1. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. INTRODUCTION

Pursuant to the Acquisition Agreement as set out in the Circular, the Group has conditionally agreed to acquire the entire issued share capital of the Target Company and all shareholder's loans outstanding by the Target Company (the "Acquisition") at a consideration of US$1,290.0 million (equivalent to approximately HK$10,062.0 million).

According to the Acquisition Agreement, the consideration is to be satisfied as to (i) through the allotment of 1,595,880,000 Consideration Shares of HK$0.01 each at an issue price of HK$1.00 per Consideration Share; and (ii) the issue of the perpetual subordinated convertible securities ("PSCS") of US$1,085.4 million (equivalent to approximately HK$8,466.1 million) (equivalent to 8,466,120,000 Conversion Shares) at an initial conversion price of HK$1.00 per Conversion Share.

The unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information") has been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effects of the Acquisition as if the Acquisition had taken place on 30 June 2013 in the case of the unaudited pro forma condensed consolidated statement of financial position of the Enlarged Group and on 1 January 2013 in the case of the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Enlarged Group.

The preparation of the unaudited pro forma condensed consolidated statement of financial position of the Enlarged Group is based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 which has been extracted from the published interim report of the Company for the six months ended 30 June 2013; and (ii) the audited consolidated statement of financial position of the Target Group as at 30 June 2013 as extracted from the accountants' report on the Target Group for the period from 30 November 2011 (date of incorporation) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013 as set out in Appendix I to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable, as if the Acquisition had been completed on 30 June 2013.

The preparation of the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Enlarged Group is based on (i) the unaudited condensed consolidated statement of profit or loss and other comprehensive income and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2013 which have been extracted from the published interim report of the Company for the six months ended 30 June 2013; and (ii) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Target Group for the six months ended 30 June 2013 as extracted from the accountants' report on the Target Group for the period from 30 November 2011 (date of incorporation) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013 as set out in Appendix I to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable, as if the Acquisition had been completed on 1 January 2013.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. The Unaudited Pro Forma Financial Information does not purport to describe (i) the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2013; and (ii) the actual results and cash flows of the Enlarged Group that would have been attained had the Acquisition been completed on 1 January 2013. The Unaudited Pro Forma Financial Information does not purport to predict the future financial position, results and cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2013 and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30 JUNE 2013

	The Group as at 30 June 2013	The Target Group as at 30 June 2013	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note a	*Note b*	*Note c*	*Note d*	
Non-current assets						
Property, plant and equipment	714	5,114,803				5,115,517
Mineral rights and assets	–	6,816,319				6,816,319
Exploration and evaluation assets	–	2,142,387				2,142,387
Investments in subsidiaries	–	–	13,986,179		(13,986,179)	–
Other non-current assets	–	209,890				209,890
	714	14,283,399				14,284,113
Current assets						
Derivative financial instruments	38,166	6,724				44,890
Inventories	–	500,916				500,916
Trade and other receivables	1,354,117	429,335				1,783,452
Due from fellow subsidiaries	–	249				249
Restricted cash deposits	2,058	–				2,058
Bank balances and cash	271,163	127,546		(12,364)		386,345
	1,665,504	1,064,770				2,717,910

	The Group as at 30 June 2013	The Target Group as at 30 June 2013	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note a	*Note b*	*Note c*	*Note d*	
Current liabilities						
Derivative financial instruments	42,504	1,919				44,423
Trade and other payables	199,469	483,116				682,585
Interest-bearing borrowings	651,341	662,267				1,313,608
Short-term provisions	–	38,821				38,821
Tax payable	6,257	39,835				46,092
Finance lease payables	26	–				26
Amount due to immediate holding company	–	7,221,029			(7,221,029)	–
	899,597	8,446,987				2,125,555
Net current assets (liabilities)	765,907	(7,382,217)				592,355
Total assets less current liabilities	766,621	6,901,182				14,876,468
Non-current liabilities						
Interest-bearing borrowings	–	121,680				121,680
Long-term provisions	–	156,312				156,312
Finance lease payables	39	–				39
Deferred tax liabilities	–	3,582,290				3,582,290
	39	3,860,282				3,860,321
Net assets	766,582	3,040,900				11,016,147
Capital and reserves						
Share capital	27,549	–	15,958			43,507
Perpetual subordinated convertible securities	–	–	11,767,906			11,767,906
Reserves	739,033	1,448,725	2,202,315	(12,364)	(6,765,150)	(2,387,441)
Equity attributable to owners of the Company	766,582	1,448,725				9,423,972
Non-controlling interests	–	1,592,175				1,592,175
Total equity	766,582	3,040,900				11,016,147

C. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2013

	The Group for the six months ended 30 June 2013 *HK$'000*	The Target Group for the six months ended 30 June 2013 *HK$'000* *Note a*	Pro forma adjustment *HK$'000* *Note c*	The Enlarged Group *HK$'000*
CONTINUING OPERATIONS				
Revenue	1,147,451	1,584,063		2,731,514
Cost of sales	(1,113,566)	–		(1,113,566)
Realisation costs	–	(191,467)		(191,467)
Cost of production	–	(1,189,414)		(1,189,414)
Gross profit/mining profit	33,885	203,182		237,067
Other income	882	1,802		2,684
Other gains, losses and expenses	14,320	1,162,793	(12,364)	1,164,749
Selling and distribution costs	(1,362)	–		(1,362)
Administrative expenses	(7,471)	–		(7,471)
Other expenses	(15,377)	–		(15,377)
Finance costs	(6,917)	(17,511)		(24,428)
Profit before taxation	17,960	1,350,266		1,355,862
Income tax expense	(4,257)	(65,442)		(69,699)
Profit for the period from continuing operations	13,703	1,284,824		1,286,163
DISCONTINUED OPERATIONS				
Profit (loss) for the period from discontinued operations	21,887	(71)		21,816
Profit for the period	35,590	1,284,753		1,307,979
Other comprehensive expense				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(79)	(155,969)		(156,048)
Exchange reserve released upon disposal of subsidiaries	(18,047)	–		(18,047)
Fair value change on cash flow hedges, net of income tax	–	(647)		(647)
Total comprehensive income for the period	17,464	1,128,137		1,133,237
Profit (loss) for the period attributable to:				
Owners of the Company				
– from continuing operations	13,703	1,259,365	(12,364)	1,260,704
– from discontinuing operations	21,887	(71)		21,816
	35,590	1,259,294		1,282,520
Profit for the period attributable to:				
Non-controlling interests				
– from continuing operations	–	25,459		25,459
– from discontinued operations	–	–		–
	–	25,459		25,459
	35,590	1,284,753		1,307,979
Total comprehensive income attributable to:				
Owners of the Company	17,464	1,102,998	(12,364)	1,108,098
Non-controlling interests	–	25,139		25,139
	17,464	1,128,137		1,133,237

D. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2013

	The Group for the six months ended 30 June 2013	The Target Group for the six months ended 30 June 2013	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note a	*Note c*	
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(694,307)	235,943	(12,364)	(470,728)
INVESTING ACTIVITIES				
Interest received	882	1,802		2,684
Purchases of property, plant and equipment and mining rights and assets	(1,596)	(341,765)		(343,361)
Net cash inflow from disposal of subsidiaries	12,243	–		12,243
Decrease in other long term assets	–	2,901		2,901
Proceeds from disposal of property, plant and equipment and mineral rights and assets	813	2,847		3,660
NET CASH FROM (USED IN) INVESTING ACTIVITIES	12,342	(334,215)		(321,873)
FINANCING ACTIVITIES				
New borrowings raised	761,725	146,437		908,162
Repayment of borrowings	(110,384)	(186,038)		(296,422)
Repayment of obligations under finance lease	(104)	–		(104)
Interest paid	–	(17,511)		(17,511)
Dividends paid to non-controlling shareholders of a subsidiary	–	(3,042)		(3,042)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	651,237	(60,154)		591,083
NET DECREASE IN CASH AND CASH EQUIVALENTS	(30,728)	(158,426)		(201,518)
Cash and cash equivalents at beginning of period	300,096	285,972		586,068
Effect of foreign exchange rate changes	1,795	–		1,795
CASH AND CASH EQUIVALENTS AT END OF PERIOD, representing bank balances and cash	271,163	127,546		386,345

Notes:

(a) The audited consolidated statement of financial position, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Target Group, which have been presented in US$ in the accountants' report on the Target Group as set out in Appendix I to this ciruclar, are translated to Hong Kong dollars at the conversion exchange rate of US$1 to HK$7.8. No representation is made that US$ denominated amounts have been, could have been or could be converted to HK$, or vice versa, at the rate applied or at any other rates or at all.

