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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 HUACHIN LEACH ORE PROCESSING AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

On 29 April 2022, Huachin Leach entered into the Huachin Leach Ore Processing Agreement with GCM in respect of ore processing for a term from 29 April 2022 to 28 April 2023.

LISTING RULES IMPLICATIONS

Huachin Leach is a subsidiary of the Company. GCM holds 45% 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 Huachin Leach 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 Huachin Leach 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 Hong Kong Listing Rules, and are exempt from the independent shareholders' approval requirement.

HUACHIN LEACH ORE PROCESSING AGREEMENT

On 29 April 2022, Huachin Leach entered into the Huachin Leach Ore Processing Agreement with GCM in respect of ore processing for a term of twelve (12) months (from 29 April 2022 to 28 April 2023). The Agreement could be renewed upon the mutual agreement of the parties and in compliance with the Listing Rules..

Further details and particulars of the Huachin Leach 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 and Kamfundwa areas of the DRC, and GCM shall pay processing fees to Huachin Leach accordingly.

Pursuant to the Huachin Leach Ore Processing Agreement, GCM will 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 other party 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 fee under the Huachin Leach Ore Processing Agreement shall be determined with reference to the acid soluble copper content of the ores provided by GCM and the amount of sulphuric acid required for processing. Huachin Leach shall, within five (5) days after the end of each thirty (30) days period following the start of processing (or any other period as agreed by both parties), provide processing details of such period to GCM for verification.

For ores with acid soluble copper content between 1.5% and 3%, the processing fee agreed by both parties is: (i) US\$4,000 per tonne of copper cathodes (exclusive of value added tax) made of the ores from Kamfundwa; and (ii) US\$4,200 per tonne of copper cathodes (exclusive of value added tax) made of the ores from Kamatanda.

In addition, the processing fee shall be separately agreed by both parties if: (i) the acid soluble copper content of the ores processed exceeds 3%; or (ii) the amount of sulphuric acid required to produce the copper per tonne is above 3.5 tonnes.

Proposed Annual Cap and Basis of Determination

The proposed annual cap for the transactions contemplated under the Huachin Leach Ore Processing Agreement for the year from 29 April 2022 to 28 April 2023 is US\$75,600,000.

The above proposed annual cap was determined with reference to various factors including: (i) the expected production capacity of Huachin Leach; (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 29 April 2022 to 28 April 2023, the Group expects: (i) Huachin Leach is expected to process at maximum approximately 1,500 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 and Kamfundwa areas 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 85,230 tonnes, which is sufficient to satisfy the above expected production volume.

The historical transaction amount for the transactions contemplated under the Agreement for the past three years was nil.

Payment Terms

Pursuant to the Huachin Leach 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 HUACHIN LEACH 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 Huachin Leach Ore Processing Agreement with GCM will 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 of the view that entering into the Huachin Leach 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

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As one or more of the applicable percentage ratio(s) of the proposed annual cap for the transactions contemplated under the Huachin Leach 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 Hong Kong 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 Huachin Leach 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 Huachin Leach 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 29 April 2022 to 28 April 2023 in respect of the transactions contemplated under the Huachin Leach 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, the Macau Special Administrative Region of China and Taiwan
“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
“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
“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” or “the 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
“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 (in which the Company holds 55% equity interests and GCM holds 45% equity interests), 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
Jinjun ZHANG
Chairman & President

Beijing, 29 April 2022

As at the date of this announcement, the Board comprises Mr. Jinjun ZHANG 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*