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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 in relation to a replacement of proceeds to the initial investment in ZGC project

1. The Position in relation to the Proceeds Raised

With the approval of the China Securities Regulatory Commission (Zhengjianxuke [2008] no. 417), the Company made a public offer of 1,400,000,000 ordinary shares of the Company to the public at an issue price of RMB7.13 per share on 16 April 2008 and raised a total of RMB9,982,000,000. The net proceeds after deducting the administrative expenses of RMB175,039,800 in relation to the public offering was in the amount of RMB9,806,960,200.

2. The Position in relation to the Priority of Use of Internal Funding for the Investment Project

The prospectus for the initial public offering of A Shares of the Company sets out that the raised proceeds will be applied and invested in 8 projects including the Zijinshan Gold and Copper Joint Exploitation Project and be applied towards strengthening the cash flow position of the Company, in which, the planned costs of acquisition of the ZGC (please see definition below) gold mine in Tajikistan and the costs of the associated project development amounted to US\$170,000,000 (approximately RMB1,305,345,000), among which US\$55,100,000 was the cost of acquisition, US\$5,000,000 was the tax payable in relation to the share transaction, US\$4,400,000 was the legal costs and other expenses, US\$5,500,000 was the contingency expenses. The construction and development costs for the ZGC gold mine was US\$100,000,000 and all would be financed by fund raising of the Company.

The Company through Zijin Mining Group North-west Co., Ltd. acquired 75% interest in JV Zeravshan LLC (referred to as "ZGC") and the audited acquisition amount was RMB418,472,600.

For the fact that the remaining 25% interest of ZGC is owned by the Tajikistan government, the Tajikistan government specifically requested that no dilution to the shareholding interest of Tajikistan government in ZGC should be allowed and effected. In order to protect the shareholders' interests, the Company made

investments in the ZGC project by way of shareholder's loan. In August 2009, Fujian Securities Regulatory Bureau ("FSRB") issued a regulatory opinion and advice regarding certain issues with respect to the deposit and use of proceeds raised by the Company. In February 2010, when the Company effected certain rectification or arrangement in relation to the proceeds raised, the Company applied internal fund to substitute and replace the amount already invested in ZGC project by way of shareholder's loan, whereas the retrieved amount was deposited back into the account opened and maintained specifically for the proceeds raised. Any subsequent investments in the ZGC project will be financed by the internal funding of the Company (for details, please see the Company's A Shares announcement "Lin2010-008").

According to the requirements with respect to proceeds management and replies from the relevant authorities, the Company has engaged the Fujian Huaxing CPA Co., Ltd. ("**Huaxing**") to conduct a special audit with respect to the use of proceeds by the Company. According to the "Verification Report in relation to the Position of Use of Proceeds from A Shares Issuance by Zijin Mining Group Co., Ltd." (Minhuaxingsuo [2010] Jianzhengzi no. D-001, and referred to as the "**Verification Report**"), for the period from 18 July 2007 to 31 August 2010, the Company invested by way of shareholder's loan an amount of US\$35,418,681.07 for the development and construction of the ZGC project. The investment was made by way of shareholder's loan (by the Company's subsidiaries, Zijin Mining Group North-west Co., Ltd., Gold Mountains (H.K.) International Mining Co., Ltd. and Jinfeng (HK) International Mining Co., Ltd.) and by reference to the middle exchange rate of US\$1.00 equivalent to RMB6.8076 of 31 August 2010, the investment amount in Renminbi would be equivalent to RMB241,116,200.

In accordance with the Shanghai Stock Exchange's requirements with respect to proceeds management, the Company proposed to apply the proceeds raised to substitute and replace the development investment amount of US\$35,418,681.07 (approximately RMB241,116,200) made to the ZGC project by way of shareholder's loan.

In relation to any subsequent investments for the development and construction of the ZGC project, it is proposed that ZGC should open and maintain in the PRC a "NRA" account denominated in Renminbi as the major currency for trading, whereby such account will be treated as a special regulated account through the signing of a tri-parties regulatory agreement in relation thereto, and investments will be made by way of shareholder's loans.

3. The Decision Procedures in relation to the Substitution and Replacement of the Proceeds Raised

The abovementioned proposal in relation to the substitution and replacement of the shareholder's loan by application of the proceeds raised has been considered and approved by the eighth meeting of the fourth term of the Board of Directors and is subject to the approval by the first extraordinary general meeting of the shareholders of the Company in 2010 before it takes effect.

4. The Opinion of the Independent Non-executive Directors

The Independent Non-executive Directors, namely Mr. Lin Yongjing, Mr. Su Congfu, Mr. Chen Yuchuan and Mr. Wang Xiaojun, formed the following opinion in relation to the proposed substitution and replacement of the shareholder's loans by application of the proceeds raised: such substitution and replacement is in compliance with the law and regulations of "Shanghai Stock Exchange's Requirements with respect to Proceeds Management" and the requirements under the "Proceeds Management Policy" of the Company, and the proposed substitution and replacement could lessen the financial expenses of the Company, raise the efficiency in relation to utilization of the fund raised, is to the benefit of the shareholders as a whole, is not considered to constitute any change of usage of the fund raised, and is of no adverse effect to the benefits of the shareholders of the Company. The amount of proceeds to be applied for the substitution and replacement and the internal fund already applied by the Company in the ZGC project have been audited by the external accountants. The Independent Non-executive Directors agreed to apply the proceeds raised to substitute and replace the investment amount of US\$35,418,681.07 (approximately RMB241,116,200) made to the ZGC project by way of shareholder's loan and would like to submit the proposal for the consideration and approval by the first extraordinary general meeting of the shareholders of the Company in 2010.

5. The Opinion of the Supervisor Committee

The sixth meeting of the fourth term of the Supervisory Committee considered the proposed substitution and replacement of the shareholder's loans by application of the proceeds raised and formed the following opinion: such substitution and replacement is in compliance with the applicable law and regulations in relation to the use of proceeds by the listed companies and the provisions and requirements of "Proceeds Management Policy" of the Company, is not considered to constitute and change of usage of the fund raised and is of no adverse effect to the benefits of the shareholders of the Company. The decision procedures in relation to the proposed substitution and replacement are in compliance with the applicable law and regulations. The Supervisory Committee agreed to apply the proceeds raised to substitute and replace the investment amount of US\$35,418,681.07 (approximately RMB241,116,200) made to the ZGC project by way of shareholder's loan and would like to submit the proposal for the consideration and approval by the first extraordinary general meeting of the shareholders of the Company in 2010.

6. Sponsor's Opinion

The sponsor of the Company, Essence Securities Co., Ltd., after verification considered that: the proposed substitution and replacement of the internal financed shareholder's loans by application of the proceeds raised was considered and approved by the Board of Directors and was further agreed by the Independent Non-executive Directors and the Supervisory Committee. Furthermore, the amount invested by way of shareholder's loan has been confirmed and audited by the Fujian Huaxing CPA Co., Ltd. and all the necessary legal procedures and requirements have been complied with. Therefore, the sponsor of the

Company agreed the Company to submit the proposal for the consideration and approval by the first extraordinary general meeting of the shareholders of the Company in 2010, and to act in accordance with the applicable legal procedures and make necessary disclosures before implementation of the proposal.

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

Fujian, the PRC, 27 October 2010

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