

*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)**

**ANNOUNCEMENT  
PROPOSED ACQUISITION OF GANSU LIXIAN GOLD PROJECT**

The Board is pleased to announce that the Company and the Company's wholly-owned subsidiary, Ding Jin, entered into the Agreement with Warrior Advance and DMG on 4 November 2011 in relation to the proposed acquisition of 100% of the issued share capital in Long Province Resources from Warrior Advance at a consideration of A\$175,000,000 (equivalent to approximately RMB1,154,475,000).

As each of the applicable percentage ratios as defined in Chapter 14 of the Listing Rules, for the Transaction is less than 5%, this announcement is made on a voluntary basis.

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

The Board is pleased to announce that the Company and the Company's wholly-owned subsidiary, Ding Jin, entered into the Agreement with Warrior Advance and DMG on 4 November 2011 in relation to the proposed acquisition of 100% of the issued share capital in Long Province Resources from Warrior Advance at a consideration of A\$175,000,000 (which, based on the exchange rate of A\$1 = RMB6.597 as disclosed by Bank of China on 4 November 2011, is equivalent to approximately RMB1,154,475,000).

The principal terms of the Agreement are as follows:-

**PRINCIPAL TERMS OF THE AGREEMENT**

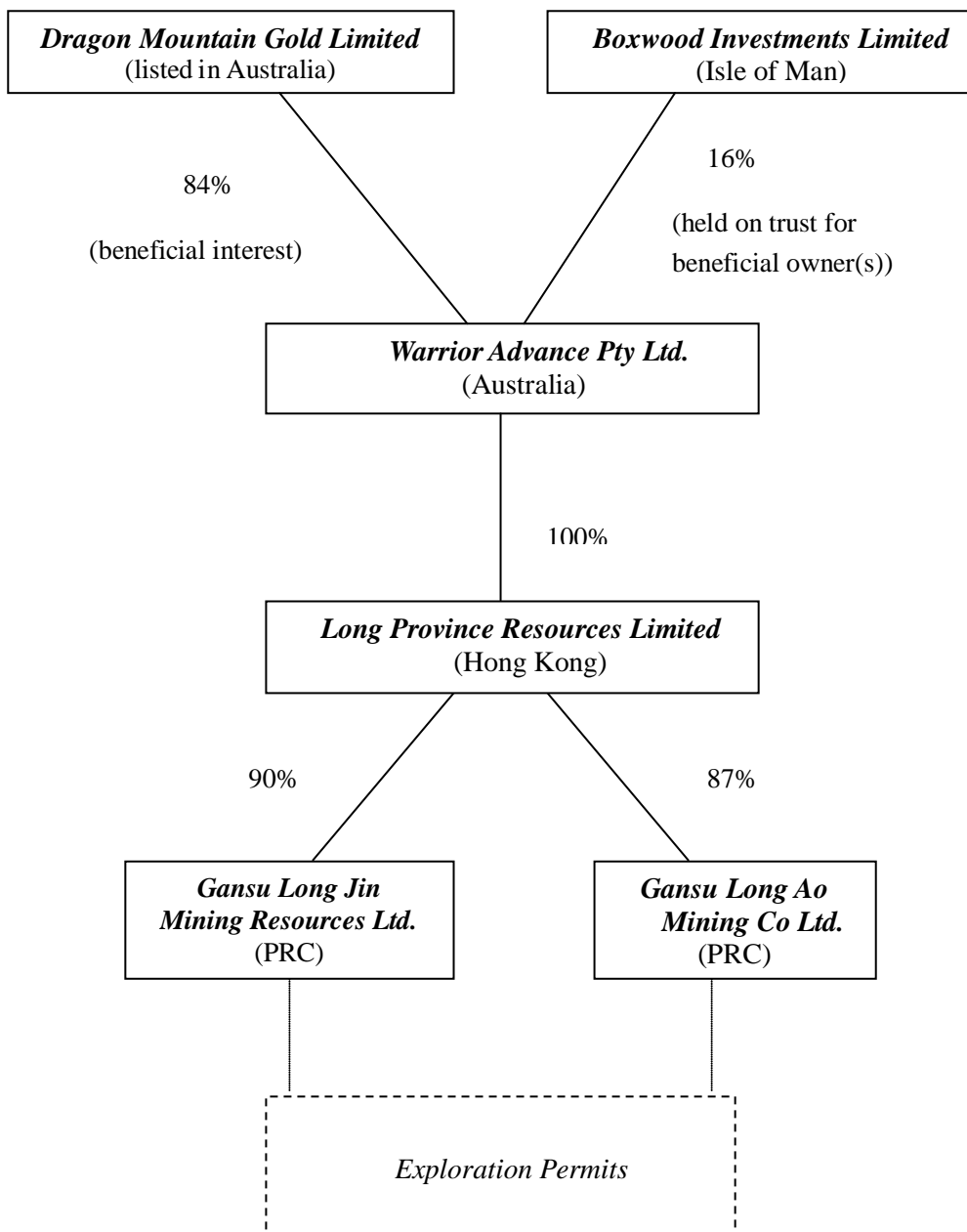
**Date:** 4 November 2011

**Parties:**

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

2. Ding Jin, the Company's wholly-owned subsidiary incorporated in the British Virgin Islands with limited liability, principally engaged in mining investment;
3. Warrior Advance, a company registered in Australia with limited liability, principally engaged in the holding of certain mineral resources in the PRC; and
4. DMG, a company incorporated in Australia with limited liability, principally engaged in gold resources exploration in Gansu Lixian and Xinjiang Province, the PRC. DMG is a company listed on the ASX.

The following chart shows, among others, the relationship among DMG, Warrior Advance and Long Province Resources as at the date of the Agreement (the percentages of relevant shareholding contained therein are rounded to the nearest whole number):



