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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**

### **PROPOSED ACQUISITION OF 45% SHAREHOLDING IN GOLD EAGLE MINING INVESTMENT LIMITED**

The Board of Directors of the Company is pleased to announce that the Company and Thrive Build, a wholly owned subsidiary of the Company, entered into an agreement (the "Agreement") with Jinchuan HK and Jinchuan Group on 7 November 2011 in relation to the proposed acquisition of 1,574,337,150 ordinary shares of Gold Eagle, being 45% of the total issued ordinary shares (the "Sale Shares") of Gold Eagle (the "Transaction"). Thrive Build will pay US\$227,566,495 (the "Consideration") (equivalent to approximately RMB1,438,493,328) to acquire 45% shareholding of Gold Eagle from Jinchuan HK.

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 of Directors of the Company is pleased to announce that the Company and Thrive Build, a wholly owned subsidiary of the Company, entered into an agreement (the "Agreement") with Jinchuan HK and Jinchuan Group on 7 November 2011 in relation to the proposed acquisition of 1,574,337,150 ordinary shares of Gold Eagle, being 45% of the total issued ordinary shares (the "Sale Shares") of Gold Eagle (the "Transaction"). Thrive Build will pay US\$227,566,495 (the "Consideration") (which, based on the exchange rate of US\$1 = RMB6.3212 as disclosed by Bank of China on 7 November 2011, is equivalent to approximately RMB1,438,493,328) to acquire 45% shareholding of Gold Eagle from Jinchuan HK.

Jinchuan Group agreed to guarantee the performance of the obligations of Jinchuan HK as vendor whilst the Company agreed to guarantee the performance of the obligations of Thrive Build as purchaser under the Agreement.

Gold Eagle owns 100% interest in Tibet Tian Yuan Minerals Exploration Limited (“Tibet Tian Yuan”) through its subsidiaries. Tibet Tian Yuan owns Tibet Xietongmen gold copper project.

## **PRINCIPAL TERMS OF THE AGREEMENT**

**Date:** 7 November 2011

### **Parties to the Agreement:**

1. Thrive Build, as purchaser, is a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, is principally engaged in investment holding;
2. the Company, as the purchaser’s guarantor:
3. Jinchuan HK, as vendor, is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Jinchuan Group and is principally engaged in the investment and development of mineral resources and trading of non-ferrous metal products; and
4. Jinchuan Group, as vendor’s guarantor, is a company incorporated in the PRC with limited liability and is principally engaged in the production, sale and import and export business of nickel, copper, cobalt and precious metals.

