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)

Executive Directors:
Mr. Yang Zhiqiang
(Chairman of the Board and Chief Executive Officer)
Mr. Zhang Sanlin
Mr. Zhang Zhong

Non-executive Directors:
Mr. Gao Tianpeng
Mr. Qiao Fugui
Ms. Zhou Xiaoyin

Independent Non-executive Directors:
Mr. Gao Dezhu
Mr. Wu Chi Keung
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30 August 2013

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF JIN RUI MINING INVESTMENT LIMITED AND THE SALE LOANS INVOLVING THE ISSUE OF CONSIDERATION SHARES AND PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND
(3) SPECIFIC MANDATE TO ISSUE NEW SHARES

INTRODUCTION

On 27 August 2013, the Board announced that the Company (as Buyer), Jintai Mining Investment Limited (as Seller) and Jinchuan HK (as Seller's guarantor) have entered into the Acquisition Agreement, pursuant to which, the Seller has agreed to sell and the Company has agreed to purchase the Sale Share, which represents the entire issued share capital of the Target Company, and the Sale Loans, at the Purchase Price of US$1,290.0 million (equivalent to approximately HK$10,062.0 million).

THE ACQUISITION

The Acquisition Agreement

Date: 27 August 2013

Parties:	Seller:	Jintai Mining Investment Limited (金泰礦業投資有限公司), a wholly-owned subsidiary of Jinchuan HK
	Seller's Guarantor:	Jinchuan HK
	Buyer:	the Company

Assets to be Acquired

The Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loans are to be sold to the Company free and clear from all encumbrances. As at 30 June 2013, the Sale Loans amounted to approximately US$925.8 million (equivalent to approximately HK$7,221.0 million). The Target Company is an investment holding company incorporated in Mauritius and is indirectly wholly-owned by Jinchuan HK. In turn, the Target Company indirectly holds (through Newshelf) the entire issued share capital of Metorex. Metorex holds majority interest in three key operating companies within the Target Group, namely Chibuluma plc, Ruashi Mining and Kinsenda Sarl. Please refer to the section headed "Information of the Target Group" of this circular for further information.

Purchase Price

The Purchase Price payable by the Company to the Seller pursuant to the Acquisition Agreement will be a total of US$1,290.0 million (equivalent to approximately HK$10,062.0 million). The Purchase Price has been determined with reference to the Market Valuation, and represents a slight discount to the Market Valuation, and a premium over the Listing Rules Valuation of US$1,127.3 million (equivalent to approximately HK$8,792.9 million).

The Company has commissioned SRK to prepare the Competent Person's Report and the Valuation Report (which contains the Listing Rules Valuation) that have been consolidated into a single report and will be appended to this circular. The Company has also commissioned SRK to prepare the

Market Valuation. The Market Valuation was prepared in accordance with the SAMVAL Code, using methodologies in line with international market practices. The Market Valuation seeks to evaluate the full market value of mineral interests held by the Metorex Group and accordingly, reflects the additional value associated with Inferred Mineral Resources and the exploration potential of the Metorex Group's mineral assets, which are specifically excluded from the Listing Rules Valuation as required by the Listing Rules.

The Market Valuation is based primarily on a discounted cash flow analysis on the estimated life of mine and operational parameters for the Operating Mines and Development Project, including, but not limited to, Mineral Reserves estimates, production schedules, capital and operating costs and outlook for commodity prices, with alternative valuation methodologies based on Mineral Resources multiples, derived from comparable transaction analysis and comparable company analysis which are applied to Mineral Resources not included in the discounted cash flow analysis.

The Market Valuation is a common methodology used in assessing valuation of mining operations in merger and acquisition transactions that involve companies engaged in such operations. The Market Valuation seeks to evaluate the fair market value of all mineral assets and liabilities held by the Metorex Group and accordingly, reflects the additional value associated with Inferred Mineral Resources of the Metorex Group's assets relative to the Listing Rules Valuation. The value of the Inferred Mineral Resources is determined according to the principle of substitution from data derived from market comparable transactions which have Mineral Resources with similar characteristics such as location and depth below the surface. This value is included in the Market Valuation.

According to SRK, most of the bases and assumptions applied in the preparation of the Listing Rules Valuation and the Market Valuation are the same. The major difference in the bases and assumptions applied relates to the exclusion or inclusion of the Inferred Mineral Resources in the valuation. The Inferred Mineral Resources are lateral or down-dip extensions of known orebodies, which do not have adequate drill coverage for the higher classification. Once drilled to a closer spacing, it is likely that the classification of these resources can be upgraded. In the Listing Rules Valuation, SRK has not included any consideration of Inferred Mineral Resources in determining the value of the Metorex Group. However, according to SRK, the value of the Inferred Mineral Resources that has a reasonable likelihood of being mined in the future has been included in the Market Valuation.

The Listing Rules Valuation estimates the valuation of the Metorex Group at approximately US$1,127.3 million (approximately HK$8,792.9 million). The Purchase Price represents a slight discount to the Market Valuation, and a premium over the Listing Rules Valuation.

According to the terms of the Acquisition Agreement, the Purchase Price will be satisfied in the following manner:

(1) Issuance of Consideration Shares

As to US$204.6 million (equivalent to approximately HK$1,595.9 million), through the issuance by the Company of 1,595,880,000 Consideration Shares to the Seller or its nominee(s) upon Completion at an issue price of HK$1.00 per Consideration Share which should rank *pari passu* with the then existing issued Shares of the Company.

(2) Issuance of PSCS

As to the remaining balance of the Purchase Price of US$1,085.4 million (equivalent to approximately HK$8,466.1 million), through the issuance by the Company of the PSCS convertible into 8,466,120,000 Conversion Shares to the Seller or its nominee(s) upon Completion at an initial Conversion Price of HK$1.00 per Conversion Share which, when issued, shall rank *pari passu* with the then existing issued Shares of the Company.

Consideration Shares

Assuming that, other than those contemplated under the Acquisition Agreement, there will be no changes in the shareholding of the Company during the period from the Latest Practicable Date to the Completion Date, the Consideration Shares represent approximately 57.93% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 36.68% of the enlarged issued share capital of the Company immediately after Completion. The issue price of the Consideration Shares of HK$1.00 per Consideration Share represents:

(i) a discount of approximately 29.08% to the price per Share as quoted on the Stock Exchange of HK$1.41 on the Latest Practicable Date;

(ii) a discount of approximately 29.08% to the price per Share as quoted on the Stock Exchange of HK$1.41 on the Last Trading Date;

(iii) a discount of approximately 28.57% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.40 per Share;

(iv) a discount of approximately 29.58% to the average closing price of the Shares as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.42 per Share;

(v) a discount of approximately 36.71% to the average closing price of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.58 per Share;

(vi) a discount of approximately 36.31% to the average closing price of the Shares as quoted on the Stock Exchange for the last one calendar year up to and including Last Trading Date, being approximately HK$1.57 per Share; and

(vii) a price to book value of 3.6 times the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28.

The issue price of HK$1.00 for the Consideration Shares is (i) slightly higher than the mid-point between the current market price per Share and the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share; (ii) 3.6 times of the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28; and (iii) 1.35 times the pro forma consolidated net asset value (excluding non-controlling interests) of the Enlarged Group as at 30 June 2013 per Share of HK$0.74 (assuming Completion has taken place and on a fully-diluted basis upon the issuance of all the Consideration Shares and the Conversion Shares but before the issuance of any new Share under the Specific Mandate), and these form the basis for determining such issue price. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

PSCS

The following table sets out the key terms of the PSCS:

Issuer	The Company
Aggregate principal amount of the PSCS	US$1,085.4 million (equivalent to approximately HK$8,466.1 million)
Status and subordination	The PSCS constitutes direct, unsecured and subordinated obligations of the Company and rank *pari passu* without any preference or priority among themselves. In the event of the winding-up of the Company, the rights and claims of the PSCS Holders shall (i) rank ahead of those persons whose claims are in respect of any class of share capital (including preference shares) of the Company; (ii) be subordinated in right of payment to the claims of all other present and future Senior Creditors of the Company and (iii) *pari passu* with each other and with claims of holders of Parity Securities
Issue price	100% of principal amount of the PSCS
Form and denomination	The PSCS will be issued in registered form in the denomination of US$100,000 each
Distribution	The PSCS shall not bear any interest for the first three (3) years from the issue date but shall bear interest at 0.1% per annum thereafter payable annually in arrears on 31 December each year

Optional deferral of distributions	The Company may, at its sole discretion, elect to defer a distribution which is otherwise scheduled to be paid on a distribution payment date to the next distribution payment date by giving notice to the PSCS Holder(s). The deferred distribution will be cumulative in nature. Any deferred distributions may be further deferred provided that the Company may not, inter alia, declare or pay any dividends or distribution on any Shares or redeem or buy-back any Shares, for so long as any distributions which have been due and payable but have not yet been paid in full. All distributions and deferred distributions outstanding will become due and payable on (i) a redemption of the PSCS (ii) a conversion of the PSCS or (iii) the occurrence of an event of default under the terms of the PSCS Each deferred distribution shall bear interest at the prevailing distribution rate and the amount of such interest shall be due and payable on the next distribution payment date (unless further deferred pursuant to the terms of the PSCS)
Expected issue date	Completion Date
Maturity date	There is no maturity date. This feature would give the Company the option to choose to pay distributions on the PSCS, force redemption of the PSCS or force conversion of the PSCS in circumstances as the Company considers appropriate or desirable according to the terms of the PSCS. In addition, the perpetual nature of the PSCS would allow the Company to account for the PSCS as equity in its financial accounts
Conversion period	Any time from the date of issue of the PSCS, subject to certain conditions as provided in the terms of the PSCS
Conversion Price	Initially HK$1.00 per Conversion Share, subject to adjustment as provided for in the terms of the PSCS
Restriction on conversion	The Company or a PSCS Holder may only convert such number of PSCS as would not cause the Company to contravene the minimum public float requirement under the Listing Rules following conversion
Fractional Shares	Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof but (except in certain cases where any such cash payment equals to or is less than US$1.00) a cash payment will be made to the PSCS Holder(s) in respect of such fraction