To the best knowledge of the Directors, none of Warrior Advance, DMG or any of their respective ultimate beneficial substantial owners is a connected person (as defined in the Listing Rules) of the Company.

**Sale and Purchase:**

Warrior Advance warranted that Long Province Resources, Gansu Long Jin, and Gansu Long Ao would not have any outstanding liabilities on the date of Completion. In circumstances where such liabilities do exist, the consideration shall be adjusted by deducting a sum equivalent to the amount of such liabilities accordingly.

As at the date of the Agreement, Long Province Resources owns 90% interest in Gansu Long Jin Mining Resources Ltd. (“Gansu Long Jin”), Tianshui Lantian Geological and Geotechnical Engineering Company Limited owns 7% interest in Gansu Long Jin, and Gansu Jiuzhou Mining Exploration Company Limited owns 3% interest in Gansu Long Jin. Gansu Long Jin owns the exploration rights to Liba gold mine in Lixian, Gansu Province. Gansu Long Jin was incorporated in the PRC on 30 April 2004. Its registered and paid-up capital is US\$12,876,000. Gansu Long Jin is mainly engaged in mineral exploration.

As at the date of the Agreement, Long Province Resources owns 87% interest in Gansu Long Ao Mining Ltd. (“Gansu Long Ao”), Baiyin Sanxin Mining Company Limited owns 9% interest in Gansu Long Ao and Gansu Jiuzhou Mining Exploration Company Limited owns 4% interest in Gansu Long Ao. Gansu Long Ao owns the exploration rights to Dazhuangli gold mine, Chenjiagou gold mine, Taopingxiang Jinshan gold mine and Shibuzi gold mine in Lixian, Gansu Province. Gansu Long Ao was incorporated in the PRC on 30 April 2004. Its registered and paid-up capital is US\$13,174,000. Gansu Long Ao is mainly engaged in mineral exploration.

The Lixian gold project in Gansu Province is located in the southeast part of Gansu Province, forming part of the Qinling Mountains. Along the mining zone, there are accessible roads connected to the cities, and there is easy and convenient transportation. There is also supply of water and electricity. The exploration area of the Lixian gold project covers 36.38 square km, including 5.14 square km of the exploration rights of Gansu Long Jin Liba gold mine. The total area under the four exploration rights (Dazhuangli and other mines) of Gansu Long Ao covers 31.24 square km.

