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China Nonferrous Mining Corporation Limited
中國有色礦業有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 01258)

**CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF
THE GCM ORE PROCESSING AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

On 2 October 2023, Huachin Leach entered into the GCM Ore Processing Agreement with GCM in respect of copper ore processing services for a term from 2 October 2023 to 1 October 2024.

LISTING RULES IMPLICATIONS

Huachin Leach is a subsidiary of the Company. GCM holds 45% of the shares in Kambove Mining, a subsidiary of the Company, and is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the GCM Ore Processing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) of the proposed annual cap for the transactions contemplated under the GCM Ore Processing Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, and are exempt from the independent shareholders' approval requirement.

Reference is made to the announcement of the Company dated 29 April 2022 in relation to the entering into the Huachin Leach Ore Processing Agreement between Huachin Leach and GCM, for the provision of copper ore processing services by Huachin Leach to GCM for a term from 29 April 2022 to 28 April 2023.

GCM ORE PROCESSING AGREEMENT

On 2 October 2023, Huachin Leach entered into the GCM Ore Processing Agreement with GCM in respect of copper ore processing for a term of twelve (12) months (from 2 October 2023 to 1 October 2024). The Agreement may be renewed upon the mutual agreement of the parties and in compliance with the Listing Rules.

Further details and particulars of the GCM Ore Processing Agreement are set forth below:

Parties

- (1) Huachin Leach
- (2) GCM

Subject Matter

Pursuant to the Huachin Leach Ore Processing Agreement, Huachin Leach shall provide ore processing service to GCM with the ores provided by GCM that are mined from the Kamatanda area (“**Kamatanda Ores**”), Kamfundwa area (“**Kamfundwa Ores**”), K01 area (“**K01 Ores**”) and HMS area (“**HMS Ores**”) of the DRC, and GCM shall pay processing fees to Huachin Leach accordingly.

Pursuant to the GCM Ore Processing Agreement, GCM shall transport the ores that meet the specifications of copper content and dimension as agreed by both parties from the aforesaid areas each month to Huachin Leach for processing, and the output product after processing is copper cathodes. Pursuant to the Agreement, the amount of copper cathodes produced by Huachin Leach will not be fixed, but shall be at least 1,000 tonnes of copper cathodes per month in accordance with the specifications agreed by both parties and based on the sufficient amount of ores to be provided by GCM. The copper produced under the Agreement shall be sold to the customers designated by GCM. Both parties agree that in the event of default by either party under the Agreement, the counterparty may terminate the Agreement by sending a written notice to the other party at least thirty (30) business days in advance.

Pricing basis

The ore processing fees under the GCM Ore Processing Agreement shall be determined with reference to the acid soluble copper content of the ores provided by GCM and the market prices of sulphuric acid required for processing. Huachin Leach and GCM shall, within five (5) days after the end of each thirty (30) days period (or any other period as agreed by both parties), verify the processing details in relation to the works carried out in the relevant period.

For Kamfundwa Ores and Kamatanda Ores which have acid soluble copper content between 1% and 3%, the processing fees (VAT excluded) agreed by both parties are as follows:

Kamfundwa Ores		Kamatanda Ores	
Acid soluble copper content (%)	Processing fee (US\$ per tonne)	Acid soluble copper content (%)	Processing fee (US\$ per tonne)
1.00-1.29	4,200	1.00-1.29	4,300
1.30-1.49	4,100	1.30-1.49	4,200
1.50-1.99	3,900	1.50-1.99	4,000
2.00-2.49	3,800	2.00-2.49	4,000
2.50-3.00	3,800	2.50-3.00	4,000

For K01 Ores which have acid soluble copper content between 1.8% and 4%, the processing fees (VAT excluded) agreed by both parties are as follows:

K01 Ores (mixed ores)		K01 Ores (concentrated ores)	
Acid soluble copper content (%)	Processing fee (US\$ per tonne)	Acid soluble copper content (%)	Processing fee (US\$ per tonne)
1.80-1.99	4,850	1.80-1.99	4,700
2.00-2.49	4,750	2.00-2.49	4,500
2.50-2.99	4,600	2.50-2.99	4,400
3.00-3.49	4,400	3.00-3.49	4,200
3.50-4.00	4,200	3.50-4.00	4,100

For HMS Ores which have acid soluble copper content between 3% and 5.49%, the processing fees (VAT excluded) agreed by both parties are as follows:

Acid soluble copper content (%)	HMS Ores	Processing fee (US\$ per tonne)
3.00-3.49		3,850
3.50-3.99		3,800
4.00-4.49		3,750
4.50-4.99		3,700
5.00-5.49		3,700

Under the Agreement, Huachin Leach shall only provide ore processing services to GCM for the ores within the above categories. The above processing fees are agreed by both parties based on the price of sulphuric acid per tonne of US\$360, and such processing fees may be adjusted by mutual agreement if the price of sulphuric acid at the time of entering into each specific processing agreement (based on the local market price) varies by more than plus or minus 20% of US\$360 (the adjustment of processing fees shall be determined by referencing to the processing fees charged for processing ores of the same grade by other renowned mining companies in the local market).

Proposed Annual Cap and Basis of Determination

The proposed annual cap for the transactions contemplated under the GCM Ore Processing Agreement for the year from 2 October 2023 to 1 October 2024 is US\$25,200,000.

The above proposed annual cap was determined with reference to various factors including: (i) the expected production capacity of Huachin Leach and the expected ore processing fees; (ii) the expected acid soluble copper content of the ores supplied by GCM; and (iii) the expected supply of ores by GCM.

