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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)

CONNECTED TRANSACTION-INVESTMENT IN A SUBSIDIARY

The Board wishes to announce that the Company's wholly-owned subsidiary, South West Company has entered into a share purchase agreement (the "Share Purchase Agreement") dated 7 December 2009 with Yuanyang Hongyuan for purchase of 20% equity interest in the Company's subsidiary Yuanyang Huaxi. Yuanyang Huaxi is mainly engaged in mining and sales of gold and other metals in the PRC. The Company's subsidiary, Yunnan Huaxi currently owns and holds 70% equity interest in Yuanyang Huaxi, South West Company currently owns and holds 10% equity interest in Yuanyang Huaxi.

Yuanyang Hongyuan currently owns and holds 20% equity interest in Company's subsidiary, Yuanyang Huaxi. Yuanyang Hongyuan is a connected person of the Company as defined under the Listing Rules. Based on the Listing Rule 14A.13, the transaction between the Company's subsidiary, South West Company and Yuanyang Hongyuan constitutes a connected transaction of the Company.

As the aggregate applicable percentage ratios in relation to the transaction are more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except for the profit percentage ratio. The transaction constitutes a connected transaction of the Company under Rule 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.

SHARE PURCHASE AGREEMENT

Date: 7 December 2009

Parties:

1. South West Company, a wholly-owned subsidiary of the Company incorporated in the PRC with limited liability, mainly engaged in mining and sales of gold and other metals in South-western region of the PRC. After the completion of the Share Purchase Agreement, South West Company will hold 30% equity interest in Yuanyang Huaxi; and
2. Yuanyang Hongyuan, a company incorporated in the PRC with limited liability, mainly engaged in investment in mining industry, currently owns and holds 20% equity interest in Yuanyang Huaxi. After the completion of the Share Purchase Agreement, Yuanyang Hongyuan will no longer own any equity interest in Yuanyang Huaxi.

Yunnan Huaxi currently owns and holds 70% equity interest in Yuanyang Huaxi, South West Company currently owns and holds 10% equity interest in Yuanyang Huaxi. Yuanyang Hongyuan

currently owns and holds 20% equity interest in Yuanyang Huaxi. After the completion of the Share Purchase Agreement, Yunnan Huaxi will hold 70% equity interest in Yuanyang Huaxi, South West Company will hold 30% equity interest in Yuanyang Huaxi. The Group currently owns 53% equity interest in Yunnan Huaxi. Yuanyang Huaxi will still be a subsidiary of the Company. Yuanyang Huaxi's performance will be consolidated into the Group's financial statements. Yuanyang Hongyuan will no longer own any equity interest in Yuanyang Huaxi.

PRINCIPAL TERMS OF THE TRANSACTION

General

The Board wishes to announce that the Company's wholly-owned subsidiary, South West Company has entered into a share purchase agreement (the "Share Purchase Agreement") dated 7 December 2009 with Yuanyang Hongyuan for purchase of 20% equity interest in the Company's subsidiary Yuanyang Huaxi. Yuanyang Huaxi is mainly engaged in mining and sales of gold and other metals in the PRC. The Company's subsidiary, Yunnan Huaxi currently owns and holds 70% equity interest in Yuanyang Huaxi, South West Company currently owns and holds 10% equity interest in Yuanyang Huaxi.

Yuanyang Huaxi was incorporated in January 2007 and its current registered capital is RMB90,000,000. In January 2007, Yunnan Huaxi invested RMB63,000,000 and owns 70% equity interest in Yuanyang Huaxi. In April 2009, South West Company invested RMB67,500,000 to acquired 10% equity interest in Yuanyang Huaxi. In January 2007, Yuanyang Hongyuan invested RMB18,000,000 and holds and owns 20% equity interest in Yuanyang Huaxi.

According to an audited financial statements prepared under the PRC generally accepted accounting principles, as at 31 December 2008, Yuanyang Huaxi's total asset value was RMB267,283,455 (approximately HK\$303,731,199), its net asset value was RMB122,019,748 (approximately HK\$138,658,805), its profit before tax and extraordinary items was RMB66,508,416 (approximately HK\$75,577,745), and its net profit after tax and extraordinary items was RMB56,534,278 (approximately HK\$64,243,498). As at 31 December 2007, its profit before tax and extraordinary items was RMB53,620,513 (approximately HK\$60,932,401), and its net profit after tax and extraordinary items was RMB46,091,928 (approximately HK\$52,377,191).

