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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  
RECOMMENDED A\$1.28 PER SHARE CASH OFFER FOR INDOPHIL RESOURCES NL  
AND  
RESUMPTION OF TRADING**

The Company is pleased to announce that it has executed a definitive implementation agreement on 29 November 2009 with the Australian company, Indophil Resources NL ("**Indophil**"), setting out the terms on which Zijin will make a conditional cash off-market takeover bid under the *Corporations Act 2001* (Cth) for all of the issued shares in Indophil for A\$1.28 (equivalent to RMB7.91) per share (the "**Offer**"). The Offer also extends to any new shares issued during the offer period, including any new shares that will be issued on the exercise of any existing options or performance rights in accordance with their respective terms. The Offer values Indophil's share capital (on a fully diluted basis) at approximately A\$545 million (equivalent to RMB3.368 billion).

**Investors and shareholders are advised to exercise caution when dealing in the shares of the Company.**

Trading in the H shares of the Company on the Stock Exchange was suspended with effect from 9.30 a.m. on 30 November 2009 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the H shares of the Company with effect from 9:30 a.m. on 1 December 2009.

This announcement is made under Listing Rule 13.09.

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**PRINCIPAL TERMS OF THE OFFER**

**The Offeror and the target company**

1. Zijin Mining Group Co., Ltd.\*, a joint stock limited company incorporated in the People's Republic of China with limited liability (the "**Offeror**" or "**Zijin**"); and
2. Indophil Resources NL, a company with its registered office in Victoria, Australia listed in Australia on the Australian Securities Exchange ("**Indophil**"). Indophil's stock code is IRN. Indophil is an exploration and

development company focused on the exploration and development of gold and copper-gold opportunities in the South East Asia Pacific region.

To the best knowledge of the directors of the Company after making all reasonable enquiries, Indophil and its ultimate beneficial substantial owners are not connected persons (as defined in the Listing Rules) of the Company.

### **Background of Indophil**

Based on the public available information disclosed by Indophil, Indophil is a mining exploration company focusing on the exploration and development of gold and copper-gold opportunities in South East Asia. Indophil's key asset is a 34.23% (A class shares) operating interest in (directly held as to 8.96% by Indophil and indirectly held as to 25.27% by Indophil Resources Phils. Inc. ("IRP")) Sagittarius Mines, Inc. ("SMI"), a Philippine mineral exploration and development company which controls the world-class Tampakan Copper-Gold Project in the southern Philippines (the "**Tampakan Project**"). Indophil currently only owns 40% of the issued share capital of IRP, but it has in its favour an option deed pursuant to which it has the right to acquire 60% ownership of the remaining shares at a purchase price of Php 50,000 subject to the terms of the option deed and the applicable laws and regulations.

The remaining holders of the operating interests of SMI (held through A class shares) are Xstrata Queensland Limited ("Xstrata") with a 62.5% (A class shares) operating interest and Alsons Corporation with a 3.27% (A class shares) operating interest. Indophil has arrangements in place with Alsons Corporation to acquire its 3.27% (A class shares) stake, taking its total operating interest in SMI to a 37.5% (A class shares) operating interest.

Xstrata, Indophil and Alsons Corporation together hold all the A class shares of SMI (together representing a 100% (A class shares) operating interest in SMI) in accordance with Philippine mining laws.

The registered capital of SMI is Php 250 million and the paid-up capital is Php 162,596,665. The shares of SMI are classified into A class common shares and B class preferred shares, and the shareholding ratio of class A and class B shares is 40:60.

The B class shares (preferred shares) of SMI are held by Southcot Mining Corporation and Tampakan Mining Corporation who only have rights to participate in decisions in connection with certain significant matters of SMI such as a change in share capital, disposal of substantial assets or reinvestments of SMI. The B class shareholders are also entitled to royalty payments based on 1.25% of the gross output or 6% of the net profits of the Tampakan Project, whichever is higher. If SMI declares any dividend, B class shareholders are entitled to a dividend equal to 12% of the par value (Php1) of B class shares in priority over the A class shareholders, paid out of distributable profits, which is deducted from the royalty payments.

