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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
CONTINUING CONNECTED TRANSACTIONS – MINING SERVICES**

The Board announces that, on 2 March 2011, the Company has entered into the Zijinshan Agreement with Xinhua Engineering, in relation to the provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine by Xinhua Engineering for a term from 1 January 2011 to 31 December 2011 subject to the renewal priority by Xinhua Engineering upon expiration of the agreement.

The Board announces that, on 2 March 2011, the Company's wholly-owned subsidiary, Qinghai West has entered into the Deerni Agreement with Xinhua Engineering, in relation to the provision of exploitation contracting services for copper and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Deerni Copper Mine by Xinhua Engineering for a term from 1 January 2011 to 31 December 2011 subject to the renewal priority by Xinhua Engineering upon expiration of the agreement.

LISTING RULES IMPLICATIONS

Mr. Chen Fashu currently holds approximately 51% shareholding of Xinhua Engineering and approximately 73.56% shareholding of Xinhua Industrial. Mr. Chen Fashu and its associate Xinhua Industrial currently hold more than 10% shareholding of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Xinhua Engineering and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

The Continuing Connected Transactions are continuous in nature and were entered into in the ordinary course of business of the Company. As the aggregate applicable percentage ratios in relation to the transactions are more than 0.1% but less than 5% in the relevant percentage ratios (as set out in the Listing Rules) except for the profit percentage ratio the transactions constitute exempt continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

1. ZIJINSHAN AGREEMENT

PRINCIPAL TERMS OF THE AGREEMENT

Date: 2 March 2011

Parties: Xinhua Engineering and the Company. Xinhua Engineering is a domestic company incorporated in the PRC with limited liability. Xinhua Engineering is mainly engaged in investment and mining business in the PRC

Services to be provided: Provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine

Pricing: Such transaction will be conducted on terms by reference to the market prices, the pricing methods of the gold mine and the actual mining progress of Zijinshan Gold Mine, or similar terms available from independent third parties

Term: From 1 January 2011 to 31 December 2011

Payment Term: The amount payable by the Company to Xinhua Engineering each month is calculated in accordance with the following formula:-

The amount payable by the Company each month = (the value of service fee of the preceding month X 80% – value of supplies used – withholding tax previously paid – disbursements previously made – any other deductions) + the remaining balance of service fee incurred 6 months earlier, the balance should be paid after 6 months.

Others: Xinhua Engineering has the renewal priority upon expiration of the agreement.

The terms of the Zijinshan Agreement were arrived at after arm's length negotiation between the Company and Xinhua Engineering.

NEW ANNUAL CAP

The Company estimates that the maximum amounts (“**New Annual Cap**”) of the Zijinshan Agreement for the year ending 31 December 2011 will be RMB250,000,000.

The New Annual Cap of the Zijinshan Agreement was determined by reference to historical figures payable under the previous contracting agreements entered into between the Company and Xinhua Engineering, and to a possible variation in production scale by the Group. For each of the two years ended 31 December 2009 and 31 December 2010, the service fees paid to Xinhua Engineering under the previous contracting agreements were RMB139,100,000 (audited) and RMB153,470,000 (unaudited) respectively. The breakdown of the transaction value is as follows:

	Year 2009 (audited) RMB	Year 2010 (unaudited) RMB	Year 2011 (Annual Cap) RMB
1. Provision of exploitation services and mining works by Xinhua Engineering at the Zijinshan Gold Mine	139,100,000	153,470,000	250,000,000

For each of the two financial years ended 31 December 2009 and 31 December 2010, Xinhua Engineering has produced approximately 14,398,000 cubic metres (audited) and 11,720,000 cubic metres (unaudited) of ore in Zijinshan Gold Mine respectively. It is estimated that Xinhua Engineering will produce approximately 13,000,000 cubic metres of ore in the Zijinshan Gold Mine subject to variation depending on the actual annual and monthly production schedule set by the Company for 2011 under the Zijinshan Agreement.

CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

Mr. Chen Fashu currently holds approximately 51% shareholding of Xinhua Engineering and approximately 73.56% shareholding of Xinhua Industrial. Mr. Chen Fashu and its associate Xinhua Industrial currently hold more than 10% shareholding of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Xinhua Engineering and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

REASONS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in

the PRC. By virtue of the Zijinshan Agreement, the Group will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation.

2. DEERNI AGREEMENT

PRINCIPAL TERMS OF THE AGREEMENT

Date:	2 March 2011
Parties:	Xinhuadu Engineering and the Company's wholly-owned subsidiary Qinghai West. Xinhuadu Engineering is a domestic company incorporated in the PRC with limited liability. Xinhuadu Engineering is mainly engaged in investment and mining business in the PRC
Services to be provided:	Provision of exploitation contracting services for copper and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Deerni Copper Mine
Pricing:	Such transaction will be conducted on terms by reference to the market prices, the pricing methods of a copper mine and the actual mining progress of Deerni Copper Mine, or similar terms available from independent third parties
Term:	From 1 January 2011 to 31 December 2011
Payment Term:	The amount payable by the Company's wholly-owned subsidiary, Qinghai West to Xinhuadu Engineering each month is calculated in accordance with the following formula:- Upon the calculation based on the contract price, the amount shall deduct the costs of various materials and spare parts obtained from Qinghai West and used by Xinhuadu Engineering each month. No prepayment will be arranged at the beginning of the contract. The monthly progress payment shall be based on 90% of the value of the certified works completed in that month and the remaining 10% shall be paid 6 months later (no interest incurred). Qinghai West shall pay the withholding tax and fee for Xinhuadu Engineering in accordance with the requirements of the local tax department.
Others:	Xinhuadu Engineering has the renewal priority rights upon expiration of the agreement.