(b) The adjustment represents the total consideration for the Acquisition, to be satisfied by; (i) the allotment of 1,595,880,000 Consideration Shares of HK$0.01 each at an issue price of HK$1.00 per Consideration Share; and (ii) the issue of 8,466,120,000 Conversion Shares upon the conversion of the PSCS at the initial conversion price of HK$1.00 per Conversion Share.

The PSCS Holders have no right to require redemption of any outstanding principal amount of the PSCS but the Company has the right at its discretion to redeem any principal amount of the PSCS at its face value. The PSCS meets the definition of equity under International Accounting Standard 32 "Financial Instruments: Presentation" and therefore is accounted for as equity of the Company. For the purpose of the unaudited pro forma condensed consolidated statement of financial position of the Enlarged Group, the fair value of each Consideration Share and each Conversion Share as at the date of completion is assumed to be HK$1.39 which represents the fair value of the Company's each share as at 30 June 2013. The fair values of the Consideration Shares and PSCS to be issued at the date of completion may be substantially different from their fair values used in preparing the Unaudited Pro Forma Financial Information, the amounts of the consideration and, accordingly, the amount of merger reserve at the completion date may be different from the amounts presented above and the difference may be significant.

This adjustment is not expected to have continuing effect on the Enlarged Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

(c) The adjustment represents the estimated professional fees attributable to the Acquisition of approximately HK$12,364,000, which will be recognised in profit or loss and as a payable upon completion of the Acquisition. The total estimated professional fees amounted to HK$33,905,000, HK$21,541,000 of which have been recognised in profit or loss. This adjustment is not expected to have a continuing effect on the Enlarged Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

(d) Pursuant to the Acquisition Agreement, the Group has conditionally agreed to acquire the entire issued share capital of the Target Company and all shareholder's loans outstanding by the Target Company. Upon completion of the Acquisition, the assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group using the merger accounting as the Company and the Target Company are both under the control of 金川集團股份有限公司, ultimate holding company of the Company and the Target Company, before and after the date of acquisition, and that control is not transitory. The adjustment represents the recognition of deemed contribution from the ultimate holding company of the Company under merger accounting, representing the differences amongst the investment cost in the Target Company as stated in Note b above, the share capital of the Target Company and all shareholder's loans outstanding by the Target Company.

(e) For the purpose of the preparation of the Unaudited Pro Forma Financial Information, no impairment is identified by the directors of the Company on the assets acquired by the Company upon completion of the Acquisition as there is no indicator of impairment under IAS 36 "Impairment of Assets" and IFRS 6 "Exploration for and Evaluation of Mineral Resources". After completion of the Acquisition, in preparation of the consolidated financial statements of the Group for the next financial year, the Group will perform impairment review in accordance with the requirements of IAS 36 "Impairment of Assets" and IFRS 6 "Exploration for and Evaluation of Mineral Resources" whenever there is impairment indicator.

(f) No adjustment has been made to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2013.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants of Jinchuan Group International Resources Co. Ltd, Deloitte Touche Tohmatsu, Certified Public Accountants in respect of the unaudited pro forma financial information.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

TO THE DIRECTORS OF JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD

We have completed our assurance engagement to report on the compilation of pro forma financial information of Jinchuan Group International Resources Co. Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma condensed consolidated statement of financial position as at 30 June 2013, the pro forma condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2013, the pro forma condensed consolidated statement of cash flows for the six months ended 30 June 2013 and related notes as set out on pages IV-1 to IV-6 of the circular issued by the Company dated 30 August 2013 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages IV-1 to IV-6 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire issued share capital of Jin Rui Mining Investment Limited (the "Target Company") and all shareholder's loans outstanding by Target Company on the Group's financial position as at 30 June 2013 and the Group's financial performance and cash flows for the six months ended 30 June 2013 as if the transaction had taken place at 30 June 2013 and 1 January 2013 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2013, on which no review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2013 or 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 August 2013