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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 in relation to the subscription of equity interest in Ivanhoe Mines Ltd. of Canada**

### **1. Overview of the Transaction**

Sharp Hero Developments Limited (“Sharp Hero”), a wholly-owned subsidiary of Zijin Mining Group Co., Ltd.\* (the “Company”), entered into a subscription agreement (the “Agreement”) with Ivanhoe Mines Ltd. of Canada, a company listed on the Toronto Stock Exchange (the “Target Company”) on 23 March 2015. The Company agreed to subscribe 76,817,020 Class A common shares of the Target Company with cash consideration of Canadian Dollar (“CAD”) 1.36 per share (approximately equivalent to RMB6.588 per share, exchange rate hereinafter referred to as the middle rate of foreign exchange rate quotation of the Bank of China of CAD1 to RMB4.8441 on 20 March 2015) (the “Transaction”). The total consideration will be CAD104,471,147 (approximately equivalent to RMB506,068,683).

Approximately 9.9% of Ivanhoe Mines’ issued and outstanding common shares will become owned by Sharp Hero, a wholly-owned subsidiary of the Company when the placement is completed.

The completion of the subscription is subject to the major terms and conditions as stated in this announcement, including obtaining the valid approvals from the government of the People’s Republic of China (the “PRC”) or its relevant authorized departments.

This announcement is made on a voluntary basis as all the relevant percentage ratios involved in the Transaction are less than 5% under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **2. Information about parties to the Transaction**

(1) Sharp Hero Developments Limited, a wholly-owned subsidiary of Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company, is incorporated in the British Virgin Islands. Its principal activity is investment holding.

(2) Ivanhoe Mines Ltd., a company listed on the Toronto Stock Exchange, is principally engaged in mining exploration.

To the knowledge of the Company's directors, the Target Company and its beneficial owners are not connected persons to the Company.

### 3. Basic information of the Target Company

#### (1) Introduction of the Target Company

Ivanhoe Mines Ltd. is a mining exploration and development company incorporated in British Columbia, Canada and headquartered in Vancouver. It is listed on the Toronto Stock Exchange (stock code: IVN). Its major assets consist of 3 projects including the 95% equity interest in the Kamao copper deposit in the Democratic Republic of the Congo (the "DR Congo"), 68% equity interest in the Kipushi zinc-multimetals deposit in the DR Congo and 64% equity interest in the Platreef platinum deposit in South Africa.

As at the date of this announcement, the Target Company has issued 695,277,087 Class A common shares and 6,865,700 Class B common shares. Mr. Robert Friedland, the Chairman of the Target Company, is the largest shareholder who currently holds approximately 24 % equity interest in the Target Company.

For more details of the Target Company, please refer to its company website at <http://www.ivanhoemines.com>.

#### (2) Information of the resources of the Target Company

##### (1) The Kamao copper deposit project in the DR Congo

The Kamao copper deposit project is located in the Kolwezi region, Katanga Province of the DR Congo and is located within the Central African Copperbelt. Its mining rights cover a total area of 397.1 km<sup>2</sup>. In December 2013, the Target Company announced the preliminary economic assessment report (PEA) of Kamao copper deposit project. According to the PEA, underground mining and floatation technology for ore-processing will be adopted for the Kamao project. The first-phased and second-phased product will be copper concentrates and blister copper respectively.

The copper resources in the mineralized zone of Kamao project is as follow:

Category	Volume (Mt)	Cu Grade ( % )	Cu Metal Volume (Mt)
Indicated	739	2.67	19.7
Inferred	227	1.96	4.46

Notes:

1. NI43-101 standard used in Canada was applied on the estimation of the above resources volume;

- the information of the above resources volume was extracted from the PEA disclosed by the Target Company;
- the information of the above metal volume is based on 1 pound=456.59g.

## (2)The Platreef platinum deposit project in South Africa

The Platreef platinum deposit project is located in the northern limb of the Bushveld Complex, Limpopo Province of South Africa. The mining rights cover a total area of 78.42km<sup>2</sup>. In January 2015, the Target Company announced the prefeasibility study report (PFS) of the Platreef platinum deposit project. According to the PFS, the Platreef platinum deposit project will make use of underground mining and floatation technology for ore-processing. The final product will be ore concentrate.

The resource volume of the Platreef platinum mine project is as follow:

Category	Volume (Mt)	3PE+Au		Ni		Cu	
		Grade (g/t)	Metal volume (t)	Grade (%)	Metal volume (t)	Grade (%)	Metal volume (t)
Indicated	214	4.13	884	0.34	730,000	0.17	360,000
Inferred	415	3.54	1,469	0.33	1,370,000	0.16	660,000

Notes:

- 3PE+Au hereafter referred to platinum, palladium, rhodium and gold;
- NI43-101 standard used in Canada was applied on the estimation of the above resources volume;
- the information of the above resources volume was extracted from the PFS disclosed by the Target Company;
- the information of the above metal volume is based on 1 pound=456.59 g and 1 ounce=31.1035g.