The Tampakan Project is located on the southern Philippine island of Mindanao in the province of South Cotabato, municipality of Tampakan, approximately 65 kilometres north of General Santos City (on the boundary of three provinces, namely South Cotabato, Sultan Kudarat and Davao Del Sur). The Tampakan Project's mineral resource is the largest undeveloped copper-gold deposit in South East Asia. The latest confirmed mineral resource estimate is 2.4 billion tonnes containing 13.5 million tonnes of copper and 15.8 million ounces of gold at a 0.3% copper cut-off grade (for further information, please refer to the sub-section below headed "*Resources at the Tampakan Project*").

SMI and the Philippine Government have signed a Financial and Technical Services Agreement (hereinafter "FTAA") which authorises SMI as its "contractor" and gives it the right to carry out exploration and development of the Tampakan Project.

Other than the Tampakan Project, Indophil has other exploration interests in the Philippines including three granted tenements and 16 tenement applications located in four geographical regions, namely Northern Luzon, South Luzon, Central Mindanao and Eastern Mindanao. Indophil continues to advance existing exploration programs apart from the Tampakan Project as well as evaluating new prospects and opportunities.

### *Financials*

According to the consolidated audited report of Indophil prepared in accordance with the requirements of *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, as at 31 December 2008, Indophil's book value of total assets was A\$163.84 million while its book value of net assets was A\$160.55 million. As at 31 December 2008, its net loss before tax was A\$14.22 million and net loss after tax was A\$14.84 million. For the year ended 31 December 2007, its net profit before tax was A\$459,000 and net loss after tax was A\$985,000.

### *Resources at the Tampakan Project*

Mineral Resource Estimates are reported below a 0.3 % copper cut-off and are shown on a 100% ownership basis as of 30 September 2009. Numbers in the table below are rounded, generally to two significant figures with tonnes and grades for Inferred Resources and grades in the total column rounded to one significant figure and the contained metal numbers rounded to the nearest 100k.

Competent Persons: Mr. Damien Nihill, MAusIMM, who is a full-time employee of Sagittarius Mines Incorporated, takes responsibility for the quality of the exploration data used as the basis of the Tampakan resource estimates and for geological interpretations that constrain the resource estimates. He qualifies as a Competent Person under the meaning of the 2004 JORC Code. The resource estimates at Tampakan have been performed by Dr Phillip Hellman, FAIG, who is a Director of Hellman & Schofield Pty Ltd. (“H&S”) and who qualifies as a Competent Person under the meaning of the 2004 JORC Code. For full details in respect of the Competent Persons Statement, see the ASX Release of Indophil on 20 October 2009 or visit the Indophil website ‘www.indophil.com’.

The JORC compliant mineral resource estimate for the project as of 30 September 2009 is outlined in the table below.

	MINERAL RESOURCE			
	Measured	Indicated	Inferred	Total
Resource (million tonnes)	780	890	700	<b>2,400</b>
Copper (%)	0.71	0.55	0.5	<b>0.6</b>
Gold (g/t)	0.28	0.19	0.2	<b>0.2</b>
Molybdenum (ppm)	81	69	60	<b>70</b>
Copper contained (kt)	5,500	4,900	3,100	<b>13,500</b>
Gold contained (koz)	7,000	5,500	3,300	<b>15,800</b>

Note:

(1) These mineral resource estimates are reported above a 0.3% copper cut-off and are shown on a 100% ownership basis.

(2) Based on 1 ounce = 31.1035g, Tampakan Project has gold reserve of 491.43 tonnes (gold metal) (measured: 217.72 tonnes, indicated:171.07 tonnes, inferred:102.64 tonnes).