Conversion Price adjustment	The Conversion Price will be subject to adjustment in certain events, including but not limited to, consolidation, subdivision or reclassification, capitalisation of profits or reserves, capital distribution, rights issues of Shares or options over Shares, rights issues of other securities, issues of Shares at less than the current market price, other issues of securities at less than the current market price, modification of rights of conversion and other offers to Shareholders
Issuer's option to force conversion	On or at any time after three (3) years after the date of issue of the PSCS, the Company may, at its sole discretion, elect to convert the PSCS in whole or in part in respect of the holding of any Holder into Shares. No such conversion may be made unless the average closing price of the Shares for the 30 consecutive trading days ending on a date which is no more than three business days immediately prior to the date upon which notice of such conversion is given, was at least 200% of the applicable Conversion Price then in effect. The Company's right to force conversion will only apply to the extent of the PSCS such that if converted, would not cause the Company to contravene the minimum public float requirement under the Listing Rules. This feature would allow the Company to choose to convert the PSCS in circumstances that the Company considers appropriate or desirable (for example, if market conditions are such that it would be in the interest of the Company if the dilution impact of the issue of the Conversion Shares would be reflected to the greatest extent as possible) and hence will no longer be required to pay distributions on those PSCS which have been forced by the Company to be converted pursuant to this provision
Issuer's option to force redemption	The PSCS may be redeemed at the option of the Company in whole, but not in part, at their principal amount plus distribution accrued upon the Company giving not less than five (5) business days notice to the PSCS Holder. However, a PSCS Holder has no right to require redemption of any outstanding principal amount of the PSCS
Voting	The PSCS Holder(s) will not be entitled to receive notice of, attend or vote at, general meetings of the Company by reason only of it being a PSCS Holder

Transferability	Subject to the terms of the PSCS, a PSCS may be transferred by delivery of a transfer form, together with the certificate issued in respect of that PSCS, to the registered office of the Company or the specified office of any registrar which the Company may appoint. Upon a transfer of the PSCS, a new certificate will be issued to the transferee. Where only part of a principal amount of the PSCS in respect of which a certificate is issued is to be transferred, a new certificate in respect of the PSCS not so transferred will be issued to the transferor. No transfer of a PSCS will be valid unless and until entered on the register of PSCS Holder(s)
Automatic Conversion	At any time when a PSCS Holder is not a connected person of the Company, a principal amount of PSCS which upon conversion will result in the PSCS Holder holding in aggregate under 10% of the issued share capital of the Company shall be automatically converted into Conversion Shares The automatic conversion right is set out in the terms and conditions of the PSCS which is the governing document of the PSCS. The terms and conditions of the PSCS constitute a binding contract between the Company and the PSCS Holders and as such, the PSCS Holders are required to comply with terms and conditions of the PSCS. The Company will be responsible for administering the mechanism of the conversion. If at any time a PSCS Holder disposes of any Shares (if a PSCS Holder holds any Shares) or there is any change to the Company's issued share capital (for example, the issued share capital has been enlarged) which results in a decrease in the shareholding of such PSCS Holder, the Company will exercise its right under the terms and conditions of the PSCS to convert such remaining portion of the PSCS held by such PSCS Holder into Conversion Shares to the extent that upon conversion the total number of Shares held by such PSCS Holder in aggregate shall be under 10% of the issued share capital of the Company. For the avoidance of doubt, the automatic conversion feature will only apply to the extent of the PSCS such that if converted, would not cause the Company to contravene the minimum public float requirement under the Listing Rules The automatic conversion feature is structured to ensure that to the extent the Conversion Shares to be held by any PSCS Holders can be recognized as free float, the Company will have the right to require such conversion. With the automatic conversion feature in place, additional Conversion Shares will be issued once the shareholding of any PSCS Holders is below 10% of the issued

share capital of the Company. This may result in the Conversion Shares being highly concentrated in a few shareholders' hands. However, more Shares will be tradable and can potentially enhance the trading volume and diversify the equity base of the Company

Pre-emption right

Not more than 20 nor less than 15 business days prior to the PSCS Holder delivering a transfer form under the terms of the PSCS to the Company or the registrar (as the case may be) for the transfer of a PSCS, the PSCS Holder must notify the Company in writing of the PSCS Holder's intention to transfer the PSCS. Following the receipt by the Company of such notice, the Company may by no later than 15 business days after it has received such notice, elect to purchase and cancel all or some of the PSCS and at the price specified in such notice. The Directors will take into account, among other things, (i) the principal amount of PSCS to be transferred, (ii) the prevailing market price of the Shares and (iii) the prevailing Conversion Price of the PSCS in determining whether the purchase price is fair and reasonable. The Company must complete the purchase of the relevant PSCS within 15 business days of it informing the PSCS Holder that it has elected to purchase the PSCS. The periods specified for the Company to elect to purchase the relevant PSCS and to complete the purchase and cancellation of the relevant PSCS shall be extended by any period during which the Company is prohibited from doing so pursuant to the requirements of any applicable laws, rules and/or regulations (including the Listing Rules) and shall be extended by a requisite period in order for the Company to comply with any necessary requirements under any applicable laws and/or regulations (including the Listing Rules). If the Company does not elect to purchase, or fails to complete the purchase after so elected, the PSCS Holder may transfer such PSCS to the purchaser and at the purchase price specified in such notice. The exercise of the pre-emptive right to purchase the PSCS is an exempt share repurchase under the Hong Kong Code on Share Repurchases as such repurchase would be made in accordance with the terms and conditions of the PSCS being repurchased. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules upon the exercise of the pre-emptive right to purchase the PSCS, if necessary

As the PSCS are not listed or freely tradable on a securities market, it was considered to be appropriate for the Company to have a pre-emptive right over the transfer of a PSCS. The pre-emptive right would allow the Company to have an opportunity to determine the identity of persons to whom the PSCS may be transferred and to have an opportunity to repurchase the PSCS if the Company considers that the transfer price and terms are favourable

Internal control	A PSCS Holder who wishes to convert its PSCS would have to deliver a notice to the Company specifying, *inter alia*, the beneficial owner of the Conversion Shares. The identity of the beneficial owner will be checked against the existing register of members of the Company and the disclosure of interest filings made under Part XV of the SFO to ensure that no Shareholder would become a substantial shareholder and hence a connected person of the Company by virtue of its conversion of the PSCS. A register of PSCS Holders will also be maintained to ensure that the Company is aware of the identities of the PSCS Holders from time to time

Based on the initial Conversion Price of HK$1.00 and assuming no changes in the shareholding in the Company from the Latest Practicable Date to the Completion Date other than those contemplated under the Acquisition Agreement, the Company will allot and issue 8,466,120,000 Conversion Shares credited as fully paid upon full conversion of the PSCS. The 8,466,120,000 Conversion Shares represent approximately 307.31% of the existing issued share capital of the Company as at the Latest Practicable Date, approximately 194.59% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 66.05% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and approximately 50.34% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate.

The initial Conversion Price of the PSCS of HK$1.00 per Conversion Share represents:

(i) a discount of approximately 29.08% to the price per Share as quoted on the Stock Exchange of HK$1.41 on the Latest Practicable Date;

(ii) a discount of approximately 29.08% to the price per Share as quoted on the Stock Exchange of HK$1.41 on the Last Trading Date;

(iii) a discount of approximately 28.57% to the average closing price of the Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.40 per Share;

(iv) a discount of approximately 29.58% to the average closing price of the Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.42 per Share;

(v) a discount of approximately 36.71% to the average closing price of the Share as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Date, being approximately HK$1.58 per Share;

(vi) a discount of approximately 36.31% to the average closing price of the Share as quoted on the Stock Exchange for the last one calendar year up to and including the Last Trading Date, being approximately HK$1.57 per Share; and

(vii) a price to book value of 3.6 times the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28.

The initial Conversion Price per Share of HK$1.00 for the Conversion Shares is (i) slightly higher than the mid-point between the current market price per Share and unaudited consolidated net asset value of the Group as at 30 June 2013 per Share; (ii) 3.6 times of the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share of HK$0.28; and (iii) 1.35 times the pro forma consolidated net asset value (excluding non-controlling interests) of the Enlarged Group as at 30 June 2013 per Share of HK$0.74 (assuming Completion has taken place and on a fully-diluted basis upon the issuance of all the Consideration Shares and the Conversion Shares but before the issuance of any new Share under the Specific Mandate), and these form the basis for determining the initial Conversion Price. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued pursuant to the conversion of the PSCS. No application will be made by the Company for the listing of the PSCS on the Stock Exchange or on any other stock or securities exchange.

Conditions Precedent

Completion of the Acquisition is subject to the satisfaction or waiver by the Company of certain conditions precedent (except for the conditions set out in paragraph (i) to (iii), (v) and (vi) which cannot be waived (as the case may be), including:

(i) each of the Company, the Seller and Jinchuan HK having obtained all necessary internal authorisations, consents and approvals for entering into of the Acquisition Agreement and undertaking the Acquisition;

(ii) the Independent Shareholders having approved, by the passing of an ordinary resolution at a general meeting, the entering into of the Acquisition Agreement by the Company and the transaction contemplated by the Acquisition Agreement;

(iii) the Shareholders having approved, by the passing of an ordinary resolution at a general meeting, the proposed increase in the authorised share capital of the Company for the purposes of issuing the Consideration Shares and the Conversion Shares by the Company;

(iv) all necessary consents, if required, having been obtained from certain existing creditors of the Metorex Group or third parties relating to the change in control of the Metorex Group resulting from the Acquisition pursuant to the terms of their existing facility agreements or other agreements with the Metorex Group (which condition may be waived by the Company);

(v) all necessary governmental and regulatory approvals, clearance, consents or confirmations in the PRC, the DRC, Zambia and South Africa, having been obtained for the undertaking of the Acquisition;

(vi) the Company having obtained such approvals from the Stock Exchange as are required under the Listing Rules in connection with the transaction contemplated by the Acquisition Agreement, including the Listing Committee of the Stock Exchange approving the listing of, and granting permission to deal in, the Consideration Shares and the Conversion Shares;

(vii) the representations, warranties and undertakings given by the parties to the Acquisition Agreement remaining true and accurate as at the Completion Date (which condition may be waived by the Company and/or the Seller, as the case may be); and

(viii) no material adverse effect on the market value of the Sale Share or the Target Group occurs between the date of the Acquisition Agreement and the date on which all the conditions precedent set out in paragraphs (i) to (vii) above having been satisfied or waived (as the case may be) (which condition may be waived by the Company).

In the event that any of the conditions precedent above (a) has not been fulfilled or waived on or before 30 September 2014 (which could be extended by the parties by agreement in writing), or (b) becomes incapable of satisfaction or the parties agree that any of such conditions cannot be satisfied, the parties should not be bound to proceed with Completion and the Seller or the Company may terminate the Acquisition Agreement by not less than three business days' notice to the other, except for any antecedent breaches of the terms of the Acquisition Agreement. The Company may consider waiving conditions precedent (iv), (vii) and/or (viii) if any non-fulfilment of such conditions precedent is not material, could be adequately compensated by suing for damages for breach of contract, or a corresponding reduction in the Purchase Price can be agreed upon between the parties. The Company currently has no intention of waiving those conditions precedent that are waivable.

Guarantee

The obligations of the Seller under the Acquisition Agreement are guaranteed by Jinchuan HK.

