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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 - Investment in a Joint Venture

The Board is pleased to announce that the Company has entered into a Capital Increase Agreement dated 21 October 2014 with Minxi Xinghang, a substantial shareholder of the Company and the Other 6 Shareholders, for the capital increase of Xingcheng Guarantee (the "Transaction"). After completion of the Transaction, the Company, Minxi Xinghang and the Other 6 Shareholders will hold 20%, 71.88% and 8.12% of the equity interest in Xingcheng Guarantee respectively. Xingcheng Guarantee will become a joint venture of the Company.

As at the date of this announcement, Minxi Xinghang is a substantial shareholder of the Company and currently holds approximately 29.18% and 79.7% equity interest in the Company and Xingcheng Guarantee respectively. Minxi Xinghang is a connected person to the Company while Xingcheng Guarantee is an associate of Minxi Xinghang and a connected person to the Company (as defined in the Listing Rules). Therefore, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Transaction (as set out in the Listing Rules) is/are more than 0.1% but less than 5% (except for the profits ratio), the Transaction is exempt from the approval of Independent Shareholders under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

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PRINCIPAL TERMS OF AGREEMENT

Capital Increase Agreement

- Date: 21 October 2014
- Parties:
1. The Company, principally engaged in mining, production, refining and sales of gold and other mineral resources in the PRC;
 2. Minxi Xinghang, a state-owned company incorporated in the PRC with limited liability, is principally engaged in investment in Fujian, the PRC. It currently owns approximately 29.18% and 79.7% equity interest in the Company and Xingcheng Guarantee respectively; and
 3. The Other 6 Shareholders.
- Consideration: Pursuant to the Capital Increase Agreement, Xingcheng Guarantee will increase its registered capital from RMB100 million to RMB250 million, in which:
1. The Company will inject capital of RMB50 million to Xingcheng Guarantee. After completion of the Transaction, the Company will hold 20% equity interest in Xingcheng Guarantee; and
 2. Minxi Xinghang will inject capital of RMB100 million to Xingcheng Guarantee. After completion of the Transaction, Minxi Xinghang will hold 71.88% equity interest in Xingcheng Guarantee.
- Minxi Xinghang and the Company have to pay the consideration to Xingcheng Guarantee's designated account within 15 business days after the signing date of the Capital Increase Agreement. The consideration will be paid in cash from the internal resources of the Company.

The consideration of the capital increase was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was determined with reference to various factors including Xingcheng Guarantee's net asset value, historical financial situation and results, and its future prospects, etc.

PREFERENCE SHARES

The parties to the Capital Increase Agreement unanimously agreed that the 20% equity interest in Xingcheng Guarantee to be held by the Company will be in the form of preference shares, which have preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee will be restricted.

1. Profit distribution priority

In case there is after-tax distributable profit, Xingcheng Guarantee must pay to the Company the preference dividends in cash. Before settling the agreed dividends in full, Xingcheng Guarantee cannot distribute profit to other shareholders (including the retained earnings before the full completion of the capital increase of Xingcheng Guarantee under the Capital Increase Agreement).

The dividend of the preference shares to be held by the Company is calculated at a fixed dividend rate of 6% per annum. If the after-tax distributable profit for the current financial year of Xingcheng Guarantee is inadequate to distribute the fixed dividends in full to the Company, the balance will be carried forward to the next financial year. The Company will not participate in the distribution of residual profit after having obtained the fixed dividend pursuant to the Capital Increase Agreement.

2. Priority in residual assets distribution

In the circumstances that Xingcheng Guarantee is liquidated due to dissolution, bankruptcy or other reasons, the residual assets of Xingcheng Guarantee after settlement of debts under the Company Law and Bankruptcy Law of the PRC will be distributed to the Company with priority. The amount under such distribution will include the capital contribution by the Company (being RMB50 million) and any unpaid dividends. If there are any residual assets left, it will be distributed among other shareholders of Xingcheng Guarantee.

3. Restriction of voting rights

Except for the following matters, the Company will not attend shareholders' meetings of Xingcheng Guarantee and the shares held by the Company do not carry voting rights:

- (1) Amendment to Xingcheng Guarantee's articles of association;
- (2) Increase of registered capital, one-off or accumulative reduction of registered capital of Xingcheng Guarantee for over 10%;
- (3) Merger, spin-off, dissolution or changing the type of company of Xingcheng Guarantee;
- (4) Issue of preference shares;
- (5) Consideration and approval of Xingcheng Guarantee's proposals of profit distribution and redress of loss; and
- (6) Other situations stipulated in Xingcheng Guarantee's articles of association.

The passing of the resolutions regarding the above items requires (1) the approval from over two-thirds of the voting rights held by other shareholders of Xingcheng Guarantee; and (2) the approval from the Company.

4. Restoration of voting rights

If Xingcheng Guarantee does not pay dividends for the Company's preference shares based on the contract for three financial years or two consecutive financial years, from the next day of the shareholders' meeting which the distribution of profit pursuant to the Capital Increase Agreement is not approved, the Company will begin to have the right to attend shareholders' meetings and enjoy the same voting rights as other Xingcheng Guarantee's shareholders as stipulated in the articles of association of Xincheng Guarantee. Such voting rights will be restored until the day Xingcheng Guarantee settles all outstanding dividends owed to the Company.