(3)A ‘Measured Mineral Resource’ is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

(4)An ‘Indicated Mineral Resource’ is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

(5)An ‘Inferred Mineral Resource’ is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

### *Development and production status of the Tampakan Project*

Bechtel Australia Pty. Ltd. has been appointed to prepare the feasibility study of the Tampakan Project which is now in the final phase which is due for completion in the second quarter of 2010. First production is scheduled for early in 2016.

Based on current estimates, the stage one mining and milling rate at Tampakan Project will be 44 million tonnes per annum (Mtpa), lifting in stage two to 66 Mtpa. The estimated service life of the mine is 20 years and its average

annual production rate will be 340,000 tonnes copper in concentrates and 350,000 ounces of gold (about 10.89 tonnes) at a C1 cash cost of less than US\$0.46/lb of copper after gold credits but before molybdenum credits.

The Tampakan Project has rich reserves, good conditions and is suitable for large-scale open-pit mining.

#### *Shareholding structure of Indophil*

As at 27 November 2009, Indophil had issued 393,127,937 shares; 5,350,000 option shares and 1,650,866 shares to be issued on vesting of performance rights. Indophil will issue 25,900,000 shares for the acquisition of Alsons Corporation's 3.27% shares (A class shares) in SMI.

If all the option shares, performance rights and the new issue for the acquisition of 3.27% shares (A class shares) in SMI from Alsons Corporation have been exercised, the total issued shares of Indophil will reach 426,028,803 shares.

As at 27 November 2009, the 10 largest registered shareholders of Indophil were:

<b>Shareholder Name</b>	<b>Number of shares held</b>	<b>%</b>
Xstrata Queensland Limited	78,594,711	19.99
National Nominees Limited	45,247,745	11.51
HSBC Custody Nominees (Australia) Limited – A/C 2	35,434,300	9.01
Lion Selection Group Limited	23,353,206	5.94
ANZ Nominees Limited (Cash Income A/C)	22,260,628	5.66
J P Morgan Nominees Australia Limited	16,512,093	4.20
Zero Nominees Pty Ltd.	13,804,363	3.51
Alsons Corporation	11,100,000	2.82
HSBC Custody Nominees (Australia) Limited – GSCO ECA	7,656,585	1.95
HSBC Custody Nominees (Australia) Limited	7,594,038	1.93

#### **The Offer**

The Offeror will make a conditional cash off-market takeover bid under the *Corporations Act 2001* (Cth) for all of the issued shares in Indophil for A\$1.28 per share (equivalent to RMB7.91 per share), representing a premium of approximately 18% to the closing price of Indophil shares of A\$1.085 as quoted on the Australian Securities Exchange on 26 November 2009 or a premium of approximately 83% to Indophil's six month volume weighted average price of A\$0.70.

The Offer will be paid in cash from Zijin's internal resource and banking finance.

#### **Consideration**

The Offer is based on the number of issued and outstanding capitalization of Indophil being 426,028,803 ordinary shares (including any new shares issued during the offer period, including any new shares that will be issued on the exercise of any existing options or performance rights in accordance with their respective terms). Indophil's issued share capital is comprised of ordinary shares only.

If the Offer is completed with 100% acceptance in respect of the Target, the amount that the Company shall be required to pay will be about A\$545 million (approximately RMB3.368 billion) (subject to adjustments over the process).

#### **Implementation Agreement**

A formal and legally binding implementation agreement ("Implementation Agreement") has been negotiated and entered into between the Offeror and Indophil.

## **Recommended Offer**

The Offeror has secured the unanimous recommendation for the acceptance of the Offer from the directors of Indophil, in the absence of a superior offer. The directors have stated that they will accept the Offer for their own holdings of Indophil shares (including in respect of any shares issued on exercise of options or performance rights) within 14 days of the start of the offer period, in the absence of a superior offer. In total, on a fully diluted basis, the directors own or control approximately 1,638,500 Indophil ordinary shares and 3,750,000 options as well as the 1,650,866 shares to be issued on vesting of performance rights.