Completion

Subject to the fulfilment or waiver (as the case may be) of the relevant conditions precedent above, Completion shall take place on the Completion Date.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company is HK$50,000,000 comprising 5,000,000,000 Shares, of which 2,754,873,051 Shares are in issue as at the Latest Practicable Date. In connection with the Acquisition, the Board proposes to increase the authorised share capital of the Company from HK$50,000,000 to HK$200,000,000 by the creation of an additional 15,000,000,000 unissued Shares to rank *pari passu* in all respects with the existing issued Shares in the capital of the Company. The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders by the passing of an ordinary resolution at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

Specific Mandate and Placing(s)

The Board proposes to, subject to approval from the Shareholders at the EGM for the increase of the authorised share capital of the Company as described above, seek a Specific Mandate from the Shareholders at the EGM to issue not more than 4,000,000,000 new Shares (representing approximately 145.20% of the existing issued share capital of the Company as at the Latest Practicable Date, approximately 91.94% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 31.21% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS), and approximately 23.79% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate. The major terms of the proposed Specific Mandate are as follows:

(a) to issue not more than 4,000,000,000 new Shares;

(b) the new Shares will be issued at a discount of not more than 20% to the higher of:

    (i) the closing price on the date of any relevant placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and

    (ii) the average closing price in the five trading days immediately prior to the earlier of:

        (A) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the Specific Mandate;

        (B) the date of the placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and

        (C) the date on which the placing or subscription price is fixed;

(c) at the price of no less than HK$0.74 per Share, and it represents:

    (i) a discount of approximately 47.52% to the closing price of HK$1.41 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

    (ii) a discount of approximately 47.89% to the average closing price of approximately HK$1.42 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date;

    (iii) a discount of approximately 47.52% to the closing price of HK$1.41 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(iv) the same as HK$0.74 per Share calculated by dividing the pro forma equity attributable to owners of the Enlarged Group of approximately HK$9,424.0 million as at 30 June 2013 by the total number of 12,816,873,051 Shares immediately after completion and assuming full conversion of the PSCS but before issuance of any new Shares under the Specific Mandate.

(d) the grant of the Specific Mandate is subject to the passing of an ordinary resolution by the Shareholders at the EGM approving such grant;

(e) the issue of the new Shares pursuant to the Specific Mandate will be conditional upon Completion; and

(f) the proposed Specific Mandate is for the period from the passing of the relevant resolutions at the EGM up to the earlier of (a) the date falling 90 days after the date of the passing of the aforesaid resolutions at the EGM; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company.

Subject to market conditions, the Directors may or may not exercise the proposed Specific Mandate, if granted, to issue new Shares and, where the proposed Specific Mandate is exercised, may issue less than or up to 4,000,000,000 new Shares. It is currently intended that the Specific Mandate will cover new Shares to be issued pursuant to one or more potential Placing(s) to be conducted by the Company, subject to the then prevailing market conditions.

Subject to market conditions, the Directors intend to raise gross proceeds of approximately US$400 million and apply such proceeds from the potential Placing(s) for:

(a) the deployment of funding towards the development and exploration initiatives of the Metorex Group's projects, including:

(i) approximately US$290 million to be applied towards the development of the Kinsenda Project which would be required to be spent from the time the proceeds are obtained and in stages until 2015 (approximately US$89.4 million of which represents committed costs), and these capital expenditures will be primarily used for mine development and construction of plant and infrastructure. Currently, it is intended that approximately US$70.5 million will be utilised in the remainder of 2013, approximately US$182.2 million will be utilised in 2014, and the remaining portion to be utilised in 2015;

(ii) approximately US$28.1 million to be applied towards the development of the identified projects of Chibuluma plc (namely, in respect of the Chifupu deposit) with the majority of which is to be spent from the time the proceeds are obtained and in stages until 2017, and these will be primarily used for development of site infrastructure, acquisition of mining equipment and underground mine development. Currently, it is intended that approximately US$2.5 million will be utilised in the remainder of 2013, approximately US$3.8 million will be utilised in 2014, approximately US$7.8 million will be utilised in 2015, approximately US$8.0 million will be utilised in 2016, approximately US$6.0 million will be utilised in 2017;

(iii) approximately US$15.8 million to be applied towards the feasibility studies for the Exploration Projects (approximately US$6.8 million of which represents committed costs). Currently, it is intended that approximately US$2.7 million will be utilised in the remainder of 2013, approximately US$7.1 million will be utilised in 2014 and the remaining portion to be utilised in 2015; and

(b) the remaining proceeds to be applied towards merger and acquisition activities, costs and expenses in relation to the Acquisition and the Placing(s) as well as general working capital and activities of the Enlarged Group.

The proposed uses set out in (a) above represent expenditures that have been internally planned or approved by the Metorex Group. In the event that the gross proceeds from the potential Placing(s) are less than expected, the Directors will consider to adjust the allocation of such proceeds for the above-mentioned purposes or postpone such projects, initiatives and activities. The potential Placing(s) is expected to further enhance the value of the Enlarged Group through investing in the various exploration and development projects of the Metorex Group.

Due to the nature of development of mining exploration and extraction projects, the Company considers that upfront certainty of funding for the entire capital expenditures needed to bring the Kinsenda Project to commercial production is crucial. Whilst the entire funding may not be utilised immediately, it would not be beneficial to the Enlarged Group and hence the Shareholders if only part of the funding is raised at the beginning (and hence project development commences on this basis) and there remains an uncertainty as to whether or not the remaining part of the funding could be raised. Therefore, the Company believes that raising the intended amount of funds at this stage will increase the degree of certainty to the Shareholders that the Enlarged Group will be able to fund most of the capital expenditures for developing the Kinsenda Project and reduce the risk that the development might have commenced but needs to be rescheduled, suspended or terminated because of the difficulty for the Enlarged Group to conduct follow-on fundraisings (whether by equity or debt) during the course of the development.

Prior to considering seeking Shareholders' approval on the Specific Mandate to conduct the Placing(s), the Company had considered whether it would be more desirable or feasible to conduct a rights issue to raise all or part of the amount proposed to be raised under the Specific Mandate to allow Shareholders to reduce or avoid dilution of their existing shareholding in the Company. However, in the present circumstances, the Company considers the Placing(s) to be a more effective method compared with a rights issue for achieving the desired results for the Enlarged Group for the following reasons:

(i) the Placing allows the Company to expand the shareholder base of the Company by issuing Shares to investors who are interested in making an investment in a company that will be principally engaged in the mining industry and who understand and recognise the value and potential of the Target Group and its mineral assets which would in turn support a re-rating of the Shares and increase the overall liquidity of the Shares. For example, the Company may direct part of the Placing(s) to strategic or institutional investors who may take a longer term interest when investing in the Company;

(ii) the Placing represents a more efficient method of fundraising in terms of time and cost as compared to a rights issue. Placings are typically conducted within a shorter time frame and underwriting commissions payable for placings are generally lower than rights issues;

(iii) in order for the Company to raise gross proceeds of US$400 million, a rights issue will have to be conducted at a high ratio basis. Shareholders will have to pay a significant amount upfront to subscribe for entitlements (in such number which may be equal to or exceed their existing shareholding). In addition, a large number of nil-paid rights will be issued to Shareholders, which, if not well received by Shareholders and are disposed of in the market, may result in downward pressure on the market trading price of the Shares (including the nil-paid rights) and may threaten the success of the rights issue exercise; and

(iv) in view of the proposed size of the Placing(s), if the same amount were to be raised from conducting a rights issue, the Company would need to engage a number of parties to act as underwriters in the rights issue so that the rights issue could be conducted on a fully underwritten basis. Considering the recent market volatility, the Company considers it would be very difficult to secure sufficient number of underwriters to fully underwrite a rights issue of this size. The risk of an underwriter is very different from the risk of a placee in a Placing, as the underwriter would have committed to take up the rights shares from the beginning and would need to underwrite and take up the rights shares even though the subscription price per rights share may be higher than the market price (as the timetable for a rights issue is usually relatively long, the underwriters are exposed to the risk of market price trading below the subscription price per rights share). On the other hand, a placee in a Placing does not need to commit to subscribe for the new shares in a Placing until it is satisfied that the placing price per new share would achieve its commercial intention and it would not be bound to subscribe for the new shares if the subscription price per share is at or higher that the market price (as the timetable for conducting a Placing is relatively short, the risk exposure to a placee is very different from the risk exposure to an underwriter in a rights issue).

The Directors, having taken into account that (i) the proceeds raised from the issuance of new Shares under the Specific Mandate is intended to be applied towards, among others, the development and exploration initiatives of the Enlarged Group's projects and is not paid to the Seller; (ii) the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share will increase by almost threefold from HK$0.28 per Share to HK$0.74 per Share calculated by dividing the pro forma equity attributable to owners of the Enlarged Group of approximately HK$9,424.0 million as at 30 June 2013 by the total number of 12,816,873,051 Shares immediately after Completion and assuming full conversion of the PSCS but before issuance of any new shares under the Specific Mandate; and (iii) the overall gearing of the Group will be reduced as a result of the enlarged capital base of the Company, consider that the dilution effects on the shareholding interests of the Shareholders as a result of the issuance of the maximum number of Shares under the Specific Mandate to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The potential Placing(s), if executed, will enlarge the shareholder and capital bases of the Company and strengthen the financial position of the Enlarged Group. Having regard to the Acquisition and the potential Placing(s), Jinchuan Group (through Jinchuan HK) is committed to remain as the controlling shareholder of the Company and to hold more than 50% of the issued share capital of the Company.

When the Placing(s) occurs, an application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued and placed pursuant to the potential Placing(s) under the Specific Mandate. In order to facilitate the undertaking of the Placing(s), the Company may conduct the Placing(s) through top-up placing(s) with the assistance of Jinchuan HK and/or the Seller (or their respective nominee(s)).

Sufficiency of public float

The Company intends to maintain the listing status of the Shares on the Stock Exchange and the 25% minimum public float requirement upon the issue of new Shares pursuant to Placing(s) conducted under the Specific Mandate, as well as to honour the terms of the PSCS so that the Seller could convert the PSCS during the period in which the PSCS may be converted into Conversion Shares.

Accordingly, if the Seller intends to convert the PSCS and obtain the Conversion Shares immediately upon the issue of new Shares by the Company pursuant to a Placing, the Company will procure that (1) as a condition precedent to the completion of such Placing, the delivery of a conversion notice with the requisite information by the Seller (or its nominee(s)) to the Company; and (2) the issue of the Conversion Shares by the Company to the Seller (or its nominee(s)) will complete simultaneously at the same time as the issue of new Shares to the placees pursuant to such Placing, provided always that the conversion of such number of PSCS would not result in the Company's failure to satisfy the minimum public float requirement immediately after the issue of the requisite number of Conversion Shares and the new Shares pursuant to such Placing. The Company will procure that similar arrangements will be incorporated into the placing agreement for a particular Placing if it were to be conducted by way of a top-up placing with the assistance of Jinchuan HK and/or the Seller (or their respective nominee(s)).

