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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 CONNECTED TRANSACTION

On 13 May 2011, the Board passed a resolution to participate in the bid for a 46.5% equity interest of Jinyi Copper selling by the Company's substantial shareholder, Minxi Xinghang at the consideration of RMB93.5 million. The Company is the transferee of the equity interest to be sold by Minxi Xinghang. The Company and Minxi Xinghang entered the Share Purchase Agreement on 24 May 2011.

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. As the aggregate applicable percentage ratios in relation to the transaction 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 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.

BACKGROUND

On 13 May 2011, the Board passed a resolution to participate in the bid for a 46.5% equity interest of Jinyi Copper selling by the Company's substantial shareholder, Minxi Xinghang at the consideration of RMB93.5 million. The Company is the transferee of the equity interest to be sold by Minxi Xinghang. The Company and Minxi Xinghang entered the Share Purchase Agreement on 24 May 2011.

PRINCIPAL TERMS OF THE PARTICIPATION IN THE BID OF SHARES TRANSFER

Date: 24 May 2011

Parties:

1. Minxi Xinghang, currently owns approximately 28.96% shareholding of the Company, is a government owned domestic company incorporated in the PRC with limited liability and is principally engaged in investment in Fujian, the PRC; and

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

The Company's wholly-owned subsidiary, Zijin Investment is currently holding 28.5% equity interest in Jinyi Copper, and the Company's wholly-owned subsidiary, Best Ground is currently holding 25% equity interest in Jinyi Copper. Minxi Xinghang currently holds and owns 46.5% equity interest in Jinyi Copper. After the completion of the Share Purchase Agreement, the Company will hold 100% equity interest in Jinyi Copper and Jinyi Copper will be a wholly-owned subsidiary of the Company.

This bid has been convened in Longyan City Equity Exchange pursuant to the "Temporary Management Policy of National Assets Transfer" and other national assets transfer related laws, regulations and policies. A participant was required to pay RMB20 million deposit. The Company has paid it from its internal cash sources. The deposit will be used to deduct part of the consideration.

PRINCIPAL TERMS OF THE TRANSACTION

General

Jinyi Copper was incorporated in November 2005 and it is principally engaged in building and development of high quality inner grooved copper pipes for use in refrigeration, air-conditioning and other copper alloy pipes in Shanghang County, Fujian Province. Its current registered capital is RMB200 million. The Company's wholly-owned subsidiary, Zijin Investment has contributed capital of RMB57 million and owns 28.5% equity interest in Jinyi Copper, the Company's wholly-owned subsidiary, Best Ground has contributed capital of RMB50 million and owns 25% equity interest in Jinyi Copper, and Minxi Xinghang has contributed capital of RMB93 million and owns 46.5% equity interest in Jinyi Copper.

According to an audited financial statements prepared under the PRC generally accepted accounting principles, as at 31 December 2010, Jinyi Copper's total asset value was RMB665,368,994 (approximately HK\$792,105,945), its net asset value was RMB175,160,419 (approximately HK\$208,524,308), its profit before tax and extraordinary items for the period was RMB456,607 (approximately HK\$543,580) and after tax and extraordinary items for the period was RMB427,274 (approximately HK\$508,659). As at 31 December 2009, Jinyi Copper's total asset value was RMB337,202,268 (approximately HK\$401,431,271), its net asset value was RMB174,733,145 (approximately HK\$208,015,649), its profit before tax and extraordinary items for the period was RMB9,499,962 (approximately HK\$11,309,478) and profit after tax and extraordinary items for the period was RMB11,670,774 (approximately HK\$13,893,778).

Consideration

The Company successfully entered an acquisition of the 46.5% equity interest in Jinyi Copper owned by Minxi Xinghang in a bid through Longyan City Equity Exchange at the bottom price of RMB93.5 million. The Company's bidding price is determined with reference to Minxi Xinghang's RMB93 million capital injection and the valuation report, (Valuation Report on Total Equity of Fujian Jinyi Copper Co., Ltd. for Equity Transfer) (XiaDaPingGuPingBaoZi [2011] No.025) issued by Xiamen City University Assets Appraisal Co., Ltd. (the company has qualification in appraisal of securities and futures businesses). The valuation reported stated the values of Jinyi Copper's total

equity as at 31 December 2010 were RMB178,048,000 and RMB200,390,000 under cost method and income approach respectively. The valuation result under income approach is the final result in the report. The bid price will be financed from the Company's internal cash resources. It is expected that the company's bidding price will be settled within 5 days after the entrance of the contract.

CONDITION AND COMPLETION

According to the form of the Share Purchase Agreement, completion will be subject to all approvals and consents as required by all applicable laws and regulations (including rules of any stock exchange).

Completion will take place in 60 days after satisfaction of all conditions or such other date as agreed to by the parties to this transaction.

THE COMPOSITION OF THE BOARD

The Group will nominate all directors to the board of directors of Jinyi Copper upon the completion of the transaction.

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 connected transaction. However, as Mr. Chen Jinghe, Mr. Luo Yingnan, Mr. Lan Fusheng and Mr. Zou Laichang are the Directors appointed by Minxi Xinghang, they are required to abstain from voting at the Board meeting approving the connected transaction. Also, Mr. Liu Xiaochu was absent from the board meeting. The remaining Directors including the independent non-executive directors ("Remaining Directors") of the Company consider that the transaction and the terms of the agreement are on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE TRANSACTION

All the Remaining Directors (including the independent non-executive directors) consider that the participation in the public bid of shares transfer and the entrance of the Share Purchase Agreement is fair and reasonable and in the best interests of the Company and its Shareholders as a whole and are on normal commercial terms and in the ordinary and usual course of business.

The acquisition will be a good chance for the Company to turn Jinyi Copper into a wholly-owned subsidiary and it will also be in favour of management streamline, decision making and internal integration within the Group. It will reduce the connected transaction and benefit the long term development of the Company.

CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under

Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE COMPANY

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

INFORMATION ABOUT MINXI XINGHANG

Minxi Xinghang, currently owns approximately 28.96% shareholding of the Company, is a government owned domestic company incorporated in the PRC with limited liability and is principally engaged in investment in Fujian, the PRC.

GENERAL

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. As the aggregate applicable percentage ratios in relation to the transaction 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 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 meanings set out below:

“Best Ground”	Best Ground Group Limited (域佳集團有限公司), a wholly-owned subsidiary of the Company incorporated in British Virgin Islands with limited liability and is mainly engaged in mining investment in the PRC
“Board”	the board of Directors
“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
“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
“Independent Shareholders”	shareholders of the Company other than Minxi Xinghang and its respective associates (as defined in the Listing Rules)
“Jinyi Copper”	Fujian Jinyi Copper Products Company Limited (福建金藝銅業有

“Listing Rules”	限公司), a company formed in the PRC with limited liability The Rules Governing the Listing of Securities on the Stock Exchange
“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Co., Ltd. (閩西興杭國有資產投資經營有限公司), a government owned company incorporated in the PRC with limited liability, currently owns approximately 28.96% shareholding of the Company
“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
“Share Purchase Agreement”	a share purchase agreement signed between the Company and Minxi Xinghang in relation to the acquisition of the 46.5% equity interest in Jinyi Copper
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zijin Investment”	Fujian Zijin Investment Co., Ltd.(福建紫金投資有限公司), a wholly-owned subsidiary of the Company and a limited company incorporated in the PRC with limited liability
“%”	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

25 May 2011, Fujian, China.

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