

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



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

The Board of the Company is pleased to announce that on 24 December 2010, a wholly-owned subsidiary of the Company, Zijin Investment and Yongding Investment, Fujian Strait, Xinhuaadu and Xiamen Hengxing entered into an agreement relating to Yongding Zijin.

Before signing of the Agreement, Yongding Zijin was a limited company jointly invested by Zijin Investment and Yongding Investment, in which Zijin Investment held 91.67% equity interest in Yongding Zijin (equivalent to capital contribution of RMB220 million) and Yongding Investment held 8.33% equity interest in Yongding Zijin (equivalent to capital contribution of RMB20 million). The Contracting Parties agreed to increase the registered capital of Yongding Zijin from RMB240 million to RMB500 million in accordance with the Agreement and thereafter, the respective contribution to the total registered capital of Yongding Zijin by each of the Contracting Parties is set out below:-

- (1) Zijin Investment agreed to further invest RMB130 million (total investment will reach RMB350 million), as to 70% equity interest in Yongding Zijin;
- (2) Yongding Investment agreed to further invest RMB30 million (total investment will reach RMB50 million), as to 10% equity interest in Yongding Zijin;
- (3) Fujian Strait agreed to invest RMB50 million, as to 10% equity interest in Yongding Zijin;
- (4) Xinhuaadu agreed to invest RMB30 million, as to 6% equity interest in Yongding Zijin; and
- (5) Xiamen Hengxing agreed to invest RMB20 million, as to 4% equity interest in Yongding Zijin.

As at the date of this announcement, Xinhuaadu holds more than 10% equity interest in the Company and therefore, is a major shareholder and a connected person of the Company.

Under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the issue of equities to each of the respective Contracting Parties in accordance with the Agreement, will result in a decrease of equity interest in Yongding Zijin held by Zijin Investment from 91.67% to 70%. The issue of equities will result in a deemed disposal of Zijin Investment’s equity interest in Yongding Zijin to Xinhuaadu and other Contracting Parties, and as Xinhuaadu is a connected person of the Company, the transaction contemplated constitutes a connected transaction as a deemed disposal of interest under Rule 14A.10(13)(a) of the Listing Rules.

As at the date of this announcement, Xinhuaadu is a connected person of the Company and the allotment of 6% equity interest to Xinhuaadu by Yongding Zijin constitutes a connected transaction of issue of new securities under Rule 14A.10(13)(g) of the Listing Rules.

BACKGROUND INFORMATION

The Board of Zijin Mining Group Co., Ltd.* (the “**Company**”) is pleased to announce that on 24 December 2010, a wholly-owned subsidiary of the Company, Fujian Zijin Investment Company Limited (福建紫金投資有限公司) (“**Zijin Investment**”) and Yongding County State-Owned Assets Investment Management Co.,

Ltd. (永定縣國有資產投資經營有限公司) (“**Yongding Investment**”), Fujian Province Strait Hakka Travel Service Company Limited (福建省海峽客家旅遊有限公司) (“**Fujian Strait**”), Xinhua Industrial Group Company Limited (新華都實業集團股份有限公司) (“**Xinhua**”) and Xiamen Hengxing Group Company Limited (廈門恒興集團有限公司) (“**Xiamen Hengxing**”) (hereinafter referred to as “**Contracting Parties**”) entered into an agreement to increase registered capital and issue further equities in Yongding Zijin Longhu Ecological Industry Development Company Limited (永定紫金龍湖生態產業發展有限公司) (“**Yongding Zijin**”) (the “**Agreement**”).

Yongding Zijin was incorporated in July 2010 and its current registered capital is RMB240,000,000. Zijin Investment invested RMB220,000,000 and holds 91.67% equity interest in Yongding Zijin. Yongding Investment invested RMB20,000,000 and holds 8.33% equity interest in Yongding Zijin.

According to the unaudited financial statements prepared under the PRC generally accepted accounting principles, as at 30 November 2010, Yongding Zijin’s total asset value was RMB290,337,901, its net asset value was RMB239,308,108, and its loss before and after tax and extraordinary items was RMB691,891.

Other than Xinhua, the Contracting Parties and their ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third parties independent to the Company and its connected persons.

After the completion of the Agreement in relation to the increase of registered capital and issue further equities, the profit sharing of Yongding Zijin will be based on the respective proportionate shareholding in Yongding Zijin.

PRINCIPAL TERMS OF THE AGREEMENT

Dated: 24 December 2010

Contracting Parties: Zijin Investment, Yongding Investment, Fujian Strait, Xinhua and Xiamen Hengxing.

Principal terms: Before signing of the Agreement, Yongding Zijin was a limited company jointly invested by Zijin Investment and Yongding Investment, in which Zijin Investment held 91.67% equity interest in Yongding Zijin (equivalent to capital contribution of RMB220 million) and Yongding Investment held 8.33% equity interest in Yongding Zijin (equivalent to capital contribution of RMB20 million). The Contracting Parties agreed to increase the registered capital of Yongding Zijin from RMB240 million to RMB500 million in accordance with the Agreement and thereafter, the respective contribution to the total registered capital of Yongding Zijin by each of the Contracting Parties is set out below:-

- (1) Zijin Investment agreed to further invest RMB130 million (total investment will reach RMB350 million), as to 70% equity interest in Yongding Zijin;
- (2) Yongding Investment agreed to further invest RMB30 million (total investment will reach RMB50 million), as to 10% equity interest in Yongding Zijin;
- (3) Fujian Strait agreed to invest RMB50 million, as to 10% equity interest in Yongding Zijin;
- (4) Xinhua agreed to invest RMB30 million, as to 6% equity interest in Yongding Zijin; and
- (5) Xiamen Hengxing agreed to invest RMB20 million, as to 4% equity interest in Yongding Zijin.

