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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)**

### **Continuing Connected Transaction**

The Board of the Company announced that on 22 February 2017, Xinjiang Ashele, a subsidiary of the Company, as the seller, entered into the Copper Concentrates Supply Contract with Xinjiang Non-ferrous Materials, as the buyer, for a term effective from 1 January 2017 to 31 December 2017.

The Company is one of the substantial shareholders of Xinjiang Ashele, currently holding 51% equity interest in Xinjiang Ashele. Xinjiang Non-ferrous Metal Industry (Group) Company Limited and its subsidiary China Non-ferrous Metal Import and Export Xinjiang Corp. together hold 34% equity interest in Xinjiang Ashele. Xinjiang Non-ferrous Materials is a wholly-owned subsidiary of Xinjiang Non-ferrous Metal Industry (Group) Company Limited. Xinjiang Non-ferrous Materials is an associate of Xinjiang Non-ferrous Metal Industry (Group) Company Limited and a connected person to the Company (as defined in the Listing Rules). Therefore, under Chapter 14A of the Listing Rules, the transaction under the Copper Concentrates Supply Contract constitutes a continuing connected transaction of the Company.

The Continuing Connected Transaction, which is continuous in nature, was entered into in the ordinary and usual course of business of the Company. As one or more of the applicable percentage ratios (as set out in the Listing Rules, except the profit ratio) in relation to the transaction is, on an annual basis, more than 1% but all the applicable percentage ratios are less than 5%, the transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules with exemption on the circular and approval from Independent Shareholders, but is subject to annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

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### **PRINCIPAL TERMS OF CONTRACT**

## COPPER CONCENTRATES SUPPLY CONTRACT

Date: 22 February 2017

Parties: Seller:

Xinjiang Ashele is a subsidiary of the Company, a company incorporated in the PRC with limited liability, and is mainly engaged in the development of Ashele copper mine in Xinjiang Province.

Buyer:

Xinjiang Non-ferrous Materials. The controlling shareholder of Xinjiang Non-ferrous Materials is Xinjiang Non-ferrous Metal Industry (Group) Company Limited. Xinjiang Non-ferrous Materials is mainly engaged in:

General business scope: Business in chrome ore, chrome-magnesite bricks, coke and furnace charging materials; sales of metal materials, machinery and electrical products, mining products, chemical products, construction materials, instruments and meters, metal hardware and electrical products; retail of chemical fertilizers; processing of machinery components; installation and technical consultation services of machinery and equipment; services relating to loading and unloading, delivery and storage; leasing of houses; heating supply services; container transportation services by rail; freight agency services; sales of agricultural by-products, aquatic products and frozen food; sales of coals and stone materials (items which require approvals under the law shall be subject to the approval from relevant departments before the commencement of business).

Product of sales: Copper concentrates

Pricing: (1) The settlement price of copper concentrates containing copper shall be determined according to the monthly arithmetic average settlement price of standard copper cathodes under spot contract in Shanghai Futures Exchange for each trading day in the month when deliveries are made from the mining area (as determined by the date of delivery of the goods; the 1st day to the last day of each month) as a benchmark price multiplied by a relevant price coefficient;

(2) The settlement price of copper concentrates containing gold shall be determined according to the monthly arithmetic weighted average settlement price of AU99.95 gold in Shanghai Gold Exchange in the month when deliveries are made from the mining area (the 1st day to the last day of each month) as a

benchmark price multiplied by a relevant price coefficient;

- (3) The settlement price of copper concentrates containing silver shall be determined according to the monthly arithmetic average settlement price of No. 3 Guobiao silver in Shanghai Huatong Market in the month when deliveries are made from the mining area (the 1st day to the last day of each month) as a benchmark price multiplied by a relevant price coefficient;
- (4) Price will be reduced in accordance with the provisions of the contract if impurities which do not comply with the provisions of the contract are found in the concentrates.

Term: From 1 January 2017 to 31 December 2017

- Payment term:
1. Full payment should be made by the buyer in advance by wire transfer according to the forecast grade, quantity and forecast price for the month as informed by the seller.
  2. The principle of delivery of goods and payment by both parties: until the buyer makes the full payment, no copper concentrates shall be delivered by the seller; the total price of goods shall be settled on time on a monthly basis.

The terms of the Copper Concentrates Supply Contract were arrived at after an arm's length negotiation between Xinjiang Ashele and Xinjiang Non-ferrous Materials.