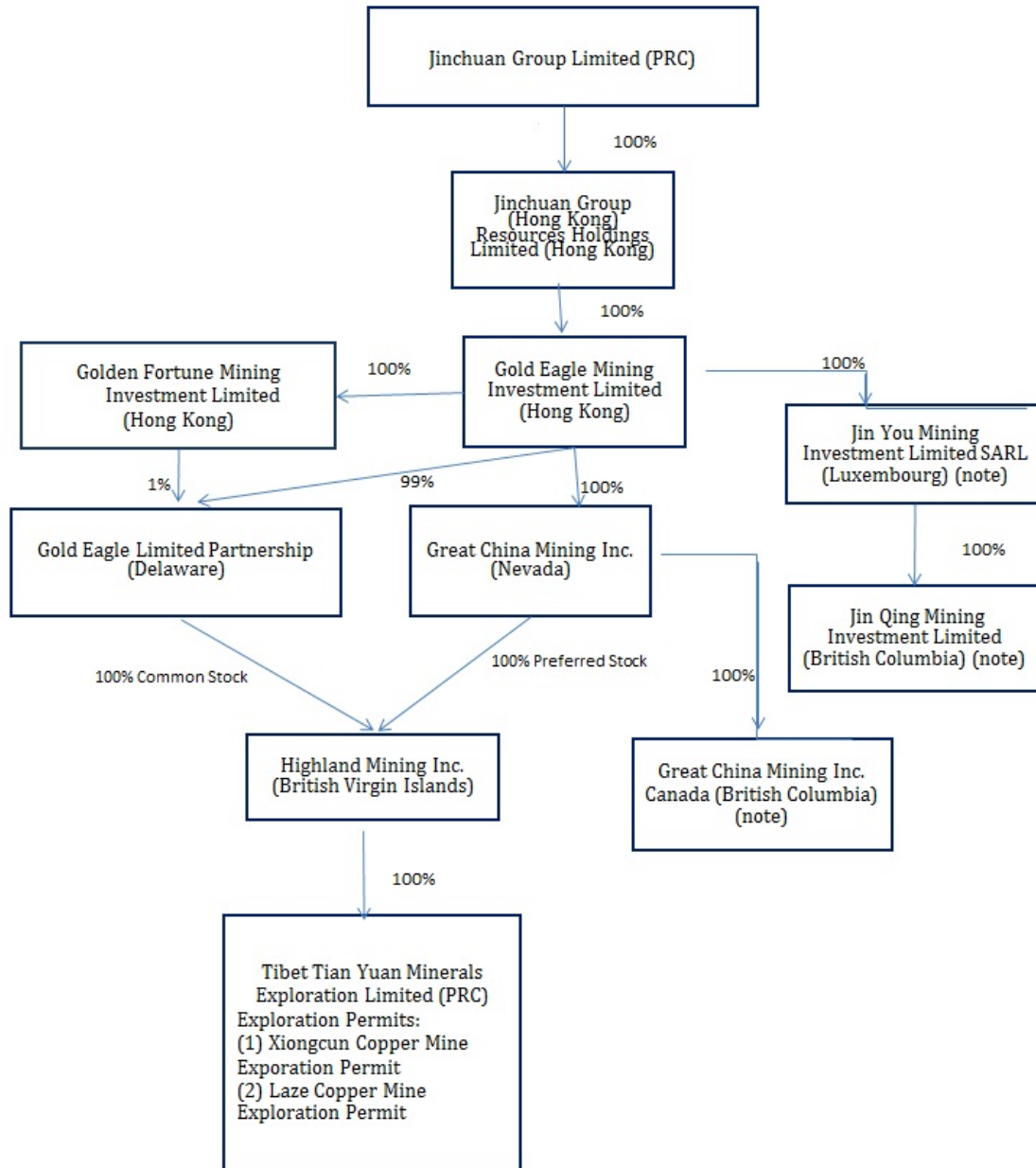
In April 2011, Jinchuan Group completed the acquisition of all shares in Continental Minerals Corporation (“Continental”), a Canadian listed company. After the acquisition, Continental was delisted from stock market and Jinchuan Group carried out re-organisation. Tibet Xietongmen gold copper mine was Continental’s main asset.

Gold Eagle is a company incorporated in Hong Kong with limited liability. Gold Eagle is principally engaged in investment, development and trading of mineral resources. Gold Eagle’s authorized share capital is HK\$4,000,000,000 (divided into 4,000,000,000 ordinary shares with its nominal value of HK\$1 per share) and its issued share capital is HK\$3,498,527,000 (3,498,527,000 paid-up ordinary shares) which is wholly-owned by Jinchuan HK. After the completion of the Transaction, Jinchuan HK will own 55% shareholding of Gold Eagle and Thrive Build will own 45% shareholding of Gold Eagle.

Gold Eagle owns 100% interest in Tibet Tian Yuan through its subsidiaries. Tibet Tian Yuan is a company incorporated in April 2004 in Tibet Autonomous Region, the PRC and its registered capital is US\$30,000,000. Tibet Tian Yuan is mainly engaged in exploration in Xietongmen Xiongkun Copper Mine and Laze Copper Mine in Rikaze district, sales and process of mineral products, and imports and exports. Tibet Tian Yuan owns Tibet Xietongmen gold copper project.

**Information on Gold Eagle:**

The following chart shows, among others, the relationship among Jinchuan Group, Jinchuan HK, Jin You Mining Investment Limited SARL, Jin Qing Mining Investment Limited, Great China Mining Inc. Canada, Gold Eagle, Golden Fortune Mining Investment Limited, Gold Eagle Limited Partnership, Great China Mining Inc., Highland Mining Inc., Tibet Tian Yuan Minerals Exploration Limited as at the date of the Agreement:



*Note: It is contemplated that as part of the reorganization of Jinchuan HK, the three subsidiaries of Gold Eagle, namely Jin You Mining Investment Limited SARL, Jin Qing Mining Investment Limited and Great China Mining Inc. Canada (each of which does not carry on any substantive business nor hold any substantive assets) would be excluded from Gold Eagle or deregistered before the completion of the Transaction. If it cannot be completed, Jinchuan HK undertakes to complete it within six months after the completion of the Transaction.*

To the best knowledge of the Directors of the Company, Jinchuan HK and its ultimate beneficial substantial owner are not connected persons (as defined in the Listing Rules) of the Company.

