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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 PURSUANT TO
RULE 14A.60 OF THE LISTING RULES**

This announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

BACKGROUND

References are made to the announcement of the Company dated 21 June 2020 in relation to, among other things, the information related to Kambove Mining. In 2016, the Company and GCM jointly set up Kambove Mining to explore and develop the Kambove Mine to promote the business of the Group in the DRC. As of the financial year of 2021, Kambove Mining has been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore, GCM was not a connected person of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, GCM was a substantial shareholder of Kambove Mining. The related applicable percentage ratios of Kambove Mining as defined under Rule 14A.09 of the Listing Rules didn't exceed 5% for the financial year ended 31 December 2020 and didn't exceed 10% for each of the three consecutive financial years ended 31 December 2020. Therefore, Kambove Mining was an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules, pursuant to which, GCM was not a connected person of the Company under Chapter 14A of the Listing Rules.

Based on the annual results announcement for the financial year ended 31 December 2021 published by the Company on 30 March 2022, the related applicable percentage ratios of Kambove Mining as defined under Rule 14A.09(1) of the Listing Rules exceeded 5% for the financial year ended 31 December 2021, pursuant to which, Kambove Mining was no longer an insignificant subsidiary of the Company. Accordingly, GCM has become a connected person of the Company at the subsidiary level under the Listing Rules.

As GCM has become a connected person of the Company at the subsidiary level under the Listing Rules, the continuing transactions contemplated under the Transaction Agreements will constitute the continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly to Rule 14A.60 of the Listing Rules, the Company shall comply with the annual review and disclosure requirement under Chapter 14A of the Listing Rules, including publishing an announcement on the continuing connected transactions under such Transaction Agreements and annual reporting. If the Transaction Agreements are renewed or their terms are varied, the Company will comply with all applicable reporting, announcement and, if applicable, independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to the announcement of the Company dated 21 June 2020 in relation to, among other things, the information related to Kambove Mining.

In 2016, the Company and GCM jointly set up Kambove Mining to jointly explore and develop the Kambove Mine to promote the business of the Group in the DRC. As of the financial year of 2021, Kambove Mining had been an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules, therefore GCM had been not regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

Based on the annual results announcement for the financial year ended 31 December 2021 published by the Company on 30 March 2022, the related applicable percentage ratios of Kambove Mining as defined under Rule 14A.09 of the Listing Rules exceeded 5% for the financial year ended 31 December 2021, pursuant to which, Kambove Mining was no longer an insignificant subsidiary of the Company, and therefore, GCM has become a connected person of the Company at the subsidiary level under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

As at the date of this announcement, the Group and GCM have signed a series of agreements on mining rights, mine development and related assistance services (collectively, the “**Transaction Agreements**”), including:

- (1) CNMC Huachin Mabende Mining Rights Agreement
- (2) CNMC Huachin Leach Mining Rights Agreement
- (3) Kambove Joint Venture Agreement and its Supplemental Agreements; and
- (4) Kambove Mining Service Agreement.

Considering GCM has become a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules, the continuing transactions proposed under the Transaction Agreements will constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The key terms of the Transaction Agreements are summarized as follows:

a) CNMC Huachin Mabende Mining Rights Agreement

Date

29 June 2019

Parties

- (1) CNMC Huachin Mabende
- (2) GCM

Subject Matter

Pursuant to the CNMC Huachin Mabende Mining Rights Agreement, GCM shall license the related rights of the mining permit in the Kipushi Mine, located in Haut-Katanga Province of the DRC, to CNMC Huachin Mabende. The aforesaid rights include the right to implement any prospecting, development and mining work within the scope of the mining right as well as the ownership of related products and the right to trade related products without restrictions. The aforesaid right of prospecting, development and mining covers copper, cobalt and other related ores.

Term of Agreement

29 June 2019 to 29 June 2044

Transaction Amount of Agreement

CNMC Huachin Mabende agrees to pay a royalty fee calculated on the basis of 2.5% of the annual turnover from the development of this mine to GCM.

b) CNMC Huachin Leach Mining Rights Agreement

Date

18 July 2018

Parties

(1) CNMC Huachin Leach

(2) GCM

Subject Matter

Pursuant to CNMC Huachin Leach Mining Rights Agreement, GCM shall license the related rights of the mining permit in the Kambove Mine, located in Haut-Katanga Province of the DRC, to CNMC Huachin Leach. The aforesaid rights include the right to implement any prospecting, development and mining work within the scope of the mining right as well as the ownership of related products and the right to trade related products without restrictions. The aforesaid right of prospecting, development and mining covers copper, cobalt and other related ores.