The reserve volume of the Platreef platinum mine project is as follow:

Method	Ore Volume (Mt)	3PE+Au		Cu		Ni	
		Grade (g/t)	Metal Volume (t)	Grade (%)	Metal Volume (kt)	Grade (%)	Metal Volume (kt)
Longhole Stopes	106	3.97	419.59	0.16	164.2	0.32	343.8
Drift-and-Fill	10	4.36	43.23	0.14	13.6	0.30	29.5
Drift-and-Bench	5	4.38	19.91	0.15	6.8	0.32	14.5
Total	120	4.01	482.42	0.15	185.1	0.32	387.8

Note:

- NI43-101 standard used in Canada was applied on the estimation of the above resources volume;
- the information of the above resources volume was extracted from the technical report disclosed by the

Target Company;

3. the information of the above metal volume is calculated by 1 pound=456.59g and 1 ounce=31.1035g.

### (3)The Kipushi zinc-multimetals project

The Kipushi zinc-multimetals project is located in Lubumbashi in the Katanga Province of the DR Congo. It is a mine that has ceased production and with mining rights covering a total area of 4.6km<sup>2</sup>. In 2012, the Target Company completed an update on the technical report of the Kipushi zinc-multimetals project. The project is still under the stage of exploration.

The historic resource volume of the Kipushi zinc-multimetals project is as follows:

Category	Volume (Mt)	Cu		Zn	
		Grade (%)	Metal volume (t)	Grade (%)	Metal volume (Mt)
Measured + Indicated	16.93	2.32	390,000	16.76	2.84
Inferred	9.05	1.93	170,000	23.32	2.11

Note:

1. the information of the above resources volume was extracted from the technical report of the project in 1997;
2. the information of the above metal volume is based on 1 pound=456.59g.

### (3) The financial status of the Target Company

According to the 2013 annual report disclosed by the Target Company, key financial data of the audited financial report for year 2013 of the Target Company is as follow:

Unit: US\$'000

	Year 2013 / 31 December 2013	Year 2012 / 31 December 2012
Income	0	0
Gain/Loss before income taxes	-555,714	-179,152
Total comprehensive income/loss for the year	-484,295	-179,637
Gain/loss per share	-0.69	-0.38
Total assets	287,576	726,682
Total liabilities	60,338	113,083
Net assets	227,238	613,599

## 4. Major terms of the Agreement

(1) The Target Company

According to the Agreement, Sharp Hero agreed to subscribe 76,817,020 Class A common shares of the Target Company with cash consideration of CAD1.36 per share. The total consideration will be CAD104,471,147.

(2) Consideration for subscription

The consideration for the subscription will be CAD1.36 per share. The consideration for subscription is arrived at based on normal commercial terms and arm's length negotiations with reference to the share price of the Target Company.

The subscription will be mainly funded by Sharp Hero's internal resources or bank facilities.

(3) Closing

The Transaction will be completed on 20 April 2015 or another date to be mutually agreed by Sharp Hero and the Target Company (the "Closing Date").

(4) Major closing conditions

1. The representations and warranties of the Target Company shall be true and accurate in all material respects as of the date of the Agreement and as of the Closing Date;
2. Approval from the PRC Government or its relevant authorized departments is obtained;
3. Approval from the Toronto Stock Exchange is obtained; and
4. All of the terms, undertakings and conditions of the Agreement to be complied with or performed by the Target Company on or before the Closing Date shall have been complied with or performed in all material respects on or before the times contemplated in the Agreement.

(5) Others

In the event that the Target Company commences a public offering or private placement of common shares or securities exchangeable for or convertible into common shares (the "Equity Securities"), Sharp Hero shall have the right to subscribe for that portion of the number of the Equity Securities being offered in the subsequent offering such that the pro rata interest of Sharp Hero following the subsequent offering shall remain equal to its pro rata interest prior to the subsequent offering.

**5. The effects of the Transaction to the Company**

The Company is principally engaged in mining, production, refining and sales of gold and other mineral resources in the PRC. The resources in Africa are abundant. The Transaction will provide the Company with more opportunities to participate in the mining industry in Africa, increase the volume of metal resources of the Company including copper, zinc and lead, platinum, etc. and is in line with the Company's development strategy of internationalization. The Transaction is fair, reasonable and in the interest of the Company and its shareholders as a whole.

The investment amount of the Transaction is approximately RMB506,068,683, which accounts for 1.8% of the audited amount of net assets of the Company in the year 2014 and will not substantially affect the Company's financial position.

## **6. Investment risks**

### (1) Risk of foreign exchange

The Transaction will be settled in Canadian Dollar. The continuous fluctuations in the exchange rate will bring foreign currency risks to this equity investment to a certain extent.

### (2) Risk of the projects

The unfavourable condition of the domestic infrastructure in the DR Congo, as well as the labour protests commonly and frequently found within South Africa may affect the normal operation of the projects.

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.**

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, Qiu Guanzhou, 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*

23 March 2015, Fujian, the PRC

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