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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

Progress relating to the environmental incident concerning a sudden leakage of the waste water pond at the Zijinshan Copper Mine hydro-metallurgical plant

The government of Shanghang county, Fujian province, convened a press conference on 15 July 2010 at about 23:45 in relation to a sudden leakage of the waste water pond at the Zijinshan Copper Mine hydro-metallurgical plant. Relevant matters from the press conference are as follows:

A joint investigation team formed by the Ministry of Environmental Protection of the PRC, Fujian Provincial Department of Environment Protection, Longyan government and Longyan Environmental Protection Department carried out an investigation into the environmental incident relating to the sudden leakage of the waste water pond at the Zijinshan Copper Mine hydro-metallurgical plant, a subsidiary of Zijin Mining Group, and has determined that the incident was caused by the tearing of the waterproofing layer of the plant's waste water pond leading to a substantial leakage of waste water which entered the Ting River through an illegal man-made pipe, causing a substantial and sudden environmental incident. Relevant information concerning the investigation is as follows:

I. The incident

Upon hearing submissions, reviewing materials, conducting an on-site investigation and collecting evidence during the investigation, the preliminary findings of the joint investigation team in relation to the causes of the incident are as follows:

(1) The broken waterproofing layer at the plant directly led to the waste water leakage. It was found out that the heap-leaching sites, pregnant solution pond, barren solution pond, extraction pond, flood control pond, and waste water pond of the plant adopted leakage prevention measures using HDPE padding waterproofing layers. However, as no hardening process had been conducted on the heap-leaching sites and at the base of these ponds, the waterproofing layer was subject to uneven pressure which led to different levels of tearing at the heap-leaching sites and all other ponds causing serious waste water leakage. As a result of the recent continuous heavy rainfall at the Zijinshan mines, large volume of water accumulated, causing a change of pressure at the lower part of the waste water pond which led to the sudden tearing of the waterproofing layer of the waste water pond on 3 July 2010, with a large volume of waste water leaking underground and entering the Ting River.

(2) An illegal man-made pipe connected the no. 6 leakage observation well and the flood discharge channel, as a result of which waste water directly entered the Ting River. The investigation discovered that

the no. 6 leakage observation well and the flood discharge channel had been connected in an illegal way, the volume of leaked solution exceeded the amount re-pumped and the excess leaked solution entered the Ting River directly through the flood discharge channel. The investigation carried out by a relevant environmental protection department in Fujian in September 2009 discovered that the volume of waste water entering the Ting River through the flood discharge channel was too high and the plant was required to carry out remedial measures immediately. However, up to the time of the incident, the plant had not carried out remedial measures to a satisfactory level.

(3) As a result of damage to the monitoring system, the incident was not discovered immediately. According to the investigation, the Ting River's automatic online water quality monitoring system located downstream from the plant was damaged and had not been promptly repaired. As a result, the waste water incident could not be immediately detected.

II. Opinions

In response to the issues identified in the investigation, the joint investigation team has given the following opinions in relation to the matter:

(1) the Zijinshan Copper Mine hydro-metallurgical plant is required to suspend production and carry out a comprehensive rectification immediately. It is required to further enhance leakage prevention measures in relation to the existing processed and waste water in the heap-leaching sites, pregnant solution pond, barren solution pond, extraction pond, flood control pond, and waste water pond throughout the plant; evaluate the entire mine site after carrying out leakage prevention processes and appraise the techniques, procedures and materials used in relation to leakage prevention to rectify the leakage prevention system comprehensively; strictly control waste discharge channel and waste discharge exit, so as to block the linkage between the leakage observation well and flood discharge channel completely for the purpose of separating clean water from waste water; comprehensively investigate shallow level underground water pollution and carry out rectification comprehensively.

(2) Relevant departments of Fujian provincial government should organise an investigation regarding potential environmental safety risks in the province immediately, to draw conclusions from what has been learnt and the experience gained therefrom and learn by analogy, so as to prevent the reoccurrence of any similar incident.

(3) To pursue liability seriously. Follow up on administrative and criminal responsibility in relation to the plant, the design and construction unit responsible for the leakage prevention system and the relevant regulatory departments and also to require the plant to indemnify for the economic loss suffered as a result of the incident under applicable law.

Upon investigation, the water quality at different points of the Ting River reached category III of "The surface water environment quality standards".

The prosecution has commenced an investigation into this incident.

In addition, the Company was informed that, on 15 July 2010, the police department of Shanghang county has commenced an investigation in relation to the suspected substantial pollution incident concerning the sudden leakage of the waste water pond at the Zijinshan Copper Mine hydro-metallurgical plant according to law. The plant manager, deputy plant manager and environmental protection officer of the Zijinshan Copper Mine hydro-metallurgical plant were detained.

The Company, after consideration, and pursuant to the recommendations of the investigation team, formed by the supervisory committee of the Company in relation to the 3 July incident, decided to suspend the duties of the deputy plant manager and environmental safety officer of Zijinshan Gold and Copper Mine for investigation, both of whom were responsible for environmental safety at the Zijinshan Gold and Copper Mine.

Pursuant to the announcement of the press conference issued by Shanghang county government, the plant is required to suspend production and commence rectification immediately. References to the plant in this announcement are to the Zijinshan Copper Mine hydro-metallurgical plant. The Company had planned to produce 100,000 tonnes of copper this year, of which Zijinshan Copper Mine hydro-metallurgical plant was originally planned to produce 13,000 tonnes annually.

The Company will provide further disclosure in relation to the progress of the investigation concerning the incident.

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

This announcement is made by the Company on a voluntary basis.

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

16 July 2010 Fujian, the PRC

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