

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 in relation to Results of a Preliminary Economic Assessment on the Kakula and Kamoia Deposits in the DR Congo

A joint venture between Zijin Mining Group Co., Ltd.* (the “Company”) and Ivanhoe Mines Ltd. of Canada (“Ivanhoe”), the Kamoia copper mine project in the Democratic Republic of the Congo (the “DR Congo”), has recently announced the results of a preliminary economic assessment (PEA) of two initial options for the start-up of copper mining on the Kakula and Kamoia deposits in the DR Congo. Highlights of the results are:

1. Initial option for a single 4 million-tonne-per-annum (Mtpa) Kakula Phase 1 Mine

On a high-grade initial phase of production, the PEA envisages an average annual production rate of 216,000 tonnes of copper at a mine-site cash cost of US\$0.37/lb copper for the first 10 years of operations, and peak copper production of 262,000 tonnes by year three.

Initial capital cost, including contingency, is estimated at US\$1.0 billion, approximately US\$200 million lower than previously estimated in the March 2016 Kamoia pre-feasibility study. This would result in an after-tax net present value at an 8% discount rate (NPV8%, using a price assumption of US\$3.00/lb of copper) of US\$3.7 billion – an increase of 272% compared to the after-tax NPV8% of US\$986 million that was projected in the March 2016 Kamoia pre-feasibility study. The after-tax internal rate of return of 38% would be more than double the return that was estimated in the March 2016 Kamoia pre-feasibility study, and the payback period would be 2.3 years. The initial project life is 23 years (subject to final resource volume of the project).

Kakula is expected to produce a very-high-grade copper concentrate in excess of 50% copper, with extremely low arsenic levels.

2. Initial option for two mines producing a total of 8 Mtpa in two phases

The PEA also analyzed an alternative initial option that could involve a two-phase sequential expansion of production to 8 Mtpa from the proposed Kakula Phase 1 Mine at the Kakula Deposit and also the adjacent Kamoia Deposit.

On a high-grade initial phase of production, the PEA envisages an average annual production rate of 292,000 tonnes of copper at a mine-site cash cost of US\$0.42/lb copper during the first 10 years of operations, and peak production of 370,000 tonnes by year seven for Kakula and Kansoko (one part of the Kamoia Deposit) mines.

Initial capital cost, including contingency, is US\$1.0 billion. After-tax NPV at an 8% discount rate would be US\$4.7 billion, an increase of 382% compared to the after-tax NPV at an 8% discount rate of US\$986 million estimated in the March 2016 Kamoia pre-feasibility study. After-tax IRR would be 34.6%, which would be more than double the IRR of the March 2016 Kamoia pre-feasibility study, and the payback period would be 3.5 years. The initial project life would be 29 years (subject to final resource volume of the project).

The follow-on PEA, now underway, is examining an alternative approach that would see development of a single 8 Mtpa mine on the Kakula Deposit. This option is expected to have substantial advantages over the development of two mines producing a total of 8 Mtpa. Planned studies also will assess combined mining scenarios of 12 and 16 Mtpa. It is expected that the PEA will be completed in Q1 2017.

The Company holds 9.9% equity interest in Ivanhoe. The Company and Ivanhoe each holds 49.5% equity interest in Kamoia Holding Limited (“KHL”, a joint venture of the Company). KHL holds 80% equity interest in Kamoia Copper SA (“Kamoia Copper”). Kamoia Copper holds 100% interest in the Kamoia copper mine.

The aforesaid initial options and financial projections of the PEA are only based on the currently available data. These initial options may or may not be implemented. Any forward looking statements involved in the initial options, such as future plans and forecasts, do not constitute any actual commitment of the Company. Investors are advised to be cautious of their investment risks.

This announcement is made on a voluntary basis.

Investors and shareholders are advised by the board of directors 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, Zhu Guang, 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

Fujian, the PRC, 14 December 2016

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