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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 Investing in the Kamo a Copper Mine Project in the DR Congo

1. Overview of the Transaction

Zijin Mining Group Co., Ltd.* (the "Company") and Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains" or "Purchaser"), a wholly-owned subsidiary of the Company, entered into a conditional share acquisition agreement (the "Agreement") with Ivanhoe Mines Ltd. of Canada ("Ivanhoe"), Ivanhoe Mines US LLC ("Ivanhoe US" or "Vendor") and Crystal River Global Limited ("Crystal River") on 26 May 2015. The Company has designated Gold Mountains as the purchaser to acquire (1) 49.5% equity interest in Kamo a Holding Limited ("KHL" or the "Target Company") held by Ivanhoe US and (2) 49.5% of the shareholder's loans provided to the Target Company by Ivanhoe and its affiliates as at the date of the Transaction (the "Shareholder's Loans") (the "Transaction"). The total consideration of the acquisition is US\$412 million (approximately equivalent to RMB2.51732 billion based on the exchange rate of US\$1 to RMB6.11 on 26 May 2015, the same hereafter).

49.5% of the Target Company's equity interest will be owned by Gold Mountains when the Transaction is completed. The Target Company will become an associate of the Company.

The Target Company holds 95% interest in Kamo a Copper SA and Kamo a Copper SA holds Kamo a copper mine project in the Democratic Republic of the Congo (the "DR Congo").

This Transaction was approved by 9th meeting of the Fifth term of the board of directors. The completion of the Transaction is subject to the relevant major terms and conditions as stated in this announcement, including obtaining the valid approvals of the government of the People's Republic of China (the "PRC") or its relevant authorised departments.

To the best knowledge, information and belief of the Directors, the Target Company and its controlling

shareholder are not connected persons to the Company and its controlling shareholder. Therefore, the Transaction does not constitute a connected transaction.

This announcement is made on a voluntary basis as all the applicable 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.

As the Transaction belongs to a project to be invested in by the proceeds raised in the non-public issuance of shares of the Company, information on the Transaction is also disclosed in the “Proposal on the Non-public Issuance of A shares of Zijin Mining Group Co., Ltd.*” which is announced by the Company on the same day. Matters related to the Company’s non-public issuance of shares involved in the Transaction shall be proposed to shareholders’ general meeting of the Company for consideration and approval.

2. Basic information of the parties to the Transaction

1. Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC;
2. Gold Mountains (H.K.) International Mining Company Limited, a company registered in Hong Kong with limited liability. Gold Mountains is an important platform of the Company for overseas investment, financing and operation, and is mainly engaged in the import and export of mineral products, mining machinery and equipment, mineral investment and other business;
3. Ivanhoe Mines Ltd., 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 Kamoanga copper mine in the DR Congo, the Kipushi zinc-multimetals deposit in the DR Congo and the Platreef platinum deposit in South Africa.

According to the 2014 annual report published by Ivanhoe, as at the end of 2014, Ivanhoe’s total assets was US\$253 million, net assets was US\$202 million, operating income realised in 2014 was US\$0, and net profit attributable to owners of the parent was -US\$256 million. For details of Ivanhoe, please refer to its corporate website <http://www.ivanhoemines.com>.

Sharp Hero Developments Limited, a wholly-owned subsidiary of the Company, subscribed 76,817,020 Class A common shares of Ivanhoe with Canadian Dollar (“CAD”) 104,471,147 on 23 March 2015 under a share subscription agreement. Sharp Hero Developments Limited owns 9.9% of the equity interest in Ivanhoe. For more details, please refer to the Company’s announcement dated on 23 March 2015;

4. Ivanhoe Mines US LLC, a wholly-owned subsidiary of Ivanhoe, is incorporated in Dover, Delaware, the US and mainly engaged in equity investment; and

5. Crystal River Global Limited, a company incorporated in the British Virgin Islands and mainly engaged in equity investment.

3. Basic Information of the Target Company

(1) Shareholding structure of the project

Ivanhoe holds 100% interest in the Target Company through its wholly-owned subsidiary, Ivanhoe US, and the Target Company holds 95% interest in Kamo Copper SA. The remaining 5% interest in Kamo Copper SA is an anti-dilutive interest transferred to the government of the DR Congo in September 2012 for no consideration pursuant to the Mining Code of the DR Congo. Additional 15% equity interest in Kamo Copper SA may also be required to be sold to the government of the DR Congo on suitable commercial terms. Kamo Copper SA is the actual owner of the Kamo copper mine project.

The Target Company also holds 100% equity interest in Ivanhoe Mines Energy DRC SPRL, the latter will provide funds to Société Nationale d'Electricité of the DR Congo for the restoration of 3 power plants. The electricity generated will be supplied to the Kamo copper mine in priority.