In addition, Zijin has entered into a pre-bid acceptance deed with Xstrata, the largest shareholder in Indophil in respect of its 19.99% shareholding. If the conditions in the pre-bid acceptance deed are satisfied, Xstrata will accept the Offer in respect of all of its 19.99% shareholding.

## **Bid Conditions**

The Offer is subject to a number of conditions (unless such conditions are waived by the Company), including but not limited to:

- Zijin obtaining a relevant interest in at least 90% of Indophil's shares;
- regulatory approvals from the PRC government and relevant authorised agencies having been obtained and effective;
- regulatory approvals in Australia (including approval from the Australian Foreign Investment Review Board);
- Indophil operating its business in the usual and ordinary course (including, among other things, not making any substantial acquisitions or disposition of entities, businesses or assets);
- no material adverse change to Indophil or its business;
- the completion of the acquisition by Indophil of the 3.27% operating interests in SMI held by Alsons Corporation; and
- Indophil not disposing of, agreeing to dispose of or negotiating the disposal of its interest in the Tampakan Project.

## **Exclusivity and break fee**

Under the Implementation Agreement between Zijin and Indophil, Indophil has agreed not to solicit other offers from third parties, and has agreed to pay a break fee to Zijin equal to A\$5.45 million on the occurrence of a number of specified conditions. These conditions include:

- any Indophil director recommending that shareholders accept or support a superior proposal; or
- any Indophil director failing to recommend that shareholders accept the Offer in the absence of a superior proposal; or
- any Indophil director making a public statement which withdraws, revises or qualifies their recommendation (other than if any Indophil Director makes a statement to the effect that shareholders should take no action pending determination of whether or not a superior proposal should be recommended); or
- a third party acquiring a relevant interest in 50% or more of Indophil shares under a competing proposal.

Further to the above, Indophil must pay an alternate break fee of A\$2 million to Zijin if at any time prior to the end of the offer period Zijin terminates the Implementation Agreement as a result of:

- Indophil being in material breach of certain provisions in the Implementation Agreement including provisions relating to Indophil's conduct over the offer period, Indophil's handling of superior proposals and Indophil's obligations during the exclusivity period; or
- Indophil being in breach of any of the warranties of Indophil which has a material adverse effect on Indophil, its subsidiaries or SMI, the price or value of Indophil's shares, the Offer or the ability of Zijin to proceed with its takeover bid; or
- a Bid Condition being breached or not fulfilled and that breach or non fulfillment being materially contributed to by any action or inaction of Indophil or its related entities.

## **Impact of the transaction to the Company**

### *1. In line with the Company's development strategy, beneficial to the progression of the Company towards globalisation*

The Tampakan Project in the Philippines is a world-class copper-gold deposit with substantial resource reserves and sound conditions for exploitation and mining. On completion of the construction of the project, it will have an annual production rate of 340,000 tonnes of copper in concentrates and 350,000 ounces of gold (about 10.89 tonnes). As a result of the acquisition of Indophil pursuant to which it will hold a 37.5% interest in the Tampakan Project, not only will the resource reserves of Zijin be effectively boosted the development and security of supply to Zijin's 200,000 tonnes copper refining project facility upon such facility's completion to production capacity will also be enhanced.

### *2. Funding arrangement for this Offer and impact on the Company*

The amount payable for the acquisition of Indophil under the Offer will be about A\$545 million, equivalent to RMB3.368 billion. The Offer will be financed by Zijin using its cash on hand and existing bank loan facilities. As at 30 September 2009, the debt-asset ratio of the Company was 26.58%, the Company has sufficient cash such that were the Offer to be successful, the Company would only require the securing of a small amount of bank loans, which would not have a material effect on the financial position of the Company.

As the Tampakan project is still in its feasibility stage and has not commenced construction, it will not be able to bring short-term benefits to Zijin. Zijin will proactively participate in the development and construction of the Tampakan Project, capitalising on economies of scale and technical advantages to strive for the early completion to production capacity.