Term of Agreement

18 July 2018 to 18 July 2043

Transaction Amount of Agreement

CNMC Huachin Leach agrees to pay a royalty fee calculated on the basis of 2.5% of the annual turnover from the development of this mine to GCM. The first payment of the royalty fee shall be paid within four months after the approval date of the Feasibility Study Report calculated based on the development turnover as forecasted in the Feasibility Study Report. The subsequent royalty fee shall be calculated based on the actual turnover from the development.

c) Kambove Joint Venture Agreement and its Supplemental Agreements

Date

The Kambove Joint Venture Agreement was entered into on 25 August 2016. The subsequent Supplemental Agreements were entered into on 13 March 2017, 13 September 2019 and 20 June 2020, respectively.

Parties

Parties to the Kambove Joint Venture Agreement include:

- (1) the Company
- (2) CNMHKI
- (3) GCM

Parties to the Supplemental Agreements include:

- (1) Kambove Mining
- (2) CNMHKI
- (3) GCM

Subject Matter

Pursuant to Kambove Joint Venture Agreement, the Company and GCM agreed to jointly establish Kambove Mining to explore and develop the Kambove Mine in the DRC, pursuant to which, GCM shall transfer the relevant mining rights and rights certificates of Kambove Mine to Kambove Mining. Pursuant to the Supplemental Agreements, the parties agreed on a series of adjustments to the Kambove Joint Venture Agreement, including: (1) the Company shall transfer all rights and obligation under the Kambove Joint Venture Agreement to CNMHKI; (2) in consideration for the ore consumption in the mineral deposit of the Kambove Mine, Kambove Mining agreed to pay GCM a royalty fee in each financial year (as specified below); and (3) a series of agreed components of operating costs and expenses (e.g., the costs of exploration, exploitation, rehabilitation and prospecting) of Kambove Mining.

Term of Agreement

From 25 August 2016 and for the duration of Kambove Mining.

Transaction Amount of Agreement

In consideration for the ore consumption in the Kambove Mine, Kambove Mining agreed to pay GCM a royalty fee calculated on the basis of 2.5% of the total turnover of Kambove Mining in each financial year. Kambove Mining shall pay such royalty fee to GCM prior to the end of the next month after each quarter, and an overdue payment will accrue the overdue interest at an annual interest rate of 7.15%.

d) Kambove Mining Service Agreement

Date

12 December 2019

Parties

- (1) Kambove Mining
- (2) GCM

Subject Matter

Pursuant to the Kambove Mining Service Agreement, GCM shall provide general assistance and consulting services to Kambove Mining for its daily operating activities in Kambove Mine, including prospecting, mine operation, production plan, melting, finance and electric power services.

Term of Agreement

From 12 December 2019 and for the duration of Kambove Mining.

Transaction Amount of Agreement

Pursuant to the Kambove Mining Service Agreement, Kambove Mining shall annually pay the following fees to GCM: (1) a fixed annual fee of US\$2,000,000; and (2) a supplementary annual fee of US\$1,000,000. The supplementary annual fee will be only applicable to the period when the average price of copper per ton is above US\$6,200 at the London Metal Exchange.

The fees payable by the Group under each of the Transaction Agreements were arrived at after arm's length negotiations among the parties to the Transaction Agreements and were determined based on factors including: (i) the overall estimated resources of the mines covered by the Transaction Agreements; (ii) the business practices of the mining market in the DRC on the exploration and development of mines; (iii) the price of similar services in the local market; and (iv) relevant costs and expenses in operating the relevant services.

REASON AND BENEFIT OF CONTINUING CONNECTED TRANSACTIONS

As a local enterprise in DRC, GCM has unique professional advantages in local exploration, mining, subcontracting, procurement, human resources and other businesses in the DRC. The aforementioned Transaction Agreements concluded by the Group and GCM will enable GCM to exert its professional strengths and empower the Group to consolidate and promote the further business development in the DRC. The Group are of the view that entering into the Transaction Agreements is commensurate with the operating and commercial objectives of the Group and in the overall interest of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, GCM was a substantial shareholder of Kambove Mining. The related applicable percentage ratios of Kambove Mining as defined under Rule 14A.09 of the Listing Rules didn't exceed 5% for the financial year ended 31 December 2020 and didn't exceed 10% for each of the three consecutive financial years ended 31 December 2020. Therefore, Kambove Mining was an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules. Therefore GCM was not a connected person of the Company under Chapter 14A of the Listing Rules.

Based on the annual results announcement for the financial year ended 31 December 2021 published by the Company on 30 March 2022, the related applicable percentage ratios of Kambove Mining as defined under Rule 14A.09 of the Listing Rules exceeded 5% for the financial year ended 31 December 2021. Therefore, Kambove Mining was no longer an insignificant subsidiary of the Company, and accordingly, GCM has become a connected person of the Company at the subsidiary level under the Listing Rules.

