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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 POSSIBLE CONNECTED TRANSACTION

The Board of the Company wishes to announce that the Company will participate in a bid for a 50% equity interest of Zijin Copper which is sold by the Company's substantial shareholder, Minxi Xinghang before 15 October 2009. On 10 September 2009, the Board passed a resolution to participate in the bid and table this transaction for the Independent Shareholders' approval. Due to the restrictions of the terms and conditions, the bidders could not withdraw their bids. Thus, the bid of the Company, if accepted, will constitute a connected transaction.

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transaction constitutes a connected transaction of the Company under 14A.32 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. Even though this connected transaction is not required to be approved by the Independent Shareholders under the Listing Rules, the Board decided to table this transaction to obtain the Independent Shareholders' approval.

The Company has appointed Asia Investment Management Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the participation in the bid. The Independent Shareholders will be asked to consider, if thought fit, approve by poll the participation in the bid.

A circular containing, among other things, (i) details of the participation in the bid relating to the transfer of the shares; (ii) a letter from Asia Investment Management Limited to the Independent Board Committee containing its advice to the Independent Board Committee and the Independent Shareholders on the approval of the participation in the bid relating to the transfer of the shares; (iii) the recommendation of the Independent Board Committee regarding the approval of the participation in the bid relating to the transfer of the shares; and (iv) a notice of the EGM will be dispatched to the shareholders of the Company as soon as practicable.

Pursuant to the Listing Rules, Minxi Xinghang and its respective associates (as defined in the Listing Rules) are required to abstain from voting in the EGM in respect of the participation in the bid relating to the transfer of the shares.

BACKGROUND

The Board of the Company wishes to announce that the Company will participate in a bid for 50% equity interest of Zijin Copper which is sold by the Company's substantial shareholder, Minxi Xinghang before 15 October 2009. On 10 September 2009, the Board passed a resolution to participate in the bid and table this transaction for the Independent Shareholders' approval. It is expected that Longyan City Equity Exchange will announce the results of the bid on 16 October 2009. Due to the restrictions of the terms and conditions, the bidders could not withdraw their bids. Thus, the bid of the Company, if accepted, will constitute a connected transaction.

PRINCIPAL TERMS OF THE PARTICIPATION IN THE BID OF SHARES TRANSFER

Date: on or before 15 October 2009

Parties:

1. Minxi Xinghang, currently owns approximately 28.96% shareholding of the Company, is a government owned domestic company incorporated in the PRC with limited liability and is principally engaged in investment in Fujian, the PRC; and
2. The Company, is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC.

The Company is currently holding 50% of Zijin Copper. Minxi Xinghang currently holds and owns 50% equity interest in Zijin Copper. After the completion of the Share Purchase Agreement (which will only be signed if the Company's bid is successful), the Company will hold 100% equity interest in Zijin Copper and Zijin Copper will be a wholly-owned subsidiary of the Company. Zijin Copper is building its 200,000 tonnes/year copper refinery at the initial stage.

This bid will be convened in Longyan City Equity Exchange pursuant to the "Temporary Management Policy of National Assets Transfer" and other national assets transfer related laws, regulations and policies. A participant is required to pay RMB20 million deposit. The Company will pay it from its internal cash sources. This deposit will be refunded if the Company's bid is not successful. If the Company's bid is successful, the deposit will be used to deduct part of the consideration.

PRINCIPAL TERMS OF THE TRANSACTION

General

Zijin Copper was incorporated in March 2009 and it is principally engaged in building and operation a 200,000 tonnes/year copper refinery plant in Shanghang County, Fujian Province. Its current registered capital is RMB1 billion, its paid-up capital is RMB200 million. The Company contributed capital of RMB100 million and owns 50% equity interest in Zijin Copper, and Minxi Xinghang contributed capital of RMB100 million and owns 50% equity interest in Zijin Copper.

According to an audited financial statements prepared under the PRC generally accepted accounting

principles, as at 31 July 2009, Zijin Copper's total asset value was RMB211,065,525 (approximately HK\$239,847,187), its net asset value was RMB199,779,946 (approximately HK\$227,022,666), its loss before and after tax and extraordinary items for the period from March 2009 to July 2009 was RMB220,054 (approximately HK\$250,061).