Pursuant to the Agreement, 1% of the equity interest in the Target Company and 1% of the Shareholders' Loans will be transferred by Ivanhoe US to Crystal River.

After the completion of the Transaction, Gold Mountains and Ivanhoe US each will hold 49.5% in the equity interest of the Target Company respectively, and the remaining 1% equity interest will be held by Crystal River.

(2) Financial status of the Target Company in recent 2 years

To fulfill the requirements of the Transaction, Ivanhoe US had made a series of adjustments to the shareholding structure of the Target Company prior to the acquisition. Unaudited proforma financial data of the Target Company which is in line with the structure of the Transaction and prepared under the International Accounting Standards is as follows:

Unit: US\$'000

Items	31 December 2014/Year 2014	31 December 2013/Year 2013
Total assets	15,789	15,213
Total liabilities	336,020	282,505
Net assets	-320,231	-267,292
Operating income	0	46
Net profit	-52,932	-80,568

Notes:

1. The aforementioned financial data are unaudited;

2: The financial data stated above may be different from the audited results to be prepared under Chinese Accounting Standards by the Company's appointed accounting firm. Investors shall pay attention to such differences.

3. Since the Target Company is still in the exploration phase, no sales income was generated from mineral products. The operating income in 2013 was generated from local community projects.

(3) Resources of the project

The Kamoia copper mine is a newly discovered world-class and large-scale stratiform copper deposit. It is located within the Central African Copperbelt. In 2013, AMEC Foster Wheeler Plc. prepared the "NI 43-101 Technical Report on Updated Mineral Resource Estimate" for the Kamoia copper mine project. By using 1% cutoff grade, the volume of resources of the Kamoia copper mine are as follows:

Category	Volume (Mt)	Cu Grade (%)	Cu Metal Volume (Mt)
Indicated	739	2.67	19.70
Inferred	227	1.96	4.46

As at the date of this announcement, the verification report on the resource volume of the Kamoia copper mine to be prepared under Chinese standard is still in process.

In November 2013, AMC Consultants Pty Ltd. of Australia published a Preliminary Economic Assessment Report of the Kamoia Copper Mine in 2013. According to the report, room-and-pillar method and drift cut-and-fill stopping approach will be adopted for development of the Kamoia copper mine with a servicing period of 30 years. It is planned to divide the project into 2 phases: the first phase (being the first 5 years) is to conduct underground mining on the shallow part of the high-grade copper ore body, targeting to process 3 million tonnes of ore and produce 100,000 tonnes of copper concentrates containing copper per year; the second phase (being the 25 years afterwards) is to carry out expansion of processing plant, construction of new refining plant, targeting to process 11 million tonnes of ore and produce 300,000 tonnes of blister copper and 550,000 tonnes of sulphuric acid a year. The processing procedure is crushing+fine grinding+flotation processing. Direct blister furnace (DBF) technique will be adopted to refine blister copper. The by-product is sulphuric acid.

The Kamoia copper mine has not yet entered into formal production stage. The proposal of development is still under preparation.

(4) Transportation location, geography and infrastructure

The Kamoia copper project is situated in southern Katanga Province, the DR Congo, and is 270 kilometers away from the west of Lubumbashi, the provincial capital. It is 25 kilometers west of the town of Kolwezi, where the Kolwezi copper mine is situated which the Company has already invested in.

Transportation is well-developed in the mining zone and the condition of the roads is good. The water supply in the area is sufficient for the production.

For electricity, Ivanhoe entered into a financing agreement with the Société Nationale d'Electricité of the DR Congo and other parties. The Kamoa copper mine project will be provided with electricity supply upon completion of the renovation and reformation of 3 hydropower plants. It will be able to meet the electricity needs of the Kamoa project.

(5) Status of the project's mining rights and land use permits

1. Status of the mining rights

The Kamoa copper mine possesses the mining area covered by the 3 authorised mining permits numbered PE12873, PE13025 and PE13026. The mining area spans a total of 397.4 square kilometers. Details are as follows:

Mining permit no.	Authorisation date	Expiry date	Authorised minerals and metals	Number of square (quadrilateral) cadastres	Area (square kilometers)
PE12873	20 August 2012	19 August 2042	Silver, bismuth, cadmium, cobalt, copper, iron, germanium, nickel, gold, palladium, platinum, lead, rhenium, sulphur and zinc.	62	52.7
PE13025	20 August 2012	19 August 2042	Silver, bismuth, cadmium, cobalt, copper, iron, germanium, nickel, gold, palladium, platinum, lead, rhenium, sulphur and zinc.	204	173.2
PE13026	20 August 2012	19 August 2042	Silver, bismuth, cadmium, cobalt, copper, iron,	202	171.5

			germanium, nickel, gold, palladium, platinum, lead, rhenium, sulphur and zinc.		
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2. Status of the land use permits

As at the date of this announcement, since the Kamo a copper mine has not yet entered the formal production stage, negotiation on the surface rights of the mining area is still in progress.