According to the DMG’s annual report for the year ended 30 June 2011, Gansu Long Jin and Gansu Long Ao own the following resources:

JORC Compliant Resources for the Lixian Project				
Joint Venture	Deposit	Cumulative Tonnes of Ore	Gold Grade (grams/tonne)	Contained Ounces of Gold
Gansu Long Jin	Zhao Gou	32,780,000	1.53	1,615,350
(Liba)	No. 6	19,510,000	1.84	1,154,250

	Sub Total	52,290,000	1.65	2,769,600
Gansu Long Ao	No. 30	27,300,000	1.73	1,521,000
(Jinshan)	Sub Total	27,300,000	1.73	1,521,000
	TOTAL	79,590,000	1.67	4,290,600

Note: 1 troy ounce = 31.1035g, 4,290,600 ounces is equivalent to approximately 133.45 tonnes in total.

### Financial position of the investment target

As provided by DMG, the major financial information as reflected in the reviewed consolidated report of Long Province Resources as at 30 June 2011 is as follows:

US\$

	As at 30 June 2011
Other revenue	1,950
Loss after tax	-1,691,210
Total assets	30,467,065
Total liabilities	-33,699,492
Equity	-3,232,427

The major financial information as reflected in the audited report of Gansu Long Jin as at 30 June 2011 is as follows:

RMB

	As at 30 June 2011	As at 30 June 2010
Other revenue	0	0
Loss after tax	-2, 117, 667. 04	-11, 058, 988. 54
Total assets	127, 020, 913. 13	123, 286, 189. 55
Total liabilities	59, 380, 505. 14	53, 441, 053
Equity	67, 640, 407. 99	69, 845, 136. 55

The major financial information as reflected in the audited report of Gansu Long Ao as at 30 June 2011 is as follows:

RMB

	As at 30 June 2011	As at 30 June 2010
Other revenue	0	0
Loss after tax	-3, 289, 400. 27	-3, 399, 208. 82
Total assets	75, 864, 558. 16	78, 590, 733. 81
Total liabilities	4, 873, 767. 52	4, 310, 542. 90
Equity	70, 990, 790. 64	74, 280, 190. 91

### Conditions Precedent:

Completion is conditional on satisfaction of, among other things, the followings:

- (1) Approval from the shareholders and directors of vendor and DMG is obtained;
- (2) Effective approval from the Australian regulatory authorities (including the Australian Foreign Investment Review Committee, the Australian Stock Exchange etc.) is obtained;
- (3) Effective approval from the PRC government or its authorised relevant department is obtained;
- (4) The Vendor Warranties are true and accurate in all respects on and as of Completion with the same force and effect as though made on and as of Completion; and
- (5) Except with the written consent of Ding Jin, no payment has been made and no contract has been entered into by Long Province Resources and its subsidiaries after the accounting date (15 November 2011).

If any of the above conditions and the other conditions set out in the Agreement cannot be fulfilled at or before 12 p.m. (Hong Kong time) on a Business Day being 2 months after the signing of the Agreement, i.e. 4<sup>th</sup> January 2012 or such other date as agreed beforehand, the obligations of the parties under the Agreement will cease. Unless there is a prior violation of the Agreement, no party under the Agreement shall request claims from any other party.

#### **Consideration:**

The total consideration for the Transaction is A\$175,000,000 (equivalent to approximately RMB1,154,475,000 ) payable at Completion.

The consideration of the Transaction was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms, by reference to, among other things, the market price of the shares of DMG.

Ding Jin intends to pay the consideration in cash out of its internal resources and/or banking finance.

#### **GENERAL INFORMATION OF LONG PROVINCE RESOURCES**

Long Province Resources is a company incorporated on 27 January 2004 in Hong Kong with limited liability, principally engaged in mineral resources investment. As at the date of the Agreement, Long Province Resources' authorised capital is HK\$10,000 (divided into 10,000 ordinary shares and its nominal value is HK\$1 per share) and its paid-up capital is HK\$100 (100 ordinary shares). Long Province Resources owns 90% interest in Gansu Long Jin and 87% interest in Gansu Long Ao.

#### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. The mines in Gansu Lixian gold project contain abundant gold resources with good exploration prospects and it will significantly increase the gold resources of the Company.

Gansu Yate, in which the Company holds 60% interest has mines adjacent to mines of Gansu Lixian gold project. Gansu Yate owns the mining rights to 26.0448 square km in Du Jia Gou Gold Mine and it has about 40 tonnes gold resources reserve (unaudited).

After Completion of the Transaction, the Company will commence a reconstruction of this project with Gansu Yate. The Company will inject this project into Gansu Yate and unify the planning and development of the mining district of Du Jia Gou. Upon having fully researched the specific characteristics of the ore-body, the Company will set up effective development programs, fully utilising low-grade resources and realising the scaling and intensification of resources of a unified mining district.

This acquisition is in line with the development strategy of the Company.

The amount payable under the Transaction will be A\$175,000,000, which would not have a material effect on the financial position of the Group.

Therefore, the Directors consider that the Transaction and the terms of the Transaction are in the ordinary course of business on normal commercial terms, and are fair, reasonable and in the interests of the Company and its shareholders as a whole.

#### **Foreign exchange risk**

The consideration of the Transaction will be paid in Australian dollars. It will have a certain degree of foreign exchange risks.

#### **Market risk**

The main market risk is the future trend of gold price. If the gold price fluctuates violently in future, it will cast substantial uncertainty to the profitability and affect the value of the target project.

Please note that the above risk factors are not exhaustive and that it is possible that there are other risk factors and uncertainties that the Company is unaware of or investment factors that the Company considers insignificant at this stage.

#### **GENERAL**

As each of the applicable percentage ratios as defined in Chapter 14 of the Listing Rules for the Transaction is less than 5%, this announcement is made on a voluntary basis.

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

#### **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

“A\$”	Australian dollars, the lawful currency of Australia
“Agreement”	an acquisition agreement executed by the Company, Ding Jin, Warrior Advance and DMG dated 4 November 2011 in relation to the Transaction
“ASX”	the Australian Securities Exchange
“Board”	the board of Directors
“Business Day”	those days, not being a Saturday or Sunday, in which banks in Hong Kong are open for normal business;
“Company”	Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC with limited liability
“Completion”	completion of the Transaction in accordance with the Agreement
“Ding Jin”	Ding Jin Limited, a company incorporated in the British Virgin Islands with limited liability
“Director(s)”	the director(s) of the Company
“DMG”	Dragon Mountain Gold Limited, a company incorporated in Australia with limited liability and listed on the ASX
“Exploration Permits”	the Long Ao Permits and Long Jin Permit
“Gansu Yate”	Gansu Yate Mining Co., Ltd., the Company’s non-wholly owned subsidiary, incorporated in the PRC with limited liability
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“Long Ao Permits”	the four (4) exploration permits issued by MOLAR and currently held by Gansu Long Ao Mining Company Ltd.
“Long Jin Permit”	one (1) exploration permit issued by MOLAR and currently held by Gansu Long Jin Mining Resources Company Ltd.
“Long Province Resources”	Long Province Resources Limited, a company incorporated on 27 January 2004 in Hong Kong with limited liability
“MOLAR”	Ministry of Land and Resources of the PRC
“Permit(s)”	(i) permit, licence, consent, approval, certificate, qualification, specification, registration or other authorisation; or (ii) a filing of a notification, report or assessment, in each case necessary for the effective operation of the business of Long Province Resources and its subsidiaries and their respective ownership, possession, occupation or use of an asset
“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
“Sale Shares”	the issued share capital of HK\$100 divided into 100 shares of HK\$1 each in the capital of Long Province Resources
“Transaction”	Sale and purchase of the Sale Shares in accordance with the terms of the Agreement
“Vendor Warranties”	The warranties, representations, indemnities and undertakings given by Warrior Advance in accordance with the Agreement
“Warrior Advance”	Warrior Advance Pty Ltd, a company registered in Australia with limited liability
US\$	United States dollars, the lawful currency of the United States of America
“%”	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*

7 November 2011 Fujian, the PRC

\* The Company's English name is for identification purposes only