**Information on the mineral resources owned by the subject company:**

Tibet Xietongmen gold copper project is the main asset of Gold Eagle. Xietongmen gold copper project includes Xiongkun Copper Mine Exploration Permit (Xiongkun section, area: 12.89 sq. km) and Laze Copper Mine Exploration Permit (Newtongmen and Lantongmen sections, area: 109.43sq. km). The project locates between Rikaze City and Xietongmen County. It is under the administration of Rongma Town, Xietongmen County. The project is in a distance of 30 km, 53km, and 290 km from the town, Rikaze City and Lhasa respectively. The water supply in the mine district is abundant. The latitude of the project is above 4,000 metres. According to the original publication on the website of Continental, the mineral report of Xietongmen Xiongkun and Newtongmen prepared in accordance with National Instrument 43- 101, the (Canadian) Standards are summarized as follows:

XIETONGMEN XIONGCUN DEPOSIT MINERAL RESOURCES at 0.15% Cu						
Cut-off						
Category	Tonnes millions	Cu %	Au g/t	Ag g/t	Contained Cu millions lb	Contained Au millions oz
Measured	197.5	0.44	0.62	3.95	1,911	3.94
Indicated	22.3	0.37	0.42	2.54	182	0.37
Total	219.8	0.43	0.61	3.87	2,092	4.31

The above Xietongmen estimate was prepared in February 2007 by Continental and audited by Ian Chisholm, P. Eng., of Aker Kvaerner Engineering, an independent qualified person to Continental.

NEWTONGMEN DEPOSIT MINERAL RESOURCES							
Category	Cut-off % Cu	Tonnes millions	Cu %	Au g/t	Ag g/t	Contained Cu millions lb	Contained Au millions oz
Indicated	0.30	186.5	0.40	0.22	0.99	1,660	1.30
	0.20	388.9	0.32	0.18	0.87	2,770	2.30
	0.15	486.0	0.29	0.17	0.82	3,150	2.70
Inferred	0.30	84.4	0.37	0.06	0.13	680	0.17
	0.20	264.8	0.29	0.07	0.12	1,670	0.57
	0.15	379.3	0.25	0.07	0.12	2,110	0.80

The above Newtongmen estimate was prepared in May 2009 by Greg Mosher, P. Geo., of Wardrop Engineering, an independent qualified person to Continental.

### **The target of the Transaction**

Pursuant to the Agreement, the vendor, as the legal and beneficial owner of the Sale Shares agreed to sell 1,574,337,150 ordinary shares of Gold Eagle to the buyer and the buyer agreed to buy the Sale Shares. The Sale Shares shall be sold free from any encumbrances and together with the rights attaching to or accumulative rights of the Sale Shares after the completion.

### **Consideration:**

Pursuant to the Agreement, Thrive Build agreed to pay the Consideration in the amount of US\$227,566,495 (equivalent to approximately RMB 1,438,493,328) for the Sale Shares.

The Consideration of the Transaction was arrived at after arm's-length negotiations between the parties thereto and on normal commercial terms and by reference to the total consideration (including commission) in the acquisition of Continental by Jinchuan Group.

Thrive Build will pay the Consideration in cash out of its internal resources or banking finance.

### **Conditions Precedent**

The completion of the Agreement is subject to the satisfaction of, among other things, the following conditions:

1. the Vendor Warranties and the warranties given by the vendor's guarantor under the Agreement remain true and correct in all material respects on and as of the completion date;
2. the Purchaser Warranties and the warranties given by the purchaser's guarantor under the Agreement remain true and correct in all material respects on and as of the completion date;
3. no material adverse change in Gold Eagle and its group and its business, operations or financial conditions has occurred since the date of signing the Agreement until the completion date;
4. the passing at board meetings or board committee meetings of Jinchuan HK and

- Jinchuan Group of resolutions to authorize and approve the entering into and performance of the Agreement;
5. Thrive Build having reasonably satisfied with the results of the due diligence exercise conducted on Gold Eagle and its group including but not limited to business, legal, finance and taxation aspects;
  6. Thrive Build and/or the Company having obtained all approval(s) granted by National Development and Reform Committee, Ministry of Commerce, State Administration of Foreign Exchange and/or their provincial bureaus; and
  7. the passing at board meetings or board committee meetings of Thrive Build and the Company of resolutions to authorize and approve the entering into and performance of the Agreement.