5. Others

The Company has the right to inspect documents of Xingcheng Guarantee such as the articles of association, register of members, stubs of debentures, minutes and resolutions of shareholders' meetings, board of directors' meetings and supervisory committee's meetings, financial reports, etc. The above items should be stipulated in the articles of association of Xingcheng Guarantee under the unanimous agreement from all parties to the Capital Increase Agreement.

After completion of the Transaction, Minxi Xinghang will hold approximately 71.88% equity interest in Xingcheng Guarantee, the Company will hold approximately 20% equity interest in Xingcheng Guarantee and the Other 6 Shareholders will collectively hold approximately 8.12% equity interest in Xingcheng Guarantee. Xingcheng Guarantee will become a joint venture of the Company. Equity method will be used to book Xingcheng Guarantee's results into the Group's financial statements.

INFORMATION OF XINGCHENG GUARANTEE

As at the date of this announcement, Minxi Xinghang currently holds approximately 79.7% equity interest in Xingcheng Guarantee, while the remaining 20.3% is held by the Other 6 Shareholders. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Other 6 Shareholders are independent third parties from the Company and its associates.

According to the Accounting Method of Guarantee Enterprises of the PRC, the financial information of Xingcheng Guarantee for the years ended 31 December 2012 and 2013 are as follows:

	For the year ended 31 December 2013 (audited) (RMB)	For the year ended 31 December 2012 (audited) (RMB)
Total assets	109,168,279.35	106,554,770.64
Net assets	104,406,955.42	102,718,253.29
Revenue	3,005,586.05	4,466,261.98
Net profit before tax and extraordinary items	718,357.06	2,186,153.77
Net profit after tax and extraordinary items	535,080.30	1,622,745.07

CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

As at the date of this announcement, Minxi Xinghang is a substantial shareholder of the Company and currently holds approximately 29.18% and 79.7% equity interest in the Company and Xingcheng Guarantee respectively. Minxi Xinghang is a connected person to the Company while Xingcheng Guarantee is an associate of Minxi Xinghang and a connected person to the Company (as defined in the Listing Rules). Therefore, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

REASONS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in mining, production, refining and sales of gold and other mineral resources in the PRC. By virtue of the Capital Increase Agreement, the Group will be able to utilize the internal financial resources effectively and increase its return. Therefore, the Directors, including the independent non-executive Directors, consider that the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

MATERIAL INTEREST

Mr. Chen Jinghe, Mr. Wang Jianhua, Mr. Lan Fusheng, Mr. Zou Laichang and Mr. Li Jian, who are the Directors appointed by Minxi Xinghang are required to abstain from voting at the Board meeting in respect of the 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 is required to abstain from voting in respect of the Transaction.

GENERAL

As one or more of the applicable percentage ratios in relation to the Transaction (as set out in the Listing Rules) is/are more than 0.1% but less than 5% (except for the profits ratio), the Transaction is exempt from the approval of Independent Shareholders under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14A 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
“Capital Increase Agreement”	the capital increase agreement entered into among the Company, Minxi Xinghang and the Other 6 Shareholders on 21 October 2014
“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
“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
“Listing Rules”	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 state-owned company incorporated in the PRC with limited liability, a substantial shareholder of the Company and currently holds approximately 29.18% equity interest in the Company
“Other 6 Shareholders”	the other 6 existing shareholders of Xingcheng Guarantee, namely Shanghang Xingcheng Industrial Co., Ltd.* (上杭縣興誠實業有限公司), Shanghang Xinghang Industrial Construction Development Co., Ltd.* (上杭縣興杭工業建設發展有限公司), Shanghang Land Purchase and Reserve Centre* (上杭縣土地收購儲備中心), Fujian Shanghang Market Services Centre* (福建省上杭縣市場服務中心), Fujian Shanghang Jiuzhou Silicon Industry Co., Ltd.* (福建省上杭縣九洲硅業有限公司) and Shanghang Ruxi Huai Pig Co., Ltd.* (上杭縣儒溪槐豬有限公司)
“PRC”	the People’s Republic of China, 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the capital injection of RMB50 million and RMB100 million by the Company and Minxi Xinghang respectively pursuant to the terms and conditions of the Capital Increase Agreement
“Xingcheng	Fujian Shanghang Xingcheng Guarantee Co., Ltd.* (福建省

Guarantee”

上杭縣興誠擔保有限公司), a company incorporated in the PRC with limited liability, Minxi Xinghang currently holds approximately 79.7% of its equity interest. Xingcheng Guarantee is principally engaged in guarantee business within the PRC including loan guarantees, bill acceptance guarantees, trade financing guarantees, project financing guarantees, letters of credit guarantees, etc. and other financing guarantee business as approved by laws and regulations. It is concurrently engaged in litigation preservation guarantees, execution of contract guarantees, intermediary services including financing consultation and financial advisory related to guarantee business, and investments conducted with its own funds

“%”

per cent

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

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang, and Lin Hongfu as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Ding Shida, Jiang Yuzhi, and Sit Hoi Wah, Kenneth as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

21 October 2014, Fujian, the PRC

*The English names are for identification purpose only