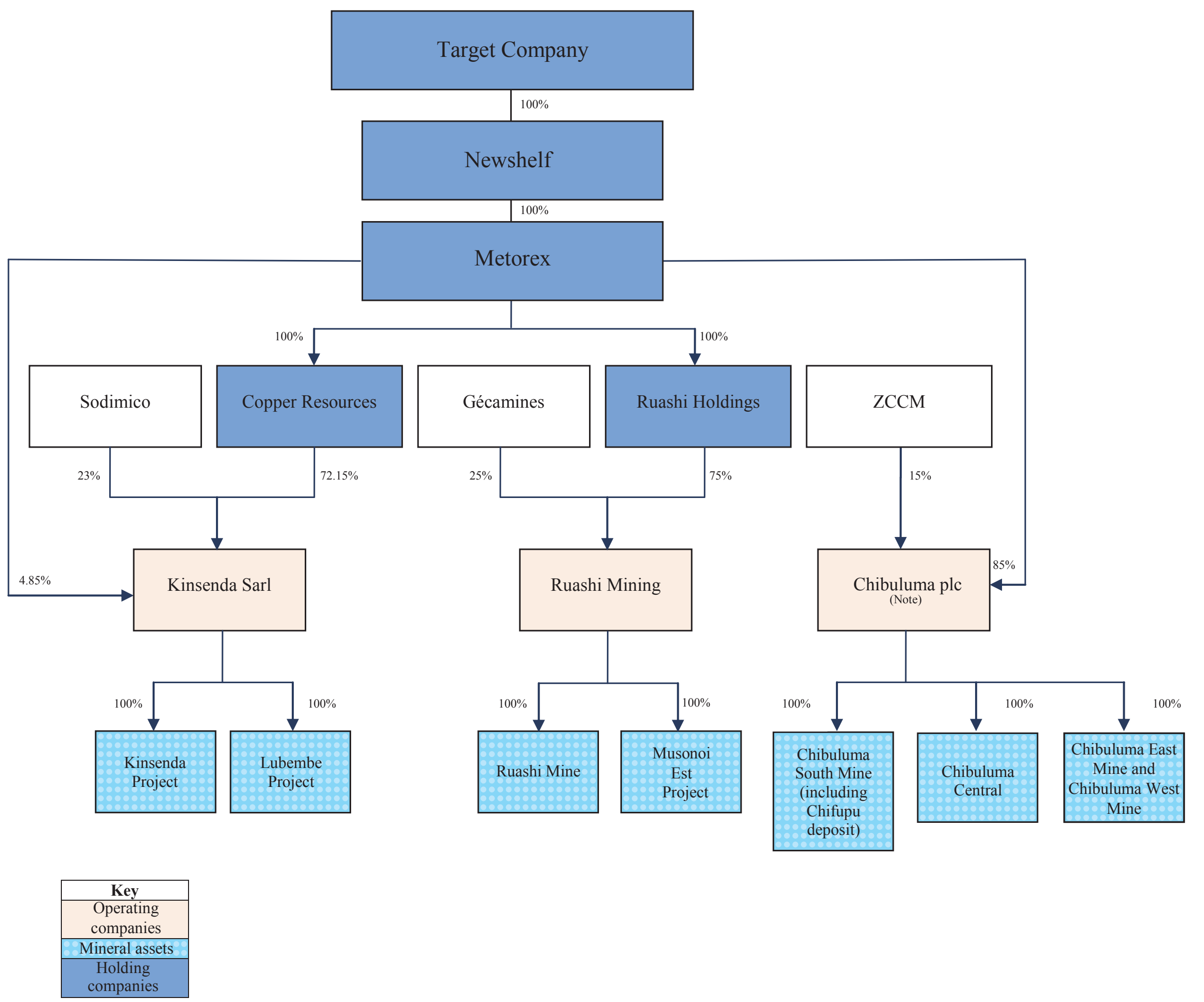
INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Mauritius on 30 November 2011 and is indirectly wholly-owned by Jinchuan HK. In turn, the Target Company, through Newshelf, holds the entire issued share capital of Metorex. Metorex is an established mid-tier mining company and focuses on the base metal mining industry, primarily copper and cobalt production.

Jinchuan Group acquired Metorex through the making of a public takeover offer in July 2011 with a total offer price of ZAR9,110.3 million (which was equivalent to approximately US$1.36 billion at the then exchange rate between ZAR and US$) and the takeover and privatisation were completed on 16 January 2012 upon which Jinchuan Group acquired the entire issued share capital of Metorex through a number of intermediary investment holding companies which include the Seller, the Target Company and Newshelf. It is expected that, notwithstanding the Acquisition by the Company, Jinchuan Group will remain to be the indirect majority shareholder of Metorex through its indirect majority shareholding in the Company. Prior to the acquisition by Jinchuan Group, Metorex was listed on the Johannesburg Stock Exchange. Metorex was delisted from the Johannesburg Stock Exchange on 17 January 2012 as a result of Jinchuan Group's takeover and privatisation of Metorex.

The actual purchase price (excluding financing and transaction costs) paid by Jinchuan Group in January 2012 for the acquisition of Metorex upon completion of the takeover amounted to US$1.27 billion, at the then exchange rate between ZAR and US$. Upon the completion of such acquisition, the Target Company came to hold the entire issued share capital of Metorex through Newshelf and Metorex became an indirect wholly-owned subsidiary of Jinchuan Group. The acquisition of Metorex represents a landmark step of Jinchuan Group to extend its global footprint to the African continent. Since such acquisition, Metorex has become an important platform for Jinchuan Group to implement its mineral resource strategy in Africa.

A current simplified corporate structure of the Target Group showing the key companies and mineral assets within the Target Group is set out below:



Note: *The minister responsible for finance holds one special share of Chibuluma plc on behalf of the Government of Zambia.*

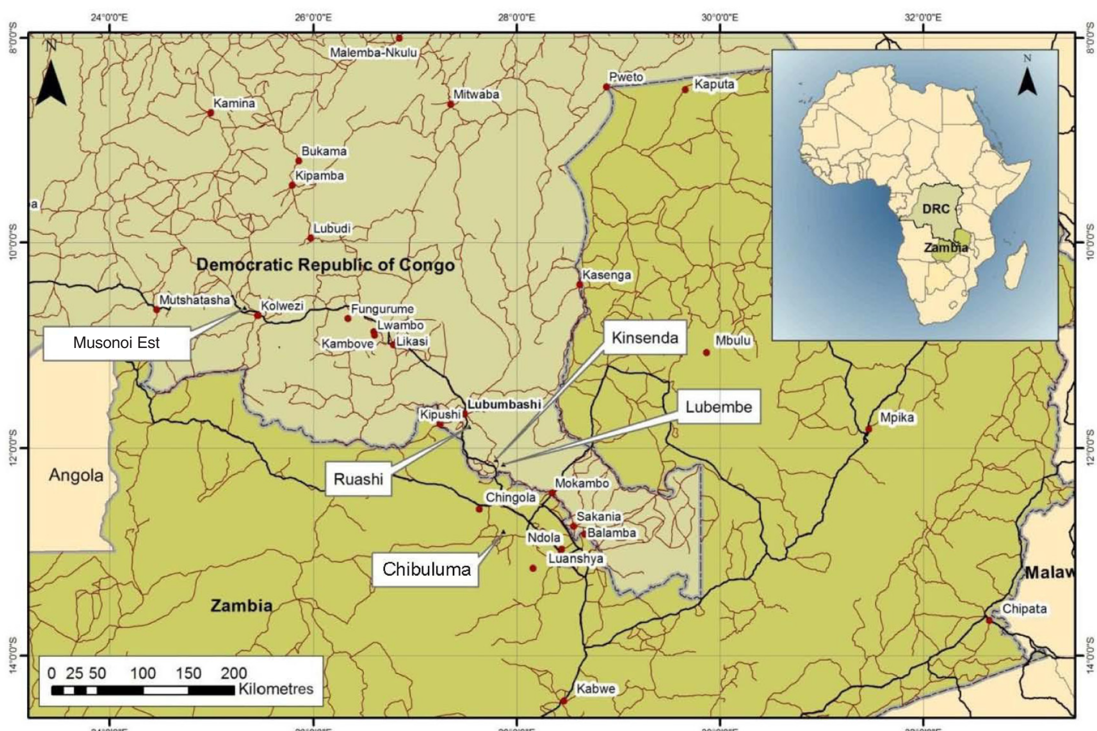
MINERAL ASSETS OF THE METOREX GROUP

Metorex is an established mid-tier mining company and focuses on base metals mining, primarily copper and cobalt. The Metorex Group currently operates two Operating Mines and holds a portfolio of highly attractive development and advanced stage exploration projects. All the projects of the Metorex Group are located in the DRC and Zambia, which are within the Central African copperbelt. The Central African copperbelt which extends from north eastern Angola through southern DRC and into Zambia, is one of the richest sources of copper and cobalt in the world containing over a tenth of the world's copper mineral reserves and a third of the world's cobalt mineral reserves. The grades of the copper deposits found in this area are generally in the range of 1.0% to 4.0% and grades of 7.0% to 8.0% have been recorded in some instances, which are significantly higher than the typical grade of world deposits in the range of 0.2% to 2%, according to British Geological Survey. It is second only to the Chilean Porphyry belt in terms of copper endowment. The main cities of the copperbelt are Kitwe, Ndola, Mufulira, Luanshya, Chingola, Chililabombwe, Lubumbashi and Kolwezi.

The Metorex Group operates and holds the mining rights to some of the highest grade copper projects in the world. Mineral Resources at the Chibuluma South Mine and the Ruashi Mine have average grades at 3.58% copper and 2.18% copper, respectively. The Kinsenda Project is one of the world's highest grade copper deposits, with Mineral Resources grade averaging 5.51% copper. In addition, the two advanced stage exploration projects, the Lubembe Project and the Musonoi Est Project, also benefit from relatively high grade Mineral Resources with average copper grades ranging between 1.96% and 2.76%.

As at 30 June 2013, the Metorex Group has SAMREC-compliant total Mineral Reserves of approximately 744 kt of contained copper metal (22.5 Mt at 3.30% Cu) and 59 kt of contained cobalt metal (22.5 Mt at 0.26% Co) and Mineral Resources (inclusive of Mineral Reserves) of approximately 4,736 kt of contained copper metal (182.3 Mt at 2.04% Cu) and 389 kt of contained cobalt metal (182.3 Mt at 0.21% Co).