The terms of the Deerni Agreement were arrived at after arm's length negotiation between Qinghai West and Xinhuadu Engineering. Qinghai West is a wholly-owned subsidiary of the Company. Qinghai West is mainly engaged in copper mining business in the PRC.

NEW ANNUAL CAP

Qinghai West estimates that the maximum amounts ("New Annual Cap") of the Deerni Agreement for the year ending 31 December 2011 will be RMB 35,000,000.

The New Annual Cap of the Deerni Agreement was determined by reference to historical figures payable under the previous contracting agreements entered into between Qinghai West and Xinhuadu Engineering, and to a possible variation in production scale by the Group. For each of the two years ended 31 December 2009 and 31 December 2010, the service fees paid to Xinhuadu Engineering under the previous contracting agreements were RMB29,630,000 (audited) and RMB38,490,000 (unaudited) respectively. The breakdown of the transaction value is as follows:

	Year 2009 (audited)	Year 2010 (unaudited)	Year 2011 (AnnualCap)

		RMB	RMB	RMB
1.	Provision of exploitation services and mining works by Xinhua Engineering at the Deerni Copper Mine	29,630,000	38,490,000	35,000,000

For each of the two financial years ended 31 December 2009 and 31 December 2010, Xinhua Engineering has produced approximately 2,440,000 cubic metres (audited) and 1,160,000 cubic metres (unaudited) of ore in Deerni Copper Mine respectively. It is estimated that Xinhua Engineering will produce approximately 857,400 cubic metres of ore in the Deerni Copper Mine subject to variation depending on the actual annual and monthly production schedule set by Qinghai West for 2011 under the Deerni Agreement.

CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

Mr. Chen Fashu currently holds approximately 51% shareholding of Xinhua Engineering and approximately 73.56% shareholding of Xinhua Industrial. Mr. Chen Fashu and its associate Xinhua Industrial currently hold more than 10% shareholding of the Company and are considered as a substantial shareholder of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Xinhua Engineering and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

REASONS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC and Qinghai West is principally engaged in copper mining business in the PRC. By virtue of the Deerni Agreement, the Group will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation.

MATERIAL INTEREST

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transactions save and except the Director Mr. Liu Xiaochu appointed by Xinhua Industrial is required to abstain from voting at the Board meeting approving the transactions, the Zijinshan Agreement and the Deerni Agreement. The remaining Directors including the independent non-executive directors of the Company consider that the transactions and the terms of the Zijinshan Agreement and the Deerni 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

The Continuing Connected Transactions are continuous in nature and were entered into in the ordinary course of business of the Company. As the aggregate applicable percentage ratios in relation to the transactions are more than 0.1% but less than 5% in the relevant percentage ratios (as set out in the Listing Rules) except for the profit percentage ratio the transactions constitute exempt connected transactions of the Company under Rule 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings 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 PRC with limited liability

“Continuing Connected Transactions”	the connected transactions contemplated under the Zijinshan Agreement and Deerni Agreement which were entered into between the Group and Xinhua Engineering on a continuing basis respectively
“Deerni Agreement”	the agreement entered into between Qinghai West and Xinhua Engineering on 2 March 2011 in relation to, <i>inter alia</i> , the provision of exploitation contracting services for copper and nonferrous metals by Xinhua Engineering to Qinghai West
“Deerni Copper Mine”	the copper mine of the Group in Qinghai province, the PRC
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Stock Exchange
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“Qinghai West”	Qinghai West Copper Mining Co., Ltd. (青海威斯特銅業有限責任公司), a wholly-owned subsidiary of the Company and a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinhua Engineering”	Fujian Xinhua Engineering Company Limited (福建省新華都工程有限責任公司), formerly known as Shanghang County Huadu Construction Engineering Company Limited (上杭縣華都建設工程有限責任公司), a domestic company incorporated in the PRC with limited liability
“Xinhua Industrial”	Xinhua Industrial Group Company Limited(新華都實業集團股份有限公司), a domestic company incorporated in the PRC with limited liability
“Zijinshan Agreement”	the agreement entered into between the Company and Xinhua Engineering on 2 March 2011 in relation to, <i>inter alia</i> , the provision of exploitation contracting services for gold and other nonferrous metals by Xinhua Engineering to the Company
“Zijinshan Gold Mine”	the gold mine of the Group in Shanghang county, Fujian province, the PRC
“%”	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

2 March 2011 Fujian, the PRC.

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