REASONS AND BENEFIT OF ENTERING INTO THE AGREEMENT

The Company is principally engaged in mining, production, refining and sale of gold and other mineral resources in the PRC. After the increase of registered capital in Yongding Zijin, Yongding Zijin will take the lead in the development and integration of Longhu ecological travel resources and initiate this project to be enlisted as a provincial major travel project and facilitate the development of tertiary industry in the

surrounding areas and increase employment. The Agreement is on normal commercial terms, and the Directors, including the independent non-executive directors consider that they are fair and reasonable and the Agreement is in the interest of the Company and the shareholders of the Company as a whole.

Relationship of the Connected Person and connected transaction

As at the date of this announcement, Xinhuaadu holds more than 10% equity interest in the Company and therefore, is a major shareholder and a connected person of the Company.

Under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the issue of equities to each of the respective Contracting Parties in accordance with the Agreement, will result in a decrease of equity interest in Yongding Zijin held by Zijin Investment from 91.67% to 70%. The issue of equities will result in a deemed disposal of Zijin Investment’s equity interest in Yongding Zijin to Xinhuaadu and other Contracting Parties, and as Xinhuaadu is a connected person of the Company, the transaction contemplated constitutes a connected transaction as a deemed disposal of interest under Rule 14A.10(13)(a) of the Listing Rules.

As at the date of this announcement, Xinhuaadu is a connected person of the Company and the allotment of 6% equity interest to Xinhuaadu by Yongding Zijin constitutes a connected transaction of issue of new securities under Rule 14A.10(13)(g) of the Listing Rules.

Consideration of the connected transaction and basis of consideration

In relation to the issue of equities by Yongding Zijin to each of the respective Contracting Parties pursuant to the Agreement, and the deemed disposal of equity interest in Yongding Zijin by Zijin Investment to Xinhuaadu and other Contracting Parties, Xinhuaadu shall pay the consideration of RMB30 million to Yongding Zijin and Zijin Investment will not receive any consideration.

In relation to the issue of equities to all Contracting Parties by Yongding Zijin, the respective consideration relating to the issue of equities will be paid by the Contracting Parties to Yongding Zijin via telegraph transfer within 5 working days after the Agreement becomes effective respectively. On the basis of consideration, the total registered capital of Yongding Zijin shall be increased to RMB500 million, therefore, for the purpose of acquiring 6% equity interest in Yongding Zijin, Xinhuaadu is required to pay RMB30 million to Yongding Zijin as consideration.

The consideration of the capital increase was arrived at after arm’s length negotiations among the Contracting Parties thereto and on normal commercial terms. The consideration was agreed by reference to various factors including Yongding Zijin’s unaudited net assets value in November 2010.

The Agreement is expected to be completed not later than 28 February 2011. Save as the consideration under the Agreement, the Contracting Parties do not have any further financial commitments in the transaction.

Relationship between Zijin Investment and Yongding Zijin

Upon completion of the above-mentioned connected transaction, Zijin Investment will hold 70% equity interest in Yongding Zijin and Yongding Zijin remains as a subsidiary of Zijin Investment.

Implications under the Listing Rules

In relation to the connected transaction regarding deemed disposal of interest and issue of new securities under the Agreement, the applicable percentage ratios (as defined in the Listing Rules) are both less than 5% respectively. In accordance with Rule 14A.32 of the Listing Rules, the connected transaction is only subject to the reporting and announcement requirements as described in Rules 14A.45 and 14A.47 of the Listing Rules. The connected transaction is exempt from independent shareholders’ approval requirements.

Information about Zijin Investment, Yongding Zijin and Xinhuaadu

Zijin Investment is a wholly-owned subsidiary of the Company, formed in the PRC with limited liability and it mainly engaged in investment in mines, hydropower, and infrastructure.

Yongding Zijin is a subsidiary of the Company, formed in the PRC with limited liability and it mainly engaged in ecological farming, ecological travel and ecological agriculture in Longhu, Fujian.

Longhu is located at south-west of Yongding County, Fujian, and it is a national major water utility hub project - Mianhuatan Reservoir, consisting a 65 square km artificial lake formed as a result of the interception with Ting River. It has an integrated development value with various resources including plenty of forests, plants, lakes, islands and fruit farms.

Xinhuaadu is a company formed in the PRC with limited liability and mainly engaged in investment, management, and consultancy in retail, hotel, mining, bridges and roads.

GENERAL

The Director of the Company, Mr. Liu Xiaochu was appointed by Xinhuaadu. In consideration of Mr. Liu's interest in the transaction under the Agreement, Mr. Liu has agreed to be abstained from voting on the board resolution approving the above-mentioned connected transaction. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Director has a material interest in the transaction and therefore no Director is required to abstain from voting on the board resolution in relation to the transaction.

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, 24 December 2010

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