For the period from 2 October 2023 to 1 October 2024, the Group expects: (i) Huachin Leach is expected to process at maximum approximately 500 tonnes of copper cathodes per month for GCM and the average processing price is expected to be US\$4,200 per tonne of copper; (ii) the expected average acid soluble copper content of the ores to be supplied by GCM will be around 2%; and (iii) taking into account the ore reserves in the Kamatanda area, Kamfundwa area, K01 area and HMS area and the satisfactory records of GCM in ore supply and in its cooperation with the Group, the Group expects that the average monthly volume of ores to be provided by GCM at maximum during the aforesaid period is expected to exceed 25,000 tonnes, which is sufficient to satisfy the above expected production volume.

For the twelve months ended 28 April 2023, the historical amount of transactions under the Huachin Leach Ore Processing Agreement was US\$7,162,631 (unaudited). In addition, the Group did not conduct any copper ore processing transactions with GCM (i) prior to the entering into of the Huachin Leach Ore Processing Agreement and (ii) after the expiry of the Huachin Leach Ore Processing Agreement and prior to the entering into of the GCM Ore Processing Agreement.

Payment Terms

Pursuant to the GCM Ore Processing Agreement, Huachin Leach shall submit an invoice for the processing services to GCM within ten (10) days following the month in which the processing services are provided. GCM has five (5) business days to approve or reject the aforesaid invoices, and the approved invoices shall be paid by GCM to Huachin Leach within three (3) days after GCM receives the receipt from its designated customer for the sale of the copper produced under the Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE GCM ORE PROCESSING AGREEMENT

As a local enterprise in the DRC, GCM has unique professional advantages in local exploration, mining, transportation and other businesses in the DRC. Entering into the GCM Ore Processing Agreement with GCM after the expiry of the Huachin Leach Ore Processing Agreement will continue to empower the Group to consolidate and promote its further development and business in the DRC through GCM's relevant professional strengths. In addition, the Group is also of the view that entering into the GCM Ore Processing Agreement with GCM is consistent with the Group's business and commercial objectives and is in the interests of the Group as a whole.

LISTING RULES IMPLICATIONS

Huachin Leach is a subsidiary of the Company. GCM holds 45% of the shares in Kambove Mining, a subsidiary of the Company, and is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the GCM Ore Processing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) of the proposed annual cap for the transactions contemplated under the GCM Ore Processing Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, and are exempt from the independent shareholders' approval requirement.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the GCM Ore Processing Agreement and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the GCM Ore Processing Agreement and the transactions contemplated thereunder and therefore none of the Directors of the Company is required to abstain from voting on the relevant resolutions in relation to the transactions and the proposed annual cap for the year from 2 October 2023 to 1 October 2024 in respect of the transactions contemplated under the GCM Ore Processing Agreement pursuant to the articles of association of the Company and the Listing Rules.

GENERAL INFORMATION

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration of copper and cobalt, mining, ore processing, leaching smelting and sale of copper cathodes, blister copper and copper anodes, cobalt contained in cobalt hydroxide, sulfuric acid and liquid sulfur dioxide. China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), the controlling shareholder of the Company, is wholly-owned and administered by the State-owned Assets Supervision and Administration Commission of the State Council of PRC, and is principally engaged in the development, construction and engineering of nonferrous metal ore resources as well as related trade and services.

Huachin Leach, incorporated in accordance with the laws of the DRC, is principally engaged in the production and sales in relation to cathode copper. As of the date of this announcement, Huachin Leach is a subsidiary 62.5% owned by the Company. Huachin holds 32.5% of the shares in Huachin Leach and the individual shareholder Chebib Moukachar holds 5% of the shares.

GCM is a one-person joint-stock company incorporated in the DRC in accordance with the DRC laws. It is wholly owned by the DRC government and its principal activity is mining investment and development. Except the shareholding in Kambove Mining, GCM is not otherwise interested in or connected with the Group.

DEFINITIONS

“Board”	Board of Directors
“China”	The People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region of China, the Macau Special Administrative Region of China and the Taiwan Region of China
“Company”	China Nonferrous Mining Corporation Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“continuing connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“DRC”	the Democratic Republic of Congo
“GCM”	La Generale des Carrieres et des Mines SA, a one-person joint-stock company incorporated in the DRC in accordance with the DRC laws. It is a state-owned enterprise of the DRC
“GCM Ore Processing Agreement” or “the Agreement”	The agreement dated 2 October 2023 entered into between Huachin Leach and GCM in relation to the engagement of Huachin Leach by GCM to process the ores mined in the Kamatanda area, Kamfundwa area, K01 area and HMS area of the DRC
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of China
“Huachin”	Huachin SARL, a company incorporated under the laws of the DRC
“Huachin Leach”	Huachin Metal Leach SA, a subsidiary of the Company incorporated in accordance with the laws of the DRC

“Huachin Leach Ore Processing Agreement”	The agreement dated 29 April 2022 entered into between Huachin Leach and GCM in relation to the engagement of Huachin Leach by GCM to process the ores mined in the Kamatanda and Kamfundwa areas of the DRC for a term from 29 April 2022 to 28 April 2023
“independent shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Kambove Mining”	Kambove Mining SAS, a subsidiary of the Company incorporated in the DRC owned as to 55% by the Company and as to 45% by GCM, which is principally engaged in the exploration and mining of copper and cobalt mines and the production of cathode copper and cobalt hydroxide
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“tonne(s)”	Tonnage
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By Order of the Board
China Nonferrous Mining Corporation Limited
He YANG
Chairman

Beijing, 2 October 2023

As at the date of this announcement, the Board of Directors comprises Mr. He YANG as an executive Director; Mr. Yaoyu TAN as a non-executive Director; and Mr. Dingfan QIU, Mr. Jingwei LIU and Mr. Huanfei GUAN as independent non-executive Directors.

* *Translation for reference purposes only*