The parties agreed that the undistributed retained earnings generated in operating activities and the distributable profit arisen from the sales of the stock produced in the year 2009 by Yuanyang Huaxi will be proportionately distributed to Yuanyang Hongyuan based on its 20% shareholding. After completion of the Share Purchase Agreement, the profit sharing of Yuanyang Huaxi from 1 January 2010 will be based on the respective proportionate shareholding of each party in the company. The Share Purchase Agreement is expected to be completed not later than 31 December 2009.

Yuanyang Hongyuan should be responsible to all relevant taxes incurred in the process of Share Purchase Agreement as a vendor.

Consideration

Pursuant to the Share Purchase Agreement, South West Company will acquire 20% equity interest in Yuanyang Huaxi from Yuanyang Hongyuan with the consideration of RMB162,000,000 (approximately HK\$184,090,909). The consideration will be paid in cash from its internal resources. The consideration of this transaction increased 20% when compared with South West Company's acquisition in April 2009. The growth of gold price was one of the factors in the determination of the consideration. In the same period, the spot gold price increased about 33.33% from about

US\$900/ounce (April 2009) to about US\$1,200/ounce (December 2009).

Pursuant to the Share Purchase Agreement, the consideration will be paid by 3 installments. South West Company will pay RMB30,000,000 as the first installment to Yuanyang Hongyuan's designated account on the effective date of the agreement; South West Company will pay RMB115,800,000 as the second installment to Yuanyang Hongyuan's designated account before 15 December 2009. South West Company will pay the balance of RMB16,200,000 as the third installment to Yuanyang Hongyuan's designated account within 5 working days from the date of the completion of all the shares transfer procedures which stated in the agreement. The total consideration of the transaction is RMB162,000,000 and will be paid in cash from internal resources of South West Company.

The consideration of the share purchase was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was agreed by reference to various factors including vendors' original costs, current metal price, and Yuanyang Huaxi's audited net assets value and net profit after tax in past two financial years.

Except the share purchase under the Share Purchase Agreement, all parties do not have any further financial commitments in the transaction.

BOARD OF DIRECTORS

After completion of the Share Purchase Agreement, the board of directors of Yuanyang Huaxi will consist of 3 directors, of which South West Company will nominate 2 directors, and Yunnan Huaxi will nominate 1 director.

CONNECTED TRANSACTION

Yuanyang Hongyuan currently owns and holds 20% equity interest in Company's subsidiary, Yuanyang Huaxi. Yuanyang Hongyuan is a connected person of the Company as defined under the Listing Rules. Based on the Listing Rule 14A.13, the transaction between the Company's subsidiary, South West Company and Yuanyang Hongyuan constitutes a connected transaction of the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

The Company is principally engaged in the mining, production, refining and sales of gold and other mineral resources in the PRC. As a result of the transaction, the Company has an opportunity to increase its investment in Yuanyang Huaxi which will enable the Group to acquire larger stake and own more gold resources in Yuanyang Huaxi and it will be expected that Yuanyang Huaxi will bring more income to the Group in future. Therefore, the Directors including the independent non-executive directors consider that the transaction and the terms of the 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

As the aggregate applicable percentage ratios in relation to the transaction are more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except for the profit percentage ratio. The transaction constitutes a connected transaction of the Company under Rule 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.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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 People’s Republic of China with limited liability
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Hong Kong Stock Exchange
“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
“South West Company”	Zijin Mining Group South West Company Limited (紫金礦業集團西南有限公司), a wholly-owned subsidiary of the Company, and a company incorporated in the PRC with limited liability
“Yuanyang Hongyuan”	Yuanyang Hongyuan Mining Development Company Limited (元陽縣鴻源礦業開發有限公司), a company incorporated in the PRC with limited liability
“Yuanyang Huaxi”	Yuanyang Huaxi Gold Company Limited (元陽縣華西黃金有限公司), a subsidiary of the Company and a company incorporated in the PRC with limited liability
“Yunnan Huaxi”	Yunnan Huaxi Mining Company Limited (雲南華西礦產資源有限公司), a subsidiary of the Company and a 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), 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

7 December 2009, Fujian, PRC

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