#### **ANNUAL CAP**

The Company proposes that the maximum amount ("Annual Cap") of the Copper Concentrates Supply Contract for the year ended 31 December 2017 to be RMB850 million.

The Annual Cap of the Copper Concentrates Supply Contract for the year ended 31 December 2017 was determined with reference to the production plan of Xinjiang Ashele and the planned requirement of Xinjiang Non-ferrous Materials. It is estimated that Xinjiang Ashele will sell copper concentrates containing not more than 21,000 tonnes of copper metal to Xinjiang Non-ferrous Materials in 2017. The breakdown of the transaction value is as follows:

	Year 2014 (Actual) RMB	Year 2015 (Actual) RMB	Year 2016 (Actual) RMB	Year 2017 (Annual Cap) RMB

1.	Sales of copper concentrates to Xinjiang Wuxin Copper Company Limited (Note)	228,020,000	365,000,000	N/A	N/A
2.	Sales of copper concentrates to Xinjiang Non-ferrous Materials (Note)	N/A	N/A	503,000,000 (unaudited)	850,000,000

Note: The controlling shareholder of Xinjiang Wuxin Copper Company Limited and Xinjiang Non-ferrous Materials is Xinjiang Non-ferrous Metal Industry (Group) Company Limited.

As at the end of January 2017, the cumulative transaction amount was approximately RMB86.24 million (unaudited).

### **CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION**

The Company is one of the substantial shareholders of Xinjiang Ashele, currently holding 51% equity interest in Xinjiang Ashele. Xinjiang Non-ferrous Metal Industry (Group) Company Limited and its subsidiary China Non-ferrous Metal Import and Export Xinjiang Corp. together hold 34% equity interest in Xinjiang Ashele. Xinjiang Non-ferrous Materials is a wholly-owned subsidiary of Xinjiang Non-ferrous Metal Industry (Group) Company Limited. Xinjiang Non-ferrous Materials is an associate of Xinjiang Non-ferrous Metal Industry (Group) Company Limited and a connected person to the Company (as defined in the Listing Rules). Therefore, under Chapter 14A of the Listing Rules, the transaction under the Copper Concentrates Supply Contract constitutes a continuing connected transaction of the Company.

### **REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

The Company is principally engaged in the mining, production, refining and sales of gold and other mineral resources in the PRC. The sales of copper concentrates from Xinjiang Ashele to Xinjiang Non-ferrous Materials can broaden sales channels in Xinjiang. Therefore, the Directors (including the independent non-executive Directors) consider that the terms of the Copper Concentrates Supply Contract are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **MATERIAL INTEREST**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transaction and is required to abstain from voting on the Board meeting approving the transaction.

### **GENERAL**

The Continuing Connected Transaction, which is continuous in nature, was entered into in the ordinary and usual course of business of the Company. As one or more of the applicable percentage ratios (as set out in the Listing Rules, except the profit ratio) in relation to the transaction is, on an annual basis, more than 1% but all the applicable percentage ratios are less than 5%, the transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules with exemption on the circular and approval from Independent Shareholders, but is subject to annual review, 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
“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
“Continuing Connected Transaction”	the connected transaction contemplated under the Copper Concentrates Supply Contract entered into between the Company’s subsidiary, Xinjiang Ashele and Xinjiang Non-ferrous Materials on a continuing basis
“Copper Concentrates Supply Contract”	the contract entered into between the Company’s subsidiary, Xinjiang Ashele and Xinjiang Non-ferrous Materials on 22 February 2017 in relation to, inter alia, the sales of copper concentrates from the Company’s subsidiary, Xinjiang Ashele to Xinjiang Non-ferrous Materials
“Director(s)”	the director(s) of the Company
“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 shareholders’ general meeting to approve a connected transaction
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Xinjiang Ashele”	Xinjiang Ashele Copper Company Limited, a company incorporated in the PRC with limited liability, the Company currently holds 51% of its equity interest, it is a subsidiary of the Company
“Xinjiang Non-ferrous Materials”	Xinjiang Non-ferrous Metal Industrial Materials (Group) Co., Ltd., a company incorporated in the PRC, the controlling shareholder of Xinjiang Non-ferrous Materials is Xinjiang Non-ferrous Metal Industry (Group) Company Limited
“%”	per cent

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

**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), Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue, and Ms. Lin Hongying as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth, and Cai Meifeng as independent non-executive directors.

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

Fujian, the PRC, 22 February 2017

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