Thrive Build may give written notice to Jinchuan HK to waive all or any of paragraphs 1, 3, 5 and 6 above; and subject to the aforesaid waiver, Thrive Build, the Company, Jinchuan HK and Jinchuan Group should make every effort to ensure the fulfillment of the conditions precedent as mentioned in paragraphs 1 to 7 above.

If at or before 5:00 p.m. Hong Kong time on the long stop date (being 3 months after the date of the Agreement or at a later date as agreed by both the Thrive Build and Jinchuan HK), all the conditions precedent as mentioned in 1 to 7 paragraphs above have not yet been fulfilled (or those are waived by Thrive Build and Jinchuan HK (as applicable)), save that certain provisions (including the confidentiality) will still remain valid and enforceable in accordance with their respective terms, the Agreement shall become void (including those rights and obligations on the parties under the Agreement).

#### **Board of directors and senior management of Gold Eagle and Tibet Tian Yuan**

Upon the completion of the Transaction, in accordance with the expected shareholdings of 55% and 45% held by Jinchuan HK and Thrive Build respectively in Gold Eagle, the board of directors of Gold Eagle will have 5 directors. Jinchuan HK will nominate 3 directors and Thrive Build will nominate 2 directors. The chairman of Gold Eagle will be nominated by Jinchuan HK whilst the vice-chairman will be nominated by Thrive Build. Thrive Build will nominate general manager of Gold Eagle and Jinchuan HK will nominate the financial controller, and the deputy general manager of Gold Eagle.

Upon the completion of the Transaction, in accordance with the expected shareholdings of 55% and 45% held by Jinchuan HK and Thrive Build respectively in Gold Eagle, the board of directors of Tibet Tian Yuan will have 5 directors. Jinchuan HK will nominate 3 directors and Thrive Build will nominate 2 directors. The chairman of Tibet Tian Yuan

will be nominated by Jinchuan HK whilst the vice-chairman will be nominated by Thrive Build. Jinchuan HK will nominate the general manager of Tibet Tian Yuan and Thrive Build will nominate the financial controller, and the deputy general manager of Tibet Tian Yuan.

## **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. Tibet Xietongmen gold copper project has abundant resources. The basic facilities can fulfill the mining requirements. The cooperation with Jinchuan Group will enhance our risk resistant ability in the development of the mine. The Transaction is consistent with the Company's development strategy and it is helpful in boosting the gold and copper resource reserves of the Company and enhancing the competitiveness and sustainable development capacity of the Company.

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

### **Foreign exchange risk**

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

### **Market risk**

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

### **Mine development and operational risk**

The project locates in Tibet with high latitude and will be easily affected by weather and environmental factors. It is still in exploration stage, its investment will be large for a mine on a plateau and a certain risks exist.

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 meanings set out below:

“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 People’s Republic of China with limited liability
“Director(s)”	the director(s) of the Company
“Exploration Permits”	Xiongcun Copper Mine Exploration Permit and Laze Copper Mine Exploration Permit
“Gold Eagle”	Gold Eagle Mining Investment Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jinchuan HK”	Jinchuan Group (Hong Kong) Resources Holdings Limited, a company incorporated in Hong Kong with limited liability
“Jinchuan Group”	Jinchuan Group Limited (金川集團有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser Warranties”	The warranties, representations, indemnities and undertakings given by Thrive Build in accordance with the Agreement
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US Dollars” or “US\$”	United States dollar(s), the lawful currency of the United States of America.
“Thrive Build”	Thrive Build Investments Limited, a wholly-owned subsidiary of the Company, a company incorporated in British Virgin Islands with limited liability
“Vendor Warranties”	The warranties, representations, indemnities and undertakings given by Jinchuan HK in accordance with the Agreement
“%”	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*

Fujian, the PRC, 7 November 2011

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