CONSIDERATION

The period for Minxi Xinghang to accept bid for its 50% equity interest of Zijin Copper will be from 9 September 2009 to 15 October 2009 and its bottom price is RMB103.98 million. The Company's bidding price is expected not to exceed 1.1 times of the bottom price (RMB114,378,000) to bid the 50% equity interest of Zijin Copper through Longyan City Equity Exchange. The Company's bidding price is determined with reference to Minxi Xinghang's RMB100 million capital injection and its interest incurred. The bid price will be financed from its internal cash resources. The total expected investment amount to be made by Zijin Copper will be approximately RMB2.6 billions, in which RMB1.2 billion will be additionally contributed by the Company from internal cash resources after the completion of the transaction (if the Company's bid is successful). It is expected that the company's bidding price will be settled within 30 days after the Independent Shareholders' approval (if the Company's bid is successful).

CONDITION AND COMPLETION

According to the form of the Share Purchase Agreement, completion will be subject to all approval and consents as required by all applicable laws and regulations (including rules of any stock exchange). Thus, completion of the acquisition under the Share Purchase Agreement will also be subject to the Independent Shareholders' approval if the Company's bid is successful.

Completion will take place on 60 days after satisfaction of all conditions or such other date as agreed to by the parties to this transaction.

THE COMPOSITION OF THE BOARD

If the Company's bid is successful, the Group will nominate all directors to the board of directors of Zijin Copper upon the completion of the transaction.

REASONS FOR AND BENEFITS OF THE TRANSACTION

All the Directors (excluding the independent non-executive directors who will express their views on the participation in the bid after considering the independent financial adviser's advice letter to be included in the circular) consider that the participation in the public bid of shares transfer is fair and reasonable and in the best interests of the Company and its shareholders as a whole and are on normal commercial terms and in the ordinary and usual course of business.

If the bid is successful, it will be a good chance for the Company to turn Zijin Copper into a wholly-owned subsidiary and it will also be able to accelerate the design and construction, and streamline the management arrangement of the copper refinery project, and promote the integrated economic strength of Company in the mining industry of the PRC. This investment will provide a steady source of income to the Company in the future.

CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC.

INFORMATION ABOUT MINXI XINGHANG

Minxi Xinghang, currently owns approximately 28.96% shareholding of the Company, is a government owned domestic company incorporated in the PRC with limited liability and is principally engaged in investment in Fujian, the PRC.

GENERAL

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transaction constitutes a connected transaction of the Company under 14A.32 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. Even though this connected transaction is not required to be approved by the Independent Shareholders under the Listing Rules, the Board decided to table this transaction to obtain the Independent Shareholders' approval .

The Company has appointed Asia Investment Management Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the participation in the bid of shares transfer. The Independent Shareholders will be asked to consider, if thought fit, approve by poll the participation in the bid of shares transfer.

A circular containing, among other things, (i) details of the participation in the bid of shares transfer; (ii) a letter from Asia Investment Management Limited to the Independent Board Committee containing its advice to the Independent Board Committee and the Independent Shareholders on the approval of the participation in the bid of shares transfer; (iii) the recommendation of the Independent Board Committee regarding the approval of the participation in the bid of shares transfer; and (iv) a notice of the EGM will be dispatched to the shareholders of the Company as soon as practicable.

Pursuit to the Listing Rules, Minxi Xinghang and its respective associates (as defined in the Listing Rules) are required to abstain from voting in the EGM in respect of the participation in the bid of shares transfer.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	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 PRC with limited liability
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving the participation in the bid
“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 Board Committee”	the independent board committee of the Company constituted for the purpose of the participation of the bid, comprising four independent non-executive directors
“Independent Shareholders”	shareholders of the Company other than Minxi Xinghang and its respective associates (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Co., Ltd. (閩西興杭國有資產投資經營有限公司), a government owned company incorporated in the PRC with limited liability, currently owns approximately 28.96% shareholding of the Company
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share Purchase Agreement”	a share purchase agreement expected to be signed between the Company the Minxi Xinghang in relation to the acquisition of the 50% equity interest in Zijin Copper (if and after the Company’s bid is successful)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zijin Copper”	Zijin Copper Company Limited (紫金銅業有限公司), a limited company incorporated in the PRC with limited liability
“%”	per cent

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of HK\$1.00 = RMB0.88.

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

11 September 2009, Fujian, China.

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