
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ACTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ZHAOJIN MINING INDUSTRY COMPANY LIMITED, you should at once hand this circular together with the accompanying form of proxy and reply slip to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1818)

**CONNECTED TRANSACTION
INVOLVING ISSUE OF CONSIDERATION SHARES
AND
PROPOSAL FOR GENERAL MANDATES
TO ISSUE H SHARES
AND
PROPOSAL FOR GENERAL MANDATES
TO REPURCHASE H SHARES
AND
PROPOSAL FOR DECLARATION OF FINAL DIVIDENDS
AND
PROPOSAL FOR ELECTION OF EXECUTIVE DIRECTORS
AND NON-EXECUTIVE DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING
AND
NOTICE OF DOMESTIC SHARES CLASS MEETING
AND
NOTICE OF H SHARES CLASS MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

Quam  **華富嘉洛
企業融資**
CAPITAL

Notices convening the AGM and the Class Meetings of the Company are set out on pages 71 to 88 of this circular.

Any Shareholder(s) entitled to attend and vote at the AGM and the Class Meetings are entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder of the Company. In the event that a Shareholder appoints more than one proxy to attend the meeting, such proxies may only exercise their voting rights in a poll. If you intend to appoint a proxy to attend the AGM and the Class Meetings and vote on your behalf, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the AGM and the Class Meetings (for the holders of H Shares); or for the holders of Domestic Shares of the Company, to the place of business of the Company in the PRC not less than 24 hours before the time appointed for the holding of the AGM and the Class Meetings.

* For identification purposes only

13 April 2012

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DEFINITIONS

In this circular, unless otherwise indicated in the context, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining by the Company from Zhaojin Non-Ferrous pursuant to the Transfer Agreement
“AGM”	the 2011 annual general meeting of the Company to be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC on 29 May 2012 (Tuesday) at 9:00 a.m.
“Announcement”	the announcement dated 23 March 2012 of the Company in relation to the Acquisition and the grant of the Specific Mandate
“Articles of Association”	the articles of association of the Company
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the Board of Directors
“Class Meeting(s)”	the class meeting(s) of H Share Shareholders and/or the Domestic Share Shareholders to be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC on 29 May 2012 (Tuesday) at 10:00 a.m. and/or 10:30 a.m., respectively
“Company”	Zhaojin Mining Industry Company Limited (招金礦業股份有限公司) (Stock Code: 1818), a joint stock limited company incorporated in the PRC and whose H Shares are listed on the Hong Kong Stock Exchange
“Company Law”	the Company Law of the PRC
“Company Valuer”	山東正源和信資產評估有限公司 (Shandong Zhengyuan Hexin Assets Appraisal Co., Limited*), the valuer appointed for the purpose of the Acquisition and an Independent Third Party
“connected persons”	has the meaning ascribed thereto in the Listing Rules

DEFINITIONS

“Consideration”	the aggregate consideration of RMB597,845,200 in respect of the sale and purchase of the Hou Cang Exploration Right and the entire equity interest of Jin Han Zun Mining
“Consideration Shares”	the 50,967,195 new Domestic Shares having a total cash value equivalent to the Consideration based on an issue price of RMB11.73 per Consideration Share to be allotted and issued by the Company to Zhaojin Non-Ferrous pursuant to the Transfer Agreement
“CSRC”	China Securities Regulatory Commission
“Da Sha Gou Exploration Right”	the exploration right (No. T65120080402005897) (prospecting) in the Da Sha Gou Gold Mine held by Jin Han Zun Mining
“Da Sha Gou Gold Mine”	新疆富蘊縣大沙溝金礦 (Xinjiang Fu Yun Xian Da Sha Gou Gold Mine), a gold mine which is located at Da Sha Gou District, Fu Yun Xian, Xinjiang, the PRC and is wholly owned by Jin Han Zun Mining
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company, with a RMB-denominated par value of RMB1.00 each, which were subscribed for and paid up in RMB
“Domestic Share Shareholder(s)”	holder(s) of Domestic Shares
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign invested share(s) in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange
“H Share Shareholder(s)”	holder(s) of H Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hou Cang Exploration Right”	the exploration right (No. T37120080402006515) in the gold mine in Hou Cang District, Zhao Yuan City, Shandong Province held by Zhaojin Non-Ferrous
“Hou Cang Gold Mine”	山東省招遠市後倉金礦 (Shandong Zhaoyuan Hou Cang Gold Mine), a gold mine which is located at Hou Cang District, Zhaoyuan City, Shandong Province, the PRC and is wholly owned by Zhaojin Non-Ferrous
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established to make recommendations to the Independent Shareholders in respect of the Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Advisor”	Quam Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the AGM and the Class Meetings to approve the Transfer Agreement and the transactions contemplated thereunder
“Independent Third Party”	a third party independent of the Group
“Issue Mandate”	subject to the conditions set out in the proposed resolution approving the Issue Mandate at the AGM and the Class Meetings, