	0.2	0.87	1.8
Measured + Indicated	28.7	3.7	2.4	0.2	1.05	2.2
Inferred	13.9	1.6	0.9	0.06	0.23	0.42

Super high grade orebody is located in the upper part of the Upper Zone of Timok, the distribution of which is relatively concentrated. Measured by a 8% cutoff grade, the volume of super high grade deposit is expected to be approximately 2.95 million tonnes, with 360,000 tonnes of copper metal grading 12.3% in average; 25 tonnes of gold associated with other metals grading 8.67 g/t in average.

<b>Resources volume of the Lower Zone of the Timok copper-gold mine (as at 19 June 2018)</b>			
<b>Type</b>	<b>Tonnes</b>	<b>Grade</b>	<b>Contained metal</b>

	(Mt)	Cu (%)	Au (g/t)	Cu (Mt)	Au (Moz)
Inferred	1,659	0.86	0.18	14.30	9.60
Total	1,659	0.86	0.18	14.30	9.60

Notes: The above figures of resources volume are based on the NI43-101 technical report of Timok project disclosed by Nevsun.

The total resources volume of the Timok copper-gold mine project (inferred included) are as follows: The amount of ore is approximately 1.7 billion tonnes; copper metal is approximately 15.58 million tonnes grading 0.916% in average; 380 tonnes of gold metal grading 0.224 g/t in average.

Calculating on ultimate equity interest, Nevsun owns 7.86 million tonnes of copper metal and 219 tonnes of gold metal in the Timok copper-gold mine in Serbia.

### 3. Other licences of Nevsun

- (1) Nevsun holds eight 100% owned exploration permits of lead-zinc-silver and copper deposits in Serbia;
- (2) Nevsun owns five exploration permits in Serbia (including the Timok copper-gold mine project) under a joint venture agreement with FMEC;
- (3) Nevsun and Rio Tinto Mining & Exploration Limited (“Rio Tinto”) entered into a share option agreement to incorporate Tilva JV, of which Rio Tinto and Nevsun hold 75% and 25% of the equity interest respectively. The joint venture owns 8 exploration permits in Serbia;
- (4) Nevsun holds four exploration permits in Macedonia through its subsidiaries, three of which have expired, and extension for or changes of the exploration permits are being processed.

### (3) Major financial data

The financial year of Nevsun is from 1 January to 31 December and the financial statements are prepared in accordance with International Financial Reporting Standards. The major financial data of Nevsun for the latest two years and one period is as follow:

Unit: US\$’000

<b>Financial data</b>	<b>30 June 2018 (unaudited)</b>	<b>31 December 2017 (audited)</b>	<b>31 December 2016 (audited)</b>
Consolidated total assets	1,074,002	1,086,352	1,238,826
Consolidated total liabilities	141,488	133,211	176,367
Consolidated net assets	932,514	953,141	1,062,459
Equity attributable to owners of the parent	791,576	803,794	896,373
Consolidated revenues	183,156	289,397	230,705
Consolidated net income	(8,747)	(99,601)	16,206

Income from the Bisha mine	25,770	(25,773)	82,683
Consolidated net income attributable to owners of the parent	(13,869)	(84,725)	(2,673)
Consolidated net cash provided by (used in) operating activities	40,518	(20,323)	25,880
Consolidated cash and cash equivalents	125,083	124,598	199,256

Nevsun has a negative consolidated net income attributable to owners of the parent for the latest two years and one period, which is mainly due to: 1. the Timok project is still under the exploration and feasibility-study stage, there were exploration, feasibility study and relevant management expenses; 2. provision for impairment losses on assets.

Negative operating cash flows in 2017 was mainly due to the main product shift from copper to zinc of the Bisha mine. With the significant change in ore property, the recovery rate was low. In 2018, the problem of recovery rate was basically solved, production and operation were improved significantly.

For the year ended 31 December 2017, Nevsun's consolidated loss before taxes was US\$96.428 million and consolidated net loss was 99.601 million (year ended 31 December 2016: consolidated income before taxes was US\$44.551 million and consolidated net income was US\$16.206 million) (the above financial figures were audited).

#### **IV. Major contents of the agreements relating to the acquisition by takeover and the intentional schedule**

On 5 September 2018 (Beijing Time), the Company entered into the Pre-Acquisition Agreement with Nevsun and the Lock-up Agreement with Nevsun's directors and executive officers. The major contents of the abovementioned two agreements are as follows:

##### **(I) Pre-Acquisition Agreement**

###### **1. Parties to the agreement**

- (1) Zijin Mining Group Co., Ltd.\*
- (2) Nevsun

###### **2. Acquisition targets and the consideration**

- (1) Acquisition targets: all of the 302,592,672 common shares issued by Nevsun (of which, 3,197,191 common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time).
- (2) Consideration: CAD \$6 per share. The total amount of the consideration will be approximately CAD \$1,839,016,284 (based on the current number of issued common shares and options of Nevsun, assuming

all of the options are exercised; excluding the common shares held by Zijin Global Fund), approximately equivalent to RMB9,530,150,187; approximately equivalent to US\$1.39 billion. The final amount of the acquisition consideration shall prevail.

The offer price represents a premium of 21% over the closing price of CAD \$4.94 per share of Nevsun's common shares on 4 September 2018 on the Toronto Stock Exchange; a premium of 26% over the CAD \$4.75 per share of the hostile takeover bid made by Lundin Mining Corporation ("Lundin") on 26 July 2018; and a premium of 57% over the closing price of CAD \$3.82 per share on 7 May 2018 before the impact of Lundin's hostile takeover bid.

The Company conducted due diligence investigation with regards to the technology, finance and legal compliance of Nevsun. The consideration of the Transaction was determined in accordance with the due diligence investigation results and multiple careful assessments on the asset value of Nevsun, after arm's length negotiations between the parties thereto and on normal commercial terms, and with reference to Nevsun's stock price.

The major source of fund for the acquisition will be self-financed by the Company.

### **3. The major terms of the offer**

- (1) Offer period: The initial expiry time of the offer period is the 105th day following the commencement date of the offer.
- (2) The conditions precedent of the offer
  - 1) the Pre-Acquisition Agreement shall not have been terminated;
  - 2) no circumstance, fact, change, event or occurrence shall have occurred that would render it impossible or impracticable for one or more of the conditions of the offer to be satisfied;
  - 3) Nevsun's Board shall have approved the entering into the Pre-Acquisition Agreement and the making of a unanimous recommendation that Nevsun's shareholders accept the offer, tender their shares to the offer and not tender their shares to the offer made by Lundin Mining Corporation ("Lundin Offer"), and Nevsun's Board shall not have withdrawn this recommendation or changed, modified or qualified it in a manner that is adverse to the Company, or taken any other action that is materially inconsistent with the recommendation or that could otherwise prejudice the Company;
  - 4) Nevsun shall not be in default, in any material respect, of any covenant or obligation under the Pre-Acquisition Agreement;
  - 5) Nevsun's Board shall have made prepared and approved in final form and printed for mailing with the offer documents sufficient copies of the Nevsun Directors' Circular;
  - 6) no prohibition at law shall exist against the Company making the offer or taking up or paying for shares deposited under the offer;
  - 7) each of the representations and warranties of Nevsun set forth in the Pre-Acquisition Agreement that are qualified by a reference to material adverse effect or materiality shall be true and correct in all respects at the time of the making of the offer and those that are not qualified by a material adverse effect or materiality, shall be true and correct in all material respects at the time of the making of the offer;

- (8) no material adverse effect shall have occurred since the date of the Pre-Acquisition Agreement; and
- (9) no person shall have made an acquisition proposal for Nevsun after the date of the Pre-Acquisition Agreement unless Nevsun's Board has confirmed in writing that such acquisition proposal is not a superior proposal ("Superior Proposal").

(3) Conditions of the offer

Notwithstanding any other provision of the offer, but subject to applicable law, the Company will not take up, purchase or pay for, any Nevsun's shares unless, at the end of the initial deposit period or such earlier or later time during which Nevsun's shares may be deposited under the offer, excluding the mandatory 10-day extension period or any extension thereafter, there shall have been validly deposited under the offer and not withdrawn that number of shares, together with any associated shareholder rights plan rights, that constitutes more than 50% of the outstanding shares of Nevsun, excluding any shares beneficially owned, or over which control or direction is exercised, by the Company or by any person acting jointly or in concert with the Company (the "Statutory Minimum Condition"). In the event that the Statutory Minimum Condition is not satisfied, the Company will have the right to withdraw or terminate the offer or to extend the period of time during which the offer is open for acceptance. The Statutory Minimum Condition cannot be waived by the Company.

Subject to the preceding paragraph, the provisions of the Pre-Acquisition Agreement and applicable laws, the Company shall have the right to withdraw or terminate the offer (or extend the offer or postpone taking up and paying for any shares deposited under the offer), shall not be required to take up and pay for any shares deposited under the offer unless all of the following conditions are satisfied or waived by the Company at or prior to the expiry time of the offer:

- (1) the Company holds at least 66⅔% of the outstanding shares of Nevsun at the expiry time of the offer;
- (2) the Pre-Acquisition Agreement shall not have been terminated in accordance with its terms;
- (3) no decision, order, ruling or injunction of a governmental entity shall be in effect and no law shall prevent or prohibit the ability of the Company to proceed with the offer or complete the Transaction and no law shall exist that prohibits the Company from the making of the offer and the taking up and paying for any shares deposited under the offer;
- (4) the regulatory approvals shall have been obtained;
- (5) no material adverse effect shall have occurred since the date of the Pre-Acquisition Agreement;
- (6) Nevsun shall have complied in all material respects with each of its covenants and obligations under the Pre-Acquisition Agreement to be complied with at or prior to the expiry time of the offer and all representations and warranties made by Nevsun in the Pre-Acquisition Agreement shall have been true and correct as of the date of the Pre-Acquisition Agreement and shall be true and correct as at the expiry time of the offer;
- (7) no shares have been taken up under the Lundin Offer (under its current terms and conditions or as such terms and conditions may be modified, amended or varied on or after the date of the Pre-Acquisition Agreement) or under any other take-over bid, tender offer or exchange offer made on or after the date of the Pre-Acquisition Agreement that results in persons owning more than one-third of the voting or equity interests of Nevsun or any of its subsidiaries.

#### **4. Representations, warranties and covenants**

1. The accuracy of the representations and warranties of Nevsun set forth in the Pre-Acquisition Agreement shall be one of the conditions for the completion of the Transaction.
2. Nevsun makes certain covenants including that Nevsun shall conduct business only in the ordinary course for the period from the date of the Pre-Acquisition Agreement to the completion of the Transaction.

#### **5. Protective clauses to the Transaction**

1. **Non-Solicitation:** After the Pre-Acquisition Agreement is entered into, Nevsun shall cease, and shall not participate in any discussions or negotiations with any third party regarding any offer, unless the terms of the offer are more superior; Nevsun shall not solicit or assist any other offer.
2. **Right to Match:** The Company shall, within five business days from the date that is the later of (i) the date on which the Company received a Superior Proposal notice and (ii) the date on which the Company received a copy of the definitive agreement for the Superior Proposal, have the opportunity to offer to amend in writing the Pre-Acquisition Agreement and the offer in order for such acquisition proposal to cease to be a Superior Proposal; Nevsun shall firstly consider the Company's proposal.
3. **Events triggering a termination fee payable by Nevsun:** If any of the following events occurs, Nevsun shall pay the Company the termination fee of US\$50,000,000:
  - (1) If Nevsun's Board or any committee of Nevsun's Board fails to unanimously recommend that Nevsun's shareholders accept the offer;
  - (2) If Nevsun's Board or any committee of Nevsun's Board fails to publicly reaffirm its approval and recommendation of the offer;
  - (3) If there is another acquisition proposal from the date of the Pre-Acquisition Agreement and Nevsun's Board accepts or recommends such acquisition proposal or enter into any agreement in respect of such acquisition proposal;
  - (4) If Nevsun is in material violation of the non-solicitation provisions in the Pre-Acquisition Agreement;
  - (5) If Nevsun's Board authorises Nevsun to enter into a definitive written agreement with respect to a Superior Proposal; or
  - (6) If, following the date of the Pre-Acquisition Agreement and prior to the expiry time of the offer, an acquisition proposal is publicly announced and not withdrawn prior to the expiry time by any person other than the Company or any of its subsidiaries and within 6 months of termination of the Pre-Acquisition Agreement an acquisition proposal (whether or not it is the same acquisition proposal that may have been publicly announced) is consummated or an agreement in respect of an acquisition proposal is entered into and such acquisition proposal is consummated at any time after the termination of the Pre-Acquisition Agreement.
4. **Events triggering a termination fee payable by the Company:**

If Nevsun terminates the Pre-Acquisition Agreement because (i) the Company fails to obtain, by January 31, 2019, the regulatory approvals from the Chinese authorities (provided such failure is not caused by the occurrence of a material adverse effect or a breach by Nevsun of its representations and

warranties or failure by Nevsun to perform its covenants) or (ii) the Company fails to take up and pay for the shares deposited under the offer, then the Company shall pay Nevsun a reverse termination fee in the amount of US\$50,000,000. The reverse termination amount shall be deposited in an account with a deposit agent.

## **6. Termination of the Pre-Acquisition Agreement**

The Pre-Acquisition Agreement may be terminated by the mutual written agreement of the parties.

1. By either of the parties if:

- (1) after the date of the Pre-Acquisition Agreement, any law is enacted or enforced that makes the consummation of the offer and the transactions contemplated therein illegal or otherwise prohibits the parties from consummating the offer;
- (2) the effective time for the completion of the offer does not occur on or prior to January 31, 2019, if the failure of the effective time to so occur has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Pre-Acquisition Agreement;
- (3) the other party is in default, in any material respect, of any covenant or obligation under the Pre-Acquisition Agreement; or
- (4) if any representation or warranty of the other party to the Pre-Acquisition Agreement is untrue or incorrect as of the date of the Pre-Acquisition Agreement or shall become untrue or incorrect at any time prior to the expiry time of the offer, subject to certain exceptions.

2. By Nevsun if:

- (1) the Company does not mail the offer documents by September 18, 2018;
- (2) Nevsun's Board authorizes Nevsun to enter into a definitive written agreement with respect to a Superior Proposal; or
- (3) the Company is in default of its obligations to obtain regulatory approvals from the Chinese authorities by January 31, 2019 (subject to certain exceptions) or take up and pay for the shares tendered under the offer.

3. By the Company if:

- (1) any condition of the offer is not satisfied or could not reasonably be expected to be satisfied and the Company has not elected to waive such condition, at or by January 31, 2019 provided that the Company cannot terminate the Pre-Acquisition Agreement pursuant to this provision if all of the conditions of the offer are satisfied other than (a) the Statutory Minimum Condition and/or minimum condition and (b) the receipt of regulatory approvals from the Chinese authorities (subject to certain exceptions);
- (2) Nevsun's Board or any committee of Nevsun's Board fails to unanimously recommend that Nevsun's shareholders accept the offer;
- (3) If Nevsun's Board or any committee of Nevsun's Board fails to publicly reaffirm its approval and recommendation of the offer or if there is another acquisition proposal from the date of the Pre-Acquisition Agreement and Nevsun's Board accepts or recommends such acquisition proposal or enter into any agreement in respect of such acquisition proposal;
- (4) Nevsun breaches the non-solicitation provisions in the Pre-Acquisition Agreement in any material respect; or

(5) since the date of the Pre-Acquisition Agreement there has been a material adverse effect.

## **(II) Lock-up Agreement**

The Company has entered into the Lock-up Agreement with each of the directors and executive officers of Nevsun (the “Locked-up Shareholders”) who directly or indirectly control certain securities of Nevsun. Pursuant to the Lock-up Agreement, the Locked-up Shareholders have agreed to tender their securities to the offer. They are also subject to the terms and conditions in the Lock-up Agreement, including but not limited to:

- (1) not initiate or participate in any negotiation or enter into any form of agreement that could lead to an acquisition proposal;
- (2) exercise all options owned directly or indirectly by the Locked-up Shareholders and deposit the shares issuable therefrom to the offer;
- (3) not tender or vote their shares in favour of an acquisition proposal, except for a Superior Proposal; and
- (4) immediately terminate any negotiation or solicitation with any parties with respect to an acquisition proposal that was commenced prior to the execution date of the Lock-up Agreement.

## **(III) Intentional schedule**

If all of the conditions in the agreements are satisfied, it is expected that the shares which are subject to the acceptance of the offer can be deposited into the account in November 2018.

## **V. Impacts of the Transaction on the Company**

(1) The projects of Nevsun have large resources volume and favourable mining conditions. In addition, the projects are located at the geographically strategic places where Belt and Road Initiative stretches into Europe. The acquisition aligns with the Company’s formulated development strategies of internationalisation, project upsizing and asset securitisation. Completion of the Transaction can effectively enhance the Company’s sustainability, significantly expand its resources reserves and mineral production, and increase its profitability. The Transaction will raise the Company’s position and influence in the mining industry in China and the world, and move forward the Company’s internationalisation progress. The Directors believe that the terms of the Transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(2) The acquisition is an all cash takeover. The total amount of the consideration will be approximately CAD \$1,839,016,284, approximately equivalent to RMB9.53015 billion. The consideration of the Transaction represents 27.23% of the audited net assets of the Company in the year of 2017. The major source of fund for the acquisition will be self-financed by the Company.

The Company’s net profit attributable to the owners of parent and net cash flows from operating activities in the year of 2017 was RMB3.508 million and RMB9.764 billion respectively, the debt ratio was 57.75% (audited); the Company’s net profit attributable to the owners of parent and net cash flows from operating activities in the first half of 2018 was RMB2.526 million and RMB4.98 billion respectively, the debt ratio was 58.54% (unaudited). The Company is in a good financial position with a considerable amount of cash flows.



## **VI. Investment risks**

**(1) The Transaction, being a conditional takeover, is subject to a number of significant risk factors which may lead to failure of the acquisition, including but not limited to:**

1. Risks subject to domestic and overseas approvals from regulatory authorities

The Transaction is subject to a number of conditions, which include obtaining the effective approvals of the Chinese government or its authorised departments and the regulatory authorities of Canada, and hence it is still subject to uncertainties.

2. The acquisition target is 100% of the common shares of Nevsun. Whether the Company can obtain the above proportion pursuant to the conditions of the offer is uncertain. Yet as stated above, the Company is entitled to waive this condition.

3. Risk of competitors offering more appealing acquisition conditions.

Despite the Company having executed the Pre-Acquisition Agreement with Nevsun, which is unanimously recommended by Nevsun's directors and reduces the competing risks to a large extent, there are possibilities of other competitors offering more appealing terms of acquisition than those offered by the Company. On the one hand, it might elevate the acquisition cost of the Company; on the other hand, the completion of the Transaction may be delayed, or the Transaction may even be cancelled. The termination fee payable to the Company in certain instances should protect the Transaction to some degree.

### **(2) Political and legal risks**

The Transaction should observe the laws and regulations of relevant countries and regions; hence there are risks of governments and regulatory authorities initiating investigations or introducing policies against the Transaction. The execution of the Transaction will strictly comply with the policies and laws of the relevant countries and regions, in order to effectively control the policy and legal risks.

### **(3) Risks of mine operation**

The major assets of Nevsun are located in Serbia and Eritrea, where the politics, economics and culture are different from those of China. The Company will bear risks in management and operation after completion of the acquisition.

The Bisha copper-zinc mine, which is the Nevsun's only project in current production, has limited profitability. It is expected that Nevsun's profit will improve rapidly after the Timok copper-gold mine commences production. However, the Company may bear certain short-term difficulties in its operation.

The Company is experienced in global operation and successfully runs a number of overseas projects. With the professional edges in technology, management and capital, the Company will work well on the integration, operation and management of the abovementioned projects after acquisition.

### **(4) Market risks**

Market risks lie in the future price trend of metals including copper, zinc and gold, etc. If the metal prices fluctuate substantially in the future, there will be uncertainties to the profitability of the projects, bringing impacts on the share value of the target company.

## **(5) Foreign currency risks**

The Transaction will be settled in Canadian dollar. The fluctuations in exchange rate will bring foreign currency risks to this investment to a certain extent.

## **General information**

### Reasons of the proposed Transaction

The Company is principally engaged in the mining, production, refining and sales of gold and other mineral resources in the PRC. Completion of the Transaction can effectively enhance the Company's sustainability, significantly expand its resources reserves and mineral production, and increase its profitability. Therefore, the Directors including the independent non-executive Directors consider that the terms of the Pre-Acquisition Agreement and the Lock-up Agreement are in ordinary course of business and on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### Material interest

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Transaction and is required to abstain from voting at the Board meeting approving the transaction.

As one or more of the applicable percentage ratios in relation to the Transaction (as set out in the Listing Rules) is/are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements set out in the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Nevsun and its ultimate beneficial owners are third party independent of the Company and the Connected Persons of the Company.

**The success of the offer is subject to uncertainties. Investors should be aware of investment risks.**

**This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.**

## **Definitions**

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“Board” or “Board of Directors”	the board of Directors of the Company
“CAD”	Canadian dollar, the lawful currency of Canada

“Company”	Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司), a joint stock limited company incorporated in the PRC
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Gold Mountains (H.K.)”	Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Lock-up Agreement”	The lock-up agreement entered into between the Company and Nevsun’s directors and executive officers on 5 September 2018 (Beijing time).
“Nevsun”	Nevsun Resources Ltd., a company listed on Toronto Stock Exchange and New York Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“Pre-Acquisition Agreement”	the pre-acquisition agreement entered into between the Company and Nevsun on 5 September 2018 (Beijing time).
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Transaction”	the proposed transaction of the Company to make an all cash takeover through a subsidiary of an overseas wholly-owned subsidiary, Gold Mountains (H.K.), to acquire all of the Nevsun’s issued common shares which is approximately 302,592,672 common shares (of which, 3,197,191 Nevsun’s common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time) at a consideration of CAD \$6 per common share.
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

**Investors and shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.**

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue, and Ms. Lin Hongying as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth, and Cai Meifeng as independent non-executive directors.

By Order of the Board of Directors  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

5 September 2018, Fujian, the PRC

*\* The Company's English names are for identification purpose only*