(6) The status of the project's environmental impact assessment

The Kamo a copper mine has not yet entered the formal production phase. It will apply for the environmental impact assessment approval to the government of the DR Congo after it has entered the production and construction period. The Kamo a copper mine has already obtained all the supporting documents related to the 3 authorised mining permits it owns for its environmental protection obligations.

4. Major terms of the Agreement

On 26 May 2015, the Company and Gold Mountains (as the purchaser, the "Purchaser"), officially entered into a share acquisition agreement with Ivanhoe, Ivanhoe US (as the vendor, the "Vendor") and Crystal River. Major terms of the Agreement are as follows:

1. Gold Mountains as the Purchaser to pay US\$412 million (the "Purchase Price") to acquire (1) 49.5% equity interest in the Target Company held by Ivanhoe US with the consideration of US\$243 million, and (2) 49.5% of the Shareholder's Loans provided to the Target Company by Ivanhoe and its affiliates as at the date of the Transaction with the consideration of US\$169 million.

2. The consideration may be adjusted subject to the determination on the amount of the Shareholder's Loans as agreed by the Purchaser and the Vendor in accordance with International Financial Reporting Standards as of the business day immediately prior to the closing date.

3. The closing date of the Transaction (the "Closing Date") will be 31 July 2015 or such earlier or later date as the Vendor and the Purchaser may determine in writing in accordance with the terms of the Agreement.

4. Payment terms

(1) The consideration of acquisition will be paid by the Purchaser by wire to the bank account designated by the Vendor;

(2) US\$206 million will be transferred to the Vendor at the completion; and

(3) The remaining consideration of US\$206 million (subject to adjustment) will be paid in 5 equal

installments (i.e., US\$41.2 million per installment) for every 3.5 months.

24.75% shareholding of the Target Company to be held by Gold Mountains will be pledged to Ivanhoe US as the security for the outstanding amount of US\$206 million pursuant to a securities pledge agreement entered into by Gold Mountains, Ivanhoe US and the Target Company. The number of shares pledged will be reduced in proportion to the amount of consideration settled.

5. Conditions precedent of the Transaction

The conditions precedent of the Transaction include but are not limited to:

- (i) The Purchaser obtains all necessary approvals, consents and authorisations from the Ministry of Commerce, the National Development and Reform Commission and the State Administration of Foreign Exchange of the PRC;
- (ii) There being no injunction or other interim or appealable order issued by any court of competent jurisdiction or any governmental authority restraining or enjoining or otherwise prohibiting on an interim basis the Transaction in effect;
- (iii) There is no material adverse change.

6. Project financing

The Purchaser and the Vendor agree to contribute not more than 35% of the development costs of the project proportionate to their respective interests.

The Company and Gold Mountains undertook that they will use their best efforts to arrange or procure to Kamo a copper project all financing for phase 1 development (the "Project Financing") with restricted claiming right to the project owner, which shall be for no less than 65% of the phase 1 development cost of the project (excluding sustaining capital expenditure and working capital). Ivanhoe also has a right to provide the necessary finance for Kamo a copper project phase 1 development.

7. Offtake right of products

Conditional upon the provision of the Project Financing by the Company, the Company shall have the preferential right to negotiate an offtake agreement on concentrates products at any time within the 7-year anniversary of the date the project achieves commercial production. All parties agree that the offtake agreement could be deemed as a condition for the satisfaction of the Project Financing, thereby they agree to include the offtake agreement in the process of negotiation for the Project Financing. The quantity of products to be acquired is confined to the total quantity of products attributable to the Target Company proportionate to its interest in the project. The period of the offtake agreement is for at least the term of the Project Financing plus an option for a further five years.

8. Option to acquire additional 1% interest of the Target Company

When the Purchaser has arranged the Project Financing for phase 1 development and the Purchaser issues an option exercise notice, Crystal River (the “1% Holder”) must transfer 1% equity interest of the Target Company held by it to the Purchaser. The consideration will be evaluated by a third party.

If Crystal River breaches the agreement and does not transfer the 1% shares to the Purchaser, or other situations stipulated in the agreement occurs, the Purchaser and the Vendor will each have the right to purchase 0.5% equity interest of the Target Company. At the same time, the Vendor must bear Crystal River’s obligations in the option regarding the Project Financing provided by the Purchaser, and sell 0.5% equity interest in the Target Company to the Purchaser when all the conditions for exercise of option are satisfied.