## **Risks associated with the transaction**

### *1. This Offer is a conditional offer, and may fail as a result of, without limitation, the following risk factors*

- (a) Risks associated with obtaining PRC and non-PRC approvals  
The completion of the Offer is dependent on the satisfaction of a number of conditions, including the condition of the obtaining of approvals from the PRC government and relevant regulatory authorities as well as the approval of the Australian supervisory authorities which may cause uncertainties.
- (b) It is uncertain whether the 90% minimum acceptance from the Indophil shareholders can be obtained in accordance with the terms of the Offer.
- (c) Risks of attractive offer from the third parties  
Although Zijin has already entered into the Implementation Agreement with Indophil, and this Offer has received the unanimous recommendation of Indophil's board, over the Offer period, there may be third parties who may make a proposal or proposals to acquire the shares of Indophil on terms superior to the Offer. This may increase the price that Zijin may have to pay in respect of, and cause delay in, the completion of the Offer or result in the failure of the Offer.

### *2. Exploration of mineral deposits and operational risks*

The Tampakan Project is still in the preliminary pre-construction stage. Uncertainties exist as to whether it can be brought to production capacity. The key concerns surrounding the project are political and community-relations

issues. It is of importance that dealings with and communication with with local communities are carried out prudently to ensure the successful development of the project.

It is expected that the Tampakan Project will be brought into production capacity by 2016. The profitability and results of Zijin may be affected if the Tampakan Project cannot be brought to production capacity within this expected timeframe.

On completion of the Offer, the Company is expected to hold a 37.5% operating interest and control in the Tampakan Project only and therefore it will not have the exclusive ability to direct and control the development of the project. It exists uncertainties in realization of operation and the effective cooperation between the shareholders. It is therefore possible for the Company to suffer from investment losses as a result of mismanagement of the project which is not caused by the Company.

### *3. Market risks*

There are market risks associated with movements of gold and copper prices. High levels of volatility in the price of gold and copper may have an impact on the profitability of the Tampakan Project which may in turn have an effect on the share price of Indophil.

### *4. Foreign exchange risks*

The consideration of the transaction will be paid in Australian dollars. There are therefore associated foreign exchange risks as a result of the volatility of foreign exchange rates.

### *5. Legal, policy risks*

The transaction relates to the laws and policies of both Australia and the PRC and is subject to the compliance of the parties with relevant laws and regulations relating to outbound and foreign enterprise acquisition. There are risks associated with the exercise of discretion by the relevant authorities as well as any legal and investigative actions or steps that the relevant authorities may take.

## **Advisers**

Charltons Solicitors in Hong Kong, Minter Ellison in Australia, Yorac Arroyo Chua Caedo & Coronel in the Philippines and Fujian Zenith in the PRC are acting as legal advisers to Zijin in relation to the Offer.

## **Timing and Closing of the Offer**

The Company will make a further announcement in due course.

## **REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. As a result of the proposed transaction, the Company has an opportunity to invest in the Tampakan Project and other mineral interests of Indophil in the Philippines. Therefore, the Directors consider that the proposed transaction is in the ordinary course of business and on normal commercial terms, and is fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **GENERAL**

This announcement is made under Listing Rule 13.09.

## **Investors and shareholders are advised to exercise caution when dealing in the shares of the Company.**

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## DEFINITIONS

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

“Australia”	the Commonwealth of Australia
“A\$”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Company”	Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the People’s Republic of China with limited liability
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indophil”	Indophil Resources NL ACN 076 318 173, a publicly listed company (listed on the Australia Securities Exchange (ASX) on 2 May 2002) incorporated in 1996
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Philippines”	the Republic of Philippines
“PHP”	Philippine Peso, the lawful currency of the Philippines
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Reminbi, the lawful currency of the PRC
“US\$”	US dollar, the lawful currency of the USA
“%”	per cent

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

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

Fujian, the PRC, 30 November 2009

*\*The English name of the Company is for identification purpose only*