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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2899)**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTION**

The Board announces that, on 13 May 2009, the Company's wholly-owned subsidiary, Qinghai West has entered into the Deerni Agreement with Xinhua Engineering, in relation to the provision of exploitation contracting services for copper and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Deerni Copper Mine by Xinhua Engineering for a term from 1 January 2009 to 31 December 2009 subject to the priority of renewal of agreement by Xinhua Engineering upon expiration.

Mr. Chen Fashu currently holds approximately 51% shareholding of Xinhua Engineering and approximately 73.56% shareholding of Xinhua Industrial. Mr. Chen Fashu and its associate Xinhua Industrial currently hold more than 10% shareholding of the Company and are considered as a substantial shareholder of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Xinhua Engineering and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

The Continuing Connected Transaction, which is continuous in nature and was entered into in the ordinary course of business of the Company. As the applicable percentage ratios (as defined in the Listing Rules) in relation to the transaction are more than 0.1% but less than 2.5% (except profit percentage ratio), the transaction constitutes an exempt continuing connected transaction of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

**PRINCIPAL TERMS OF DEERNI AGREEMENT**

|                          |  |
|--------------------------|--|
| Date:                    | 13 May 2009  |
| Parties:                 | Xinhua Engineering and the Company's wholly-owned subsidiary Qinghai West, Xinhua Engineering is a domestic company incorporated in the PRC with limited liability, which was one of the promoters of the Company. Xinhua Engineering is mainly engaged in investment and mining business in the PRC |
| Services to be provided: | Provision of exploitation contracting services for copper and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Deerni Copper Mine   |
| Pricing:                 | Such transaction will be conducted on terms by reference to the market prices, the pricing methods of a copper mine and the actual mining progress of Deerni Copper Mine, or similar terms available from independent third parties  |
| Term:                    | From 1 January 2009 to 31 December 2009  |
| Payment Term:            | The amount payable by Qinghai West to Xinhua Engineering each month is calculated in   |

accordance with the following formula:-

The amount payable by Qinghai West each month = ( the value of the service fee of the preceding month - withholding tax previously paid) X 60% – value of supplies used – disbursements previously made + the remaining balance of service fee incurred 6 months earlier, the balance should be paid after 6 months.

Others: Xinhua Engineering has the priority rights of renewal of agreement upon expiration. For the four months ended 30 April 2009, the service fees paid to Xinhua Engineering under this contract were RMB9,040,000 and does not exceed 0.1% of the applicable percentage ratios (as defined in the Listing Rules).

The terms of the Deerni Agreement were arrived at after arm's length negotiation between Qinghai West and Xinhua Engineering. Qinghai West is a wholly-owned subsidiary of the Company. Qinghai West is mainly engaged in copper mining business in the PRC.

## NEW ANNUAL CAP

Qinghai Deerni estimates that the maximum amounts (“**New Annual Cap**”) of the Deerni Agreement for the year ended 31 December 2009 will be RMB 50 million.

The New Annual Cap of the Deerni Agreement was determined by reference to historical figures payable under the previous contracting agreements entered into between Qinghai West and Xinhua Engineering, and to a possible increase in production scale by the Group. For each of the two years ended 31 December 2007 and 31 December 2008, the service fees paid to Xinhua Engineering under the previous contracting agreements were RMB21,462,700 (audited) and RMB45,710,000 (audited) respectively. The breakdown of the transaction value is as follows:

|    |   | Year 2007<br>(audited)<br>RMB | Year 2008<br>(audited)<br>RMB | Year 2009<br>(Cap)<br>RMB |
|----|---|-------------------------------|-------------------------------|---------------------------|
| 1. | Provision of exploitation services and mining works by Xinhua Engineering at the Deerni Copper Mine | 21,462,700                    | 45,710,000                    | 50,000,000                |

For each of the two financial years ended 31 December 2007 and 31 December 2008, Xinhua Engineering has produced approximately 950,000 cubic metres (audited) and 2,190,000 cubic metres (audited) of ore in Deerni Copper Mine respectively. It is estimated that Xinhua Engineering will produce approximately 2,230,000 cubic metres of ore in the Deerni Copper Mine subject to variation depending on the actual annual and monthly production schedule set by Qinghai West for 2009 under the Deerni Agreement. The estimated increase in production volume in Deerni Copper Mine is due to the estimated strong demand for the product of Qinghai West.

## CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

Mr. Chen Fashu currently holds approximately 51% shareholding of Xinhua Engineering and approximately 73.56% shareholding of Xinhua Industrial. Mr. Chen Fashu and its associate Xinhua Industrial currently hold more than 10% shareholding of the Company and are considered as a substantial shareholder of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Xinhua Engineering and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

## REASONS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. By virtue of the Deerni Agreement, the Group will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation. Therefore, the Directors including the independent non-executive directors

of the Company consider that the transaction and the terms of the Deerni Agreement are in ordinary course of business and on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## GENERAL

The Continuing Connected Transaction, which is continuous in nature and was entered into in the ordinary course of business of the Company. As the applicable percentage ratios (as defined in the Listing Rules) in relation to the transaction are more than 0.1% but less than 2.5% (except profit percentage ratio), the transaction constitutes an exempt connected transaction of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

## DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

|                                    |   |
|------------------------------------|---|
| “Board”                            | the board of Directors of the Company   |
| “Company”                          | (紫金礦業集團股份有限公司)Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC with limited liability   |
| “Continuing Connected Transaction” | the connected transaction contemplated under the Deerni Agreement which was entered into between Qinghai West and Xinhua Engineering on a continuing basis  |
| “Deerni Agreement”                 | the agreement entered into between Qinghai West and Xinhua Engineering on 13 May 2009 in relation to, <i>inter alia</i> , the provision of exploitation contracting services for copper and nonferrous metals by Xinhua Engineering to Qinghai West |
| “Deerni Copper Mine”               | the copper mine of the Group in Qinghai province, the PRC   |
| “Director(s)”                      | the director(s) of the Company  |
| “Group”                            | the Company and its subsidiaries  |
| “HK\$”                             | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                        | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Shareholders”         | any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction pursuant to the Listing Rules  |
| “Listing Rules”                    | The Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                              | the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan  |
| “Qinghai West”                     | (青海威斯特銅業有限責任公司) Qinghai West Copper Mining Co., Ltd., a wholly-owned subsidiary of the Company and a company incorporated in the PRC with limited liability   |
| “RMB”                              | Renminbi, the lawful currency of the PRC  |

|                        |  |
|------------------------|--|
| “Shareholder(s)”       | the shareholder(s) of the Company  |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited  |
| “Xinhuadu Engineering” | (福建省新華都工程有限責任公司)Fujian Xinhuadu Engineering Company Limited, formerly known as (上杭縣華都建設工程有限公司) Shanghang County Huadu Construction Engineering Company Limited, a domestic company incorporated in the PRC with limited liability, and one of the promoters of the Company |
| “Xinhuadu Industrial”  | (新華都實業集團股份有限公司)Xinhuadu Industrial Group Company Limited, a domestic company incorporated in the PRC with limited liability, and one of the promoters of the Company   |
| “%”                    | per cent   |

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Liu Xiaochu, Luo Yingnan, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mr. Peng Jiaqing as non-executive director, and Messrs. Chen Yuchuan, Su Congfu, Lin Yongjing, and Loong Ping Kwan as independent non-executive directors.

By Order of the Board of Directors  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

13 May 2009 Fujian, China.

*\*The Company's English name is for identification purpose only*