9. Board of directors and project committee of the Target Company

(1) The board of directors of the Target Company shall consist of 5 directors. The Purchaser and the Vendor can nominate 2 directors respectively. Crystal River can nominate the fifth director until any one of the shareholders of the Target Company acquires the 1% shares held by Crystal River. After that, the party who purchases the 1% shares can nominate the fifth director.

(2) A project committee will be established by the Target Company to negotiate and implement a development plan for the project. The project committee shall consist of 5 members. The Purchaser and the Vendor can appoint 2 members respectively. Crystal River can nominate the fifth member or another member negotiated by the Purchaser and the Vendor. If the Purchaser has purchased additional 1% equity interest, it can nominate the fifth member.

10. Transfer and sale of shares

(i) If any shareholder wants to transfer its shares of the Target Company to any person, the selling shareholder must first offer such shares to each of the other shareholders specifying the quantity and consideration per sale share. Each of the other shareholders may accept the offer within twenty business days from the date of receiving the notice of the offer. If the offer is deemed to not have been accepted by any of the shareholders, then during the one year period following the expiry of the offer period, the selling shareholder is entitled to transfer the sale shares to any third party, at the consideration as stated in the offer (or at a higher consideration).

If the selling shareholder intends to sell its shares at a consideration less than that contained in the offer notice, he must follow the aforementioned procedure to first offer such shares to each of the other shareholders.

(ii) Crystal River is neither entitled to sell its shares to any third party nor to exercise the pre-emptive right to acquire shares.

(iii) A shareholder transferring its shares to its affiliates is exempted from the above restriction. Other than in connection with the project financing, no shareholder shall pledge any of its shares to any person unless such pledgee has agreed in writing with the other shareholders in advance to comply with provision of the Agreement when the pledgee enforces the pledge.

(11) Standstill

For a period of ten years from the date of the Agreement, the Company or its respective affiliates will not, without the prior written consent of Ivanhoe, acquire any equity interest of Ivanhoe.

5. Pricing of the Transaction

The price of the Transaction is determined based on the due diligence and financial analysis made on the Target Company by the Company and the external professional teams appointed by the Company, with reference to the Kamo a copper mine's volume of resources, valuation of the project, comparable figures in the market, and combining the Company's evaluation on the prospect of the target assets, impacts on the Company's future operation and strategy, and is on normal commercial terms and arrived at after an arm's length negotiation. As at the date of this announcement, the evaluation report on the Target Company's assets prepared in accordance with Chinese standard is still under preparation.

6. Impacts of the Transaction on the Company

(1) The Transaction is in line with the Company's development strategy and advantageous to promoting the progress of internationalisation

The Kamo a copper mine project is located within the world-famous Central African Copperbelt. The volume of resources is large and the conditions of development are favourable. After the completion of the acquisition, the Company's resource reserves will be effectively increased, the Company's progress of internationalisation will be promoted and sustainability will be enhanced. Besides, the Kamo a copper mine is adjacent to the Kolwezi copper mine. The two mines can jointly create enormous synergy.

(2) Source of fund for the acquisition

The consideration for the Transaction is US\$412 million (approximately equivalent to RMB2.517 billion), which accounts for 8.97% of the audited amount of net assets of the Company in the year 2014. The Company will invest in the project with other means financing according to the development progress of the project before the proceeds raised in the non-public issuance are in place, and the proceeds raised in the non-public issuance will be used to substitute the Company's funding after they are received into account.

7. Risks of the Transaction

(1) Risk of obtaining relevant approvals

The completion of the Transaction is subject to the fulfillment of the conditions precedent set out in the

Agreement, which include obtaining the valid approvals issued by the PRC government or the relevant department authorised by it, and uncertainties exist;

(2) Risk of development and operation of the mine

The Kamo a copper mine project is situated at Katanga Province, the DR Congo, Africa. The infrastructure (including electricity) and transportation are the major risks in the project's operation. Besides, the project is still at the preliminary stage. Uncertainties exist before development commences.

(3) Market risk

Market risk mainly comes from the price trend of copper in the future. If there is significant fluctuation in copper price in the future, the profitability of the project will be more uncertain and may thereby affect the value of the Target Company.

(4) Foreign exchange risk

The Transaction will be settled in US\$. Due to the impact of the exchange rate fluctuation, the Transaction which will be settled in US\$ will have certain foreign exchange risk.

This announcement is published in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

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, Fang Qixue 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

26 May 2015, Fujian, the PRC

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