As GCM has become a connected person of the Company at the subsidiary level under the Listing Rules, the continuing transactions contemplated under the Transaction Agreements will constitute the continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly to Rule 14A.60 of the Listing Rules, the Company shall comply with the annual review and disclosure requirement under Chapter 14A of the Listing Rules, including publishing an announcement on the continuing connected transactions under such Transaction Agreements and annual reporting. If the Transaction Agreements are renewed or their terms are varied, the Company will comply with all applicable reporting, announcement and, if applicable, independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION BY THE DIRECTORS

The Directors (including independent non-executive Directors) are of the view that such Transaction Agreements and the proposed continuing connected transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group on normal commercial terms and are therefore fair and reasonable and in the interest of the Company and the Shareholders as a whole.

None of the Directors had a material interest in the Transaction Agreements and the transactions contemplated thereunder and therefore no Director had abstained from voting on the relevant resolutions approving the continuation of transactions contemplated under the Transaction Agreements.

GENERAL INFORMATION

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration, mining, ore processing, leaching smelting and sale of copper and cobalt metals as well as sales of cathodes, blister copper, copper anodes, cobalt hydroxide and cobalt-containing sulfuric acid. 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.

CNMHKI is a company incorporated in Hong Kong. As at the date of this announcement, it is a wholly-owned subsidiary of the Company and its principal activity is investment holding.

CNMC Huachin Mabende, 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, CNMC Huachin Mabende is a subsidiary 60% owned by the Company. Huachin holds 35% of the shares in CNMC Huachin Mabende and the individual shareholder Chebib Moukachar holds 5% of the shares.

CNMC 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, CNMC Huachin Leach is a subsidiary 62.5% owned by the Company. Huachin holds 32.5% of the shares in CNMC Huachin Leach and the individual shareholder Chebib Moukachar holds 5% of the shares.

Kambove Mining is a Société par Actions Simplifiée incorporated in the DRC in accordance with the DRC laws. As at the date of this announcement, it is a subsidiary owned as to 55% by the Company and is owned as to 45% by GCM. Its principal activity is exploration and mining of copper and cobalt and production of cathode copper and cobaltous hydroxide.

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, the Macau Special Administrative Region and Taiwan Region
“CNMC Huachin Leach”	Huachin Metal Leach SA*, a subsidiary of the Company incorporated in accordance with the laws of the DRC
“CNMC Huachin Leach Mining Rights Agreement”	The agreement entered into between CNMC Huachin Leach and GCM on 18 July 2018, whereby GCM shall license the related rights of the mining permit in the DRC to CNMC Huachin Leach

“CNMC Huachin Mabende”	CNMC Huachin Mabende Mining SA*, a subsidiary of the Company incorporated in accordance with the laws of the DRC
“CNMC Huachin Mabende Mining Rights Agreement”	The agreement signed by CNMC Huachin Mabende and GCM on 29 June 2019, whereby GCM shall license the related rights of the mining permit in the DRC to CNMC Huachin Mabende.
“CNMHKI”	China Nonferrous Mining Hong Kong Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“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
“Feasibility Study Report”	A detailed report that states the feasibility to develop the mine discovered in the mining area covered by the prospecting right and elaborates the expected development plan under the related laws of the DRC
“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
“Group”	the Company and its subsidiaries

“Hong Kong”	The Hong Kong Special Administrative Region of China
“Huachin”	Huachin SARL (華鑫有限責任公司)*, a company incorporated under the laws of the DRC
“Independent Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Kambove Joint Venture Agreement ”	the Joint Venture Agreement entered into by the Company and GCM on 25 August 2016
“Kambove Mine”	a mine located in Kambove, Haut-Katanga Province, the DRC
“Kambove Mining”	Kambove Mining SAS, a subsidiary of the Company incorporated in the DRC
“Kambove Mining Service Agreement”	The agreement entered into between Kambove Mining and GCM on 12 December 2019, whereby GCM shall provide general assistance and consulting services required for Kambove Mining to carry out daily operating activities
“Kipushi Mine”	a mine located in Kipushi, Haut-Katanga Province, the DRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“London Metal Exchange”	London Metal Exchange, a futures exchange of base and other metal options and futures contracts
“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

“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Supplemental Agreements”	Supplemental Agreements to the Kambove Joint Venture Agreement, including: (1) the No.1 Supplemental Agreement to Kambove Joint Venture Agreement entered into between the Company, CNMHKI and GCM on 13 March 2017; (2) the No.2 Supplemental Agreement to Kambove Joint Venture Agreement entered into between CNMHKI, Kambove Mining and GCM on 13 September 2019; and (3) the No.3 Supplemental Agreement to Kambove Joint Venture Agreement entered into between CNMHKI, Kambove Mining and GCM on 20 June 2020
“ton”	tonnage
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By Order of the Board
China Nonferrous Mining Corporation Limited
Jinjun ZHANG
Chairman & President

Beijing, 30 March 2022

As at the date of this announcement, the Board comprises Mr. Jinjun ZHANG and Mr. Chunlai WANG as executive Directors; Mr. Yaoyu TAN as non-executive Director; and Mr. Dingfan QIU, Mr. Jingwei LIU and Mr. Huanfei GUAN as independent non-executive Directors.

* *Translation for reference purposes only*