The following map illustrates the location of Metorex Group's key projects:



Source: Competent Person's Report (figure 1.1)

The key assets of Metorex are summarised in the table below:

Operating Mines/ Development Project/ Exploration Projects	Effective Interest held by Metorex	Location	Status	Minerals
Ruashi Mine	75%	DRC	operating	copper/cobalt
Chibuluma South Mine (including Chifupu deposit)	85%	Zambia	operating (Chibuluma South Mine)/exploration project (Chifupu deposit)	copper
Kinsenda Project	77%	DRC	development project	copper
Lubembe Project	77%	DRC	exploration project	copper
Musonoi Est Project	75%	DRC	exploration project	copper/cobalt

Source: Competent Person's Report

The Mineral Resources and Mineral Reserves of Metorex as at 30 June 2013 are set out in the tables below:

Summary of Metorex Mineral Resources*(Note)*

Mineral Resources[1]	Tonnage (Mt)	Grade[2] (% Cu)	(% Co)	Contained Metals (kt Cu)	(kt Co)
Ruashi Mine (oxide and sulphide)					
– Measured	0.7	4.71	0.26	34.7	1.9
– Indicated	18.6	2.15	0.38	400.0	70.2
– Inferred	14.0	2.08	0.21	290.4	29.4
– Total Ruashi Mine	33.3	2.18	0.30	725.0	101.4
Chibuluma					
Chibuluma South Mine					
– Measured	1.6	3.99	–	63.8	–
– Indicated	1.2	4.34	–	52.0	–
– Inferred	0.7	4.55	–	31.9	–
– Total Chibuluma South Mine	3.5	4.22	–	147.7	–
Chifupu deposit					
– Measured	–	–	–	–	–
– Indicated	1.3	2.68	–	34.8	–
– Inferred	0.9	2.41	–	21.7	–
– Total Chifupu deposit	2.2	2.57	–	56.5	–
– Total Chibuluma South Mine (including Chifupu deposit)	5.7	3.58	–	204.2	–
Kinsenda Project (Development Project)					
– Measured	0.0	0.00	–	0.0	–
– Indicated	13.5	5.25	–	711.1	–
– Inferred	7.5	5.96	–	445.6	–
– Total Kinsenda Project	21.0	5.51	–	1,156.6	–
Musonoi Est Project (Exploration Project)					
– Measured	13.0	3.27	0.92	424.4	118.9
– Indicated	13.9	2.36	0.92	328.2	127.2
– Inferred	4.8	2.52	0.87	120.6	41.4
– Total Musonoi Est Project	31.7	2.76	0.91	873.2	287.6
Lubembe Project (Exploration Project)					
– Measured	–	–	–	–	–
– Indicated	54.0	1.88	–	1,015.8	–
– Inferred	36.6	2.08	–	761.4	–
– Total Lubembe Project	90.6	1.96	–	1,777.2	–
Metorex's Resources					
– Measured	15.3	3.41	0.79	522.9	120.8
– Indicated	102.5	1.49	0.19	2,541.9	197.4
– Inferred	64.5	2.59	0.11	1,671.5	70.8
– Total Resources	**182.3**	**2.04**	**0.21**	**4,736.4**	**388.9**

Source: Competent Person's Report

Notes:

(1) The figures do not imply precision and may not total due to rounding. Mineral Resources for the various operations and projects have been compiled in compliance with SAMREC Code. Mineral Resources are quoted inclusive of Mineral Reserves.

(2) The grade for the Chibuluma South Mine, the Chifupu deposit and the Lubembe Project is TCu grade.

Summary of Metorex Mineral Reserves*(Note)*

Mineral Reserves(1)	Tonnage (Mt)	Grade(2) (% Cu)	(% Co)	Contained Metals (kt Cu)	(kt Co)
Ruashi Mine (oxide)					
– Proved Reserves	0.3	6.12	0.26	19.7	0.8
– Probable Reserves	12.7	2.59	0.46	329.7	58.5
– Total Ruashi Mine	13.1	2.68	0.45	349.4	59.3
Chibuluma South Mine					
– Proved Reserves	1.4	3.06	–	43.6	–
– Probable Reserves	0.9	3.95	–	35.4	–
– Total Chibuluma South Mine	2.3	3.41	–	79.0	–
Chifupu deposit					
– Proved Reserves	–	–	–	–	–
– Probable Reserves	1.1	2.12	–	22.4	–
– Total Chifupu deposit	1.1	2.12	–	22.4	–
– Total Chibuluma South Mine (including Chifupu deposit)	3.4	3.01	–	101.4	–
Kinsenda Project (Development Project)					
– Proved Reserves	–	–	–	–	–
– Probable Reserves	6.1	4.80	–	293.1	–
– Total Kinsenda Project	6.1	4.80	–	293.1	–
Metorex's Reserves					
– Proved Reserves	1.7	3.63	0.05	63.4	0.8
– Probable Reserves	20.8	3.27	0.28	680.6	58.5
– Total Reserves	**22.5**	**3.30**	**0.26**	**743.9**	**59.3**

Source: Competent Person's Report

Notes:

(1) The figures do not imply precision and may not total due to rounding. Mineral Reserves for the various operations and projects have been compiled in compliance with SAMREC Code. No Mineral Reserve has as yet been declared for the Lubembe Project and the Musonoi Est Project.

(2) The grade for the Chibuluma South Mine and the Chifupu deposit is TCu grade.

The production volumes of the Operating Mines for the 18 months ended 31 December 2010, the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013 are set out in the table below:

Summary of Metorex Production Volume (Contained Metals)

Operating Mines	18 months ended 31 December 2010		Year ended 31 December 2011		Year ended 31 December 2012		Six months ended 30 June 2013	
	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)
Ruashi Mine	42,998	5,058	34,534	3,678	26,976	3,035	16,092	1,462
Chibuluma South Mine	26,148	–	17,533	–	17,906	–	8,279	–
Total Production Volume(Note)	**69,146**	**5,058**	**52,067**	**3,678**	**44,882**	**3,035**	**24,371**	**1,462**

Note: The total production volume does not include the copper and cobalt produced by Sable Zinc Kabwe Limited, which was sold by the Metorex Group to independent third parties in 2010 and 2011.

Operating Mines

(a) The Ruashi Mine. Metorex indirectly owns a 75% interest in Ruashi Mining which owns the Ruashi Mine, a copper and cobalt mine located in the DRC. The Ruashi Mine comprises three open pits and a modern leach SX-EW processing plant. The remaining 25% interest in Ruashi Mining is held by Gécamines, a state-owned mining company in the DRC.

(i) Location: the Ruashi Mine is an open pit copper and cobalt mine located near Lubumbashi, the capital city of the Katanga province of the DRC.

(ii) Products: copper cathode and cobalt hydroxide.

(iii) The exploitation permits of PE578 and PE11751 in respect of Ruashi Mine are owned by Ruashi Mining. Ruashi Mine currently has a remaining mine life of approximately ten years based on its Mineral Reserves. Currently, the sulphide ores at the Ruashi Mine are not mined and processed, which if undertaken could extend the life of the Ruashi Mine. Metorex has been involved in the Ruashi Mine since 2004 and has developed the project in two phases. Open-pit mining operations at the Ruashi Mine commenced in October 2007. Ruashi Mine is an open cast mining operation and the deposit is mined by conventional open-pit mining methods using truck and excavator combinations. It has an annual production capacity of approximately 38.5 kt of copper and 5 kt of cobalt. Ruashi Mining sells its copper cathode produced by the Ruashi Mine under off-take agreements entered into with its customers. Ruashi Mining sources its customers through a tender process conducted annually for its copper cathode products. As at the Latest Practicable Date, Ruashi Mining sells its copper cathode products to Glencore International AG and MRI. All of the annual production of cobalt carbonate and/or cobalt hydroxide produced at the Ruashi Mine is sold to Jinchuan Group and/or its affiliates pursuant to an off-take agreement.

(iv) For the financial year ended 31 December 2012, production from the Ruashi Mine amounted to 26,976 t of copper and 3,035 t of cobalt.

(v) For the six months ended 30 June 2013, production from the Ruashi Mine amounted to 16,092 t of copper and 1,462 t of cobalt.

(vi) As at 30 June 2013, 1,187 employees and 1,408 casual and contract workers were engaged in the operation of the Ruashi Mine.

(b) The Chibuluma South Mine. Metorex directly owns an 85% interest in Chibuluma plc, which owns the Chibuluma South Mine, a copper mine located in Zambia. The remaining 15% interest in Chibuluma plc is held by ZCCM.

(i) Location: Chibuluma South Mine is an underground mine located 13 km from the town of Kalulushi, which is approximately 12 km west of Kitwe, one of the metropolitan and industrial centres of Zambia and is approximately 300 km north of Lusaka, the capital city of Zambia.

(ii) Products: copper concentrate.

(iii) The mining licences 7064-HQ-LML and 7065-HQ-LML are owned by Chibuluma plc. The Chibuluma South Mine is the main operating asset of Chibuluma plc and is an underground mechanised mine capable of treating up to 50 ktpm of run of mine ore. The Chibuluma South Mine and processing facility has an annual production capacity of approximately 19 kt of copper in concentrate. The Chifupu deposit, located approximately 1.7 km southwest of the Chibuluma South Mine, forms part of the mining licences. Chibuluma plc is planning on mining the Chifupu deposit simultaneously with the Chibuluma South Mine going forward. The Mineral Reserves of the Chibuluma South Mine and the Chifupu deposit as at 30 June 2013 support mining operations up to 2019. The concentrator which was commissioned in 2000 is currently treating ore from the Chibuluma South Mine and Chibuluma plc plans to blend ore from the Chibuluma South Mine with ore from the Chifupu deposit in the future. All of the Chibuluma South Mine's copper concentrate product is sold to CCS, a company which is a subsidiary of China Non-ferrous Mining Corporation Limited, pursuant to the off-take agreements. CCS operates a copper smelter that processes copper concentrate into copper blisters. The production of Chibuluma plc is currently transported approximately 50 km by road to CCS. On 9 January 2013, Chibuluma plc was awarded a large scale prospecting licence in respect of Chibuluma Central for two years until 8 January 2015. An exploration budget has been included in Chibuluma plc's budget for 2013 in respect of work for Chibuluma Central.

(iv) For the financial year ended 31 December 2012, production from the Chibuluma South Mine amounted to 17,906 t of copper in concentrate.

(v) For the six months ended 30 June 2013, production from the Chibuluma South Mine amounted to 8,279 t of copper in concentrate.

(vi) As at 30 June 2013, 577 employees and 169 casual and contract workers were engaged in the operation of the Chibuluma South Mine.

Development Project

The Kinsenda Project is held by Kinsenda Sarl, previously known as Minière de Musoshi et Kinsenda Sarl, in which a 4.85% interest is directly held by Metorex and a 72.15% interest is held indirectly by Metorex through Copper Resources. The remaining 23% interest in Kinsenda Sarl is held by Sodimico.

The Kinsenda Project is a brownfields underground mining project, located 5 km from the border of Zambia, in southern Katanga Province of the DRC. Kinsenda Sarl owns the mining rights under mining licences PE101 and PE12548.

The Kinsenda Project is one of the world's highest grade copper deposits, with an average Mineral Resources grade at 5.51% copper. A feasibility study was completed by Metorex in the first half of 2013 which determined the viability of the Kinsenda Project. The ore reserves of the Kinsenda Project are planned to be extracted in two phases. Phase 1 will involve extraction of the high grade copper sulphides/oxides which is estimated to last for a period of ten years. Phase 2 which will involve extraction of the lower grade copper sulphides/oxides, if determined to be economically feasible and undertaken, will allow the life of mine of the Kinsenda Project to be further extended beyond ten year period. The Kinsenda Project is expected to produce, on average, approximately 24 ktpa of copper in concentrate.

The board of Metorex approved the development of the Kinsenda Project in April 2013 and the development has commenced since April 2013 with first production expected during the first quarter of 2015.

Exploration Projects

(a) The Lubembe Project

The Lubembe Project is also held by Kinsenda Sarl. The Lubembe Project is a greenfields site located in the DRC, a further 25 km south-east of the Kinsenda Project and within a 50 km radius of Kasumbalesa. Kinsenda Sarl holds mining licence PE330 for the exploitation of the Lubembe Project.

The Lubembe Project is an advanced stage exploration project. An infill drilling programme on the Lubembe deposit was funded by Metorex and commenced in June 2008 to verify old data and improve the resource confidence. A number of mining options were considered in the mining scoping study completed in 2011, with options including open pit, longitudinal and transverse sub-level caving, block caving and open stoping. Conceptually, the Lubembe Mineral Resources of 90.6 Mt at an average 1.96% TCu copper grade, is likely to be mined using large-scale open-pit mining methods. At a planned ore production rate of 3.6 Mtpa, the operation is expected to have a 20-year life of mine. No Mineral Reserve has as yet been declared for the Lubembe Project.

A pre-feasibility study commenced in mid 2012 to determine the optimal processing option, to carry out detailed metallurgical testing and to commence baseline environmental fieldwork in the areas identified for waste rock dumping and tailings storage. The results of the pre-feasibility study recommended that two possible ore processing methods be taken through to definitive feasibility study level. Kinsenda Sarl is currently undertaking the work required to advance the Lubembe Project to a feasibility study level of confidence and has already spent US$4.0 million on exploration at the Lubembe Project. The budget for the compilation of the feasibility study is a further amount US$9.0 million, split into US$3.0 million and US$6.0 million to be spent in 2014 and 2015 respectively.

(b) The Musonoi Est Project

The Musonoi Est Project is located in the DRC, on the outskirts of the mining town of Kolwezi. The project area covers the Dilala Syncline which has been extensively drilled by Metorex since 2006. The Musonoi Est Project is located within the area for which mining licence PE13083 has been issued and which is held by Ruashi Mining.

During 2010, Metorex completed a pre-feasibility study to evaluate the economic viability of developing an underground mine at the Musonoi Est Project with mineral processing to recover copper and cobalt in concentrate via a differential flotation plant. Metorex has indicated that the copper concentrate produced at the Musonoi Est Project could be transported to the Ruashi Mine for treatment. The pre-feasibility study recommended the optimal extraction rate for the mine as 70 ktpm RoM, which would support ten years of mining operations. Metorex has appointed an independent third party to complete a definitive feasibility study in respect of the Musonoi Est Project which is presently underway. The Musonoi Est Project Mineral Resources is likely to be mined using the long hole open stoping and sub-level open stoping methods. The budget for the compilation of the feasibility study is US$6.8 million, split into US$2.7 million to be spent in the remainder of 2013 and US$4.1 million to be spent in 2014. A total of US$1.8 million had already been spent in 2012 and the first half of 2013. No Mineral Reserve has as yet been declared for the Musonoi Est Project.

Financial Information of the Metorex Group and the Target Group

According to the audited consolidated financial statements of the Metorex Group for the years ended 31 December 2011 and 31 December 2012, and the six months ended 30 June 2013, respectively prepared in accordance with IFRS, the consolidated net asset value of the Metorex Group as at 31 December 2011 was approximately US$637.3 million (equivalent to approximately HK$4,970.9 million), as at 31 December 2012 was US$652.0 million (equivalent to approximately HK$5,085.6 million) and as at 30 June 2013 was US$644.0 million (equivalent to approximately HK$5,023.2 million).

The audited consolidated revenue, EBITDA, and net profit before and after taxation of the Metorex Group for the 18 months ended 31 December 2010 (which was a financial year comprising 18 months), the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively, prepared in accordance with IFRS were as follows:

	18 months ended 31 December 2010 *(US$'000)*	**Year ended 31 December 2011(1)** *(US$'000)*	**Year ended 31 December 2012(2)** *(US$'000)*	**Six months ended 30 June 2013** *(US$'000)*
Revenue	561,404	507,315	408,051	203,085
EBITDA	249,760	190,862	119,003	48,441
Net profit before taxation (continuing operations)	172,066	140,939	69,884	24,795
Net profit after taxation (continuing operations)	133,448	70,312	28,512	12,762

Note: (1) *In 2011, the Metorex Group made a one-off impairment charge of an amount of US$9.9 million relating to a change in the tax rate which it previously expected to recover from the Zambian tax authority. The Metorex Group also incurred a substantial amount of income tax expense of US$60.7 million due to the increase in corporate tax rate in Zambia from 30% to 42% and the incurrence of additional non-tax deductible expenses.*

(2) *The decrease in the total revenue of the Metorex Group in 2012 compared with 2011 was primarily due to the decrease in the volumes of copper and cobalt produced and therefore sold at the Ruashi Mine as a result of large scale power disruptions in the DRC as well as a reduction in the average price of the cobalt sold by the Metorex Group arising from a decrease in cobalt commodity prices from 2011 to 2012. This decrease has had an impact on the EBITDA, net profit before taxation and net profit after taxation figures of the Metorex Group for 2012. For further details, please refer to the "Financial Information of the Metorex Group " set out in Appendix II to this circular.*

According to the audited consolidated financial statements of the Target Group for the period ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively, prepared in accordance with IFRS, the audited consolidated net liabilities of the Target Group as at 31 December 2011 was approximately US$18,000 (equivalent to approximately HK$140,400), the audited consolidated net asset value of the Target Group as at 31 December 2012 was US$246.0 million (equivalent to approximately HK$1,918.8 million) and the audited consolidated net asset value of the Target Group as at 30 June 2013 was US$389.9 million (equivalent to approximately HK$3,041.2 million).

The audited consolidated revenue, EBITDA, and net profit before and after taxation of the Target Group for the period from 30 November 2011 (date of incorporation of the Target Company) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively, prepared in accordance with IFRS were as follows:

	For the period from 30 November 2011 to 31 December 2011 *(US$'000)*	Year ended 31 December 2012 *(US$'000)*	Six months ended 30 June 2013 *(US$'000)*
Revenue	–	388,990	203,085
EBITDA	(18)	143,631	60,080
Net profit before taxation (continuing operations)	(18)	73,897	173,111
Net profit after taxation (continuing operations)	(18)	49,249	164,721

Note: The Target Group consolidated the results of the Metorex Group since 16 January 2012.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition is consistent with the Company's continuing strategy to strengthen its business in the mineral resources sector and, in view of the quality of the Operating Mines, the Development Project and the Exploration Projects held by the Target Group, that the Acquisition represents a rare and valuable opportunity for the Company to acquire profit generating mines as well as mining projects with immense development potential to drive future revenue and profit. The Acquisition is expected to allow the Group to transform into Jinchuan Group's flagship to undertake overseas mineral resources projects and to significantly increase the Group's business scale and shareholder value.

It is expected that the Acquisition will enhance the Group's business and performance in the following aspects:

(i) **Reposition the Company as an international upstream base metals company**

The objective of the Company is to reposition itself to become an international upstream base metals company for undertaking overseas development of mining assets. The Acquisition represents a good opportunity for the Company to operate a diversified and significant portfolio of operating and development copper and cobalt mining projects in Central Africa and is expected to contribute to the achievement of this strategic objective of the Company.

(ii) **Deliver a diversified and significant portfolio of mineral assets, operations, development projects and future growth opportunities**

Metorex is a copper focused mining company with significant copper and cobalt reserves and resources. It currently operates two copper mines and holds a portfolio of highly attractive development and advanced stage exploration projects. As at 30 June 2013, it has significant SAMREC-compliant total Mineral Reserves of approximately 744 kt of contained copper metal and 59 kt of contained cobalt metal and Mineral Resources (inclusive of Mineral Resources) of approximately 4,736 kt of contained copper metal and 389 kt of contained cobalt metal. All of Metorex's mining projects are located in the DRC and Zambia in the Central African copperbelt, which hosts some of the world's largest copper and cobalt deposits, containing over a third of the world's cobalt mineral reserves and a tenth of the world's copper mineral reserves. It is expected that the Acquisition will allow the Enlarged Group to further expand its business into the mineral resources sector and acquire a diversified portfolio of high-quality upstream base metal assets.

(iii) **Derive and deliver a substantial earnings and cash flow contribution from the Metorex Group**

Through the Acquisition, the Company expects to derive and deliver a substantial earnings and cash flow contribution from the Metorex Group. The Metorex Group produced significant quantities of base metal including 44.9 kt of copper and 3.0 kt of cobalt for the year ended 31 December 2012. Such production resulted in Metorex reporting a gross revenue of approximately US$408.1 million (equivalent to approximately HK$3,183.2 million) and profit before taxation of US$69.9 million (equivalent to approximately HK$545.2 million) and profit attributable to its owners of US$22.7 million (equivalent to approximately HK$177.1 million) for the year ended 31 December 2012. The cash and cash equivalents of Metorex at the end of the year ended 31 December 2012 amounted to approximately US$36.6 million (equivalent to approximately HK$285.5 million).

(iv) **Expand shareholder base and investors' interest in the Company to support a market re-rating**

It is expected that the Acquisition represents a unique opportunity for the investors of the Company to participate in an established mid-tier mining group uniquely positioned in the Central African base metals mining industry, supported by Jinchuan Group, one of the leading PRC state-owned enterprises with a strong international market position in the nonferrous mining, ore processing and smelting sector, as its ultimate controlling Shareholder. It is believed that the relatively few number of mining companies with a focus on upstream copper mining business and operating and profit generating mineral assets that are listed on the Stock Exchange will make the Shares appealing to both institutional and retail investors domestically and internationally, which will enhance the Enlarged Group's shareholder base and support a market re-rating for the Shares.

(v) **Benefit from a management team with in-depth mining related experience in Africa**

The existing senior management team of Metorex, which the Group intends to retain upon completion of the Acquisition, possesses a deep understanding of and rich experience in various aspects of the mining business and operations of the Metorex Group, including exploration, ore processing, smelting and sales and marketing of minerals, including copper and cobalt in Africa. In addition, many of these senior management members of Metorex have had extensive on-the-ground mining related experience in the DRC and Zambia and possess the industry knowledge, skills and contact networks to engage with local government bodies and other authorities and maintain relationship with local communities. Upon completion of the Acquisition, the senior management team of Metorex will continue to be in charge of the day-to-day management and operational decisions of the Metorex Group. It is expected that the Enlarged Group will benefit from the extensive experience of the board of directors and executive committee of Metorex with their valued insights into the base metals markets in Africa and expertise and contributions in the identification and execution of any potential future mergers and acquisitions by the Enlarged Group in Africa. The combination of the capable and experienced boards and management teams of both the Group and the Metorex Group will provide the Enlarged Group with complementary human capital and enhance its talent pools.

(vi) **Capitalise on the favourable copper and cobalt industry dynamics by establishing a presence in the upstream base metals mining sector**

According to Copper Market Forecast 2012-2013, ICSG, global refined copper consumption in 2012 was around 20.47 Mt, of which around 63% was consumed in Asia; while the global refined copper production in 2012 was approximately 20.12 Mt, of which almost half was produced in Asia, indicating a production deficit of 350 kt of refined copper in 2012, which has been the third year of supply deficit since 2010.

According to Darton Commodities Limited, the global refined cobalt consumption has seen a steady growth between 2009 and 2012, reaching approximately 73,900 t in 2012, representing a CAGR of 11.7% during the period. The recorded world refined cobalt production in 2012 was approximately 76,040 t, representing a small surplus of approximately 2,140 t of refined cobalt or approximately 2.8% of the total production in 2012. Whilst production surpluses from previous years and available but declining metal stocks in China may continue to weigh on the market during 2013, the underlying short-term market fundamentals appear to be signaling a significant improvement. This suggests that the cobalt market may see a gradual but structural price recovery over the course of the year, resulting in a higher average price range from that seen during 2012. The recovery of the global economies coupled with the increase in industrial production might have a positive impact on cobalt price in the long run.

The Acquisition presents a good opportunity for the Group to establish a presence in the upstream copper and cobalt mining sector which will in turn allow it to capitalise on the favourable copper and cobalt industry dynamics.

Whilst operating mining assets located in the DRC and Zambia may present certain challenges including political instability and limited infrastructure such as power, road transport and communication facilities, the Company considers that the quality of the assets of the Metorex Group, in particular its significant copper and cobalt reserves and resources, present attractive opportunities for the Company to derive sustainable growth of business, operations and financial performance. The Company noted that the Metorex Group has taken active steps to implement measures to stabilise the power supply in the DRC as well as to reduce the negative impact that may be brought about by limited infrastructure and other facilities. The Company considers that these positive measures, together with the retention of the existing management personnel of the Metorex Group who are familiar with the operating environment of the DRC and Zambia, will help the Enlarged Group to continue to devise and implement measures to address these challenges presented in the DRC and Zambia.

The Directors believe that the Acquisition will bring various benefits to the Company, including the benefits mentioned in the section headed "Strategies and Competitive Strengths of the Enlarged Group" in this circular, and is in conformity with the aligned interests of the Company and its Shareholders as a whole. The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EFFECTS OF THE ACQUISITION ON THE COMPANY

(a) Shareholding structure

Assuming no changes in the shareholding of the Company from the Latest Practicable Date to the Completion Date, other than those contemplated under the Acquisition Agreement, the shareholding structure of the Company (a) as at the Latest Practicable Date, (b) immediately after Completion (assuming no conversion of the PSCS) and (c) immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Special Mandate are illustrated as follows:

	As at the Latest Practicable Date		**Immediately after Completion (assuming no conversion of the PSCS)**		**Immediately after Completion (assuming full conversion of the PSCS) and the issue of the maximum number of new Shares under the Specific Mandate**	
Name of Shareholders	*Number of Shares*	*% of total issued Shares*	*Number of Shares*	*% of total issued Shares*	*Number of Shares*	*% of total issued Shares*
Jinchuan Group	1,667,142,857	60.52%	1,667,142,857	38.32%	1,667,142,857	9.91%
Seller-Consideration Shares[Note 1]	–	–	1,595,880,000	36.68%	1,595,880,000	9.49%
Seller-Conversion Shares[Note 1]	–	–	–	–	8,466,120,000	50.34%
Total Jinchuan Group shareholding[Note 2]	1,667,142,857	60.52%	3,263,022,857	75.00%	11,729,142,857	69.75%
Other public Shareholders	1,087,730,194	39.48%	1,087,730,194	25.00%	1,087,730,194	6.47%
Placees	–	–	–	–	4,000,000,000	23.79%
Total Issued Shares	**2,754,873,051**	**100%**	**4,350,753,051**	**100%**	**16,816,873,051**	**100%**

Notes:

1. *The above table assumes that the Seller will directly subscribe for the Consideration Shares and hold the PSCS. The Seller may only convert such number of securities, where such conversion would not cause the Company to contravene the minimum public float requirement under the Listing Rules.*

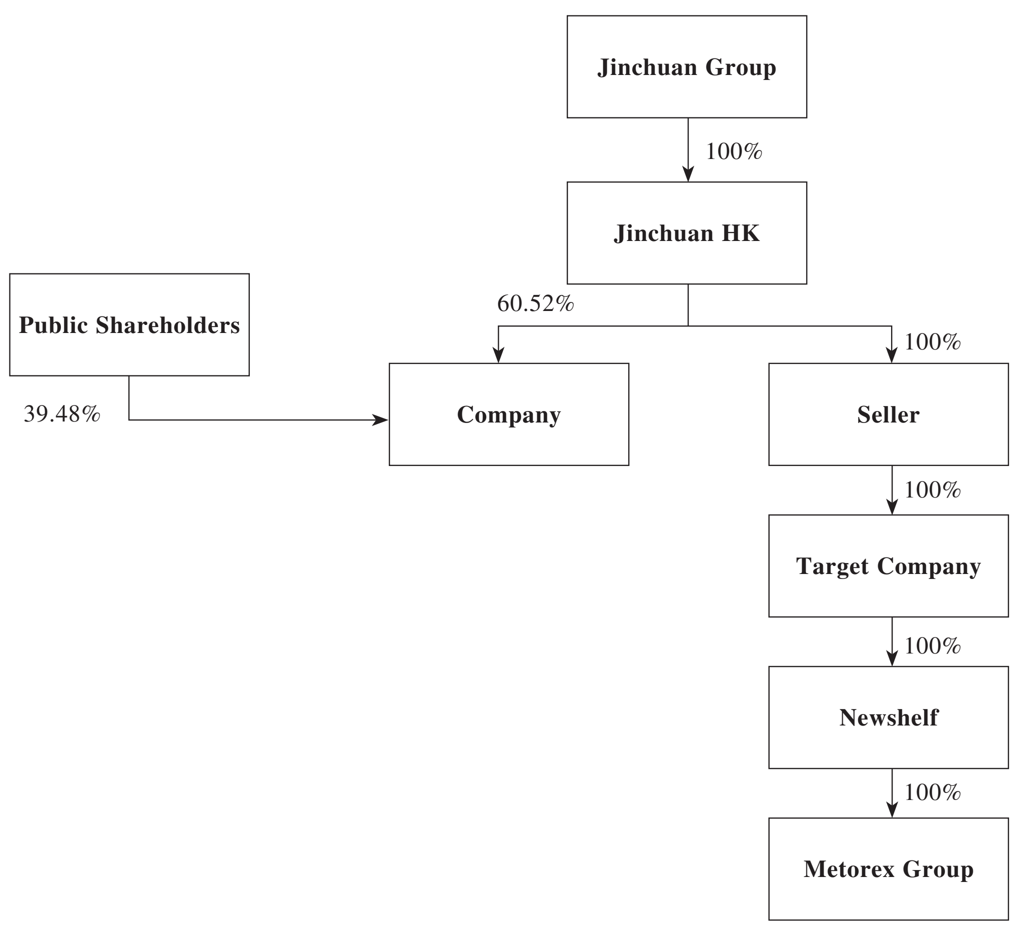
2. *Jinchuan Group holds the entire issued share capital of Jinchuan HK. Jinchuan HK indirectly holds approximately 60.52% of the issued share capital of the Company as at the Latest Practicable Date. The Consideration Shares and the Conversion Shares are to be issued to the Seller. The Seller is a direct wholly-owned subsidiary of Jinchuan HK.*

As set out above, assuming no changes in the shareholding of the Company from the Latest Practicable Date other than those contemplated under the Acquisition Agreement, there will not be any change in control of the Company immediately after Completion as Jinchuan Group will remain to be the controlling shareholder of the Company.

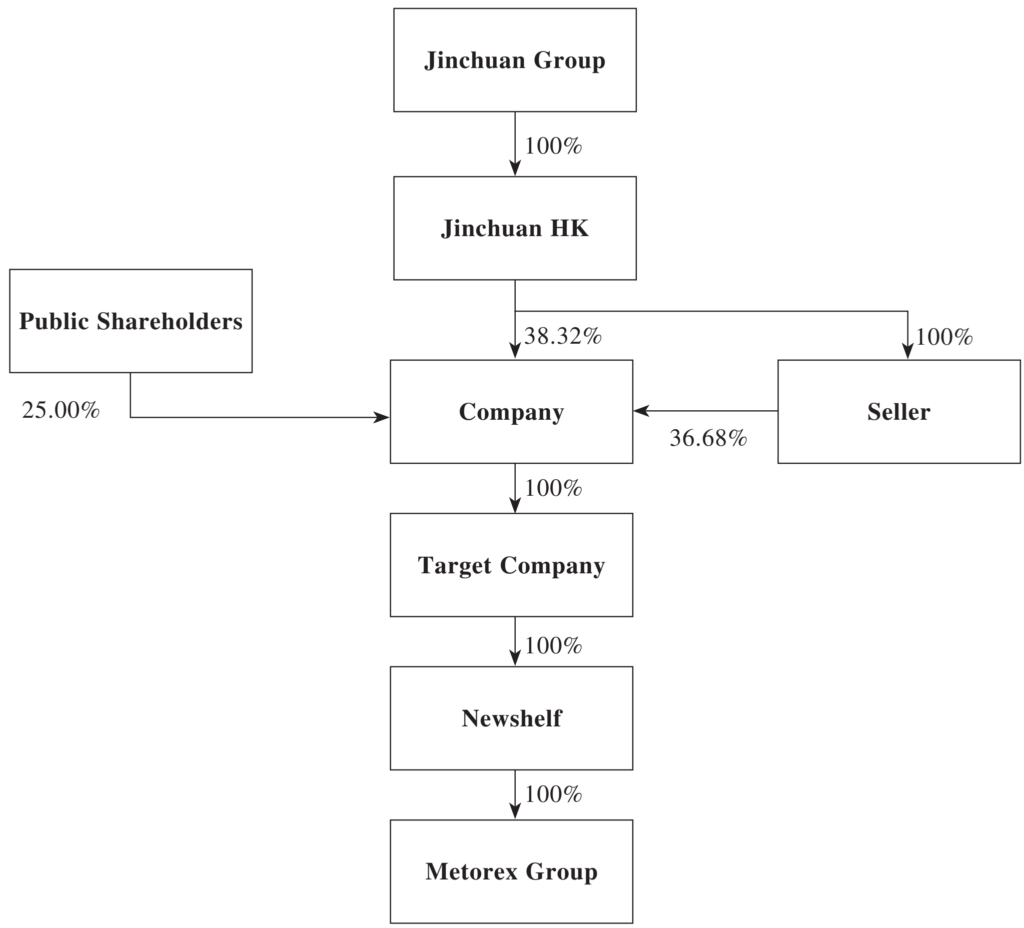
(b) Corporate Structure

Assuming no changes in the shareholding of the Company between the Latest Practicable Date and the Completion Date, the simplified corporate structure of the Company and the Target Group (i) as at the Latest Practicable Date, and (ii) immediately after Completion are illustrated as follows:

(i) As at the Latest Practicable Date



(ii) Immediately upon Completion (assuming no conversion of the PSCS and that the Seller will hold the Consideration Shares directly)



(c) Pro forma financial effects

Following Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and its financial information will be consolidated into the financial statements of the Company using merger accounting to account for business combinations under common control. Unaudited pro forma financial information of the Enlarged Group is included in Appendix IV to this circular.

The following tables set out, for illustrative purposes only, the key financials of the Group and the unaudited pro forma financial information of the Enlarged Group for the six months ended 30 June 2013 assuming the Acquisition had taken place on 1 January 2013 for the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and on 30 June 2013 for the unaudited pro forma condensed consolidated statement of financial position of the Enlarged Group, respectively, as extracted from Appendix IV to this circular:

For the six months ended 30 June 2013:

	Group	Enlarged Group	% change
Revenue (HK$'000)	1,147,451	2,731,514	138.1
EBITDA (HK$'000)	28,181	1,641,306	5,724.2
Net profit attributable to owners of the Company (HK$'000)	35,590	1,282,520	3,503.6
Basic earnings per Share (HK cents)	1.30	29.48	2,167.7

The net profit attributable to owners of the Company will increase significantly because the Sale Loans of ZAR9,193.4 million (equivalent to approximately US$925.8 million as at 30 June 2013) will be sold to the Company as part of the Acquisition upon Completion and the exchange gain on such loan derived by the Target Group prior to the Acquisition will be the main contributor of such increase in net profit.

As at 30 June 2013:

	Group	Enlarged Group	% change
Total assets (HK$'000)	1,666,218	17,002,023	920.4
Total liabilities (HK$'000)	899,636	5,985,876	565.4
Equity attributable to owners of the Company (HK$'000)	766,582	9,423,972	1,129.3
Equity attributable to owners of the Company per share (HK cents)	27.8	216.6	679.1
Net gearing (%)	49.59	11.13	(77.6)
Interest coverage (times)	3.60	56.50	1,469.4

Notes:

1. *The above should be read in conjunction with the assumptions set out in Appendix IV to this circular.*

2. *The number of Shares in the computation of the basic earnings per Share of the Enlarged Group for the six months ended 30 June 2013 above is assumed to be 4,350,753,051 Shares, being the total number of Shares immediately after Completion (before conversion of any PSCS and the issuance of any new Shares under the Specific Mandate) since they are not directly attributable to the Acquisition and are related to future events. Assuming 12,816,873,051 shares will be in issue and outstanding immediately after Completion and after conversion of all PSCS but before issuance of any new shares under the Specific Mandate, the basic earning/(loss) per Share and equity attributable to owners per Share of the Enlarged Group will be 10.01 cents and 73.53 cents, respectively.*

3. *Net gearing is defined as net debt divided by equity. Net debt is defined as total borrowings less cash and cash equivalent, net of restricted cash.*

4. *Interest coverage is defined as operating profit divided by the finance costs.*

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under the Rule 14.06(5) of the Listing Rules.

In addition, the Seller is an indirect wholly-owned subsidiary of Jinchuan Group. As at the Latest Practicable Date, Jinchuan HK indirectly owns 1,667,142,857 Shares, representing approximately 60.52% of the issued share capital of the Company. Jinchuan Group, the ultimate shareholder of Jinchuan HK, is deemed to be interested in 1,667,142,857 Shares, representing approximately 60.52% of the issued share capital of the Company. Since Jinchuan Group is the ultimate controlling Shareholder of the Company, the Seller is an associate of Jinchuan Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval requirement under Rule 14A.48 of the Listing Rules. Therefore, Jinchuan Group and its associates are required to abstain from voting on the Acquisition at the EGM.

The Directors consider that the terms of the Acquisition Agreement have been entered into on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, the Directors consider that (i) the proposed increase in the authorised share capital of the Company is in the interest of the Company and the Shareholders as a whole, and (ii) the Specific Mandate is on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Further, the Directors consider that the Purchase Price, the issue price of the Consideration Shares and the initial Conversion Price of the PSCS are fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into account, among other things, the terms and conditions of the Acquisition Agreement, the quality and potential of the mineral assets held by the Metorex Group, the Market Valuation and the Listing Rules Valuation prepared by SRK, the recent average trading price of the Shares as well as the unaudited consolidated net asset value of the Group as at 30 June 2013 per Share.

The Directors are of the view that the current trading price per Share cannot be taken as the fair market value of the Shares because there appears to be a lack of correlation between the current trading price of the Shares and the underlying business operations or financial performance of the Company when compared with the trading valuation level for comparable listed companies, and the increase in the share price since Jinchuan Group's subscription of new Shares of the Company in 2010 may have been underpinned by the expectation of corporate action to fulfill the stated intention of Jinchuan Group to deploy the Company as its flagship for undertaking overseas operations in the exploration and exploitation of mining assets and related trading. Such expectation might have had the effect of decoupling the typical relationship between share price and the Group's financial performance of its underlying business. Accordingly, the net asset value of the Company per Share was considered as the main value indicator when determining the issue price for the Consideration Shares and the initial Conversion Price for the PSCS.

As Mr. Zhang Zhong is a director of the Seller and the Target Company, Mr. Zhang Sanlin is a director of Newshelf and Mr. Gao Tianpeng and Ms. Zhou Xiaoyin are directors of Metorex, they have abstained from voting on the board resolutions approving the terms of the Acquisition Agreement and the Transactions. In addition, for good corporate governance, Mr. Yang Zhiqiang and Mr. Qiao Fugui, being a director and assistant to the general manager of Jinchuan Group respectively, had also voluntarily abstained from voting in the meeting of the Board in which the Acquisition was to be approved. However, all of these Directors were not required to, and did not, abstain from voting on the other resolutions considered at such meeting of the Board (including those relating to the proposed increase in the authorised share capital of the Company and the Specific Mandate).

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the Acquisition. None of the members of the Independent Board Committee has any material interest in the Acquisition. Investec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. Investec has reviewed and considered, among other things, the Competent Person's Report, the Valuation Report setting out the Listing Rules Valuation, the report on the Market Valuation, and the basis and differences between the Market Valuation and the Listing Rules Valuation in concluding their advice.

GENERAL INFORMATION

Information of the Group

The Company's current holding company, Jinchuan HK, became the controlling shareholder of the Company since 30 November 2010 pursuant to a subscription of new shares of the Company which was announced by the Company on 24 August 2010. Jinchuan Group is the ultimate holding company of both Jinchuan HK and the Company. The current principal activities of the Group are trading of mineral and metal products. It is the Company's strategic intention to develop its business into base metals and mineral resources sector.

Information of Jinchuan Group

Jinchuan Group, founded in 1958, is a state-owned enterprise with its majority interest held by the People's Government of Gansu Province. Jinchuan Group is a large-scale non-ferrous mining conglomerate with an international presence, specializing in mining, concentrating, metallurgy, chemical engineering and further downstream processing. With the world's third largest mine of nickel sulphides associated with cobalt sulphides, Jinchuan Group is the fourth largest nickel producer and second largest cobalt producer in the world, the largest producer of nickel, cobalt and platinum group metals in the PRC and the third largest copper producer in the PRC.

EGM

A notice convening the EGM is set out on pages EGM – 1 to EGM – 3 in this circular. The EGM will be held at 10:30 a.m. on Monday, 23 September 2013 at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong or any adjournment thereof. Ordinary resolutions will be proposed to consider and, if thought fit, approve, among other things, the Acquisition Agreement and the transaction contemplated thereunder, including, but not limited to, (i) the allotment and issue by the Company of the Consideration Shares, (ii) the issue by the Company of the PSCS, (iii) the increase in the authorised share capital of the Company from HK$50,000,000 divided into 5,000,000,000 Shares to HK$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 15,000,000,000 unissued Shares; and (iv) the grant of the Specific Mandate for the Directors to issue not more than 4,000,000,000 new Shares during the period from the passing of the relevant resolutions at the EGM up to the earlier of (a) the date falling 90 days after the date of the passing of the aforesaid resolutions at the EGM; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company.

A proxy form for use in the EGM is enclosed in the circular. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form for the EGM will not preclude you from attending, and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreement and the transaction contemplated thereunder, including, but not limited to, (i) the allotment and issuance by the Company of the Consideration Shares, (ii) the issuance by the Company of the PSCS, (iii) the increase in the authorised share capital of the Company from HK$50,000,000 divided into 5,000,000,000 Shares to HK$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 15,000,000,000 unissued Shares; and (iv) the grant of the Specific Mandate for the Directors to issue not more than 4,000,000,000 new Shares for the period from the passing of the relevant resolutions at the EGM up to the earlier of (a) the date falling 90 days after the date of the passing of the aforesaid resolutions at the EGM; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders vote in favour of the proposed ordinary resolutions for approval of the Acquisition Agreement and the transaction contemplated thereunder, including, but not limited to, (i) the allotment and issuance by the Company of the Consideration Shares, (ii) the issuance by the Company of the PSCS, (iii) the increase in the authorised share capital of the Company from HK$50,000,000 divided into 5,000,000,000 Shares to HK$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 15,000,000,000 unissued Shares; and (iv) the grant of the Specific Mandate for the Directors to issue not more than 4,000,000,000 new Shares for the period from the passing of the relevant resolutions at the EGM up to the earlier of (a) the date falling 90 days after the date of the passing of the aforesaid resolutions at the EGM; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company.

ADDITIONAL INFORMATION

BOCI has been appointed as the Sole Global Arranger and BOCI and Merrill Lynch have been appointed as the Joint Financial Advisers to the Company in connection with the Acquisition and related matters.

Your attention is drawn to the information set out in the appendices to this circular.

By the Order of the Board
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
Mr. Yang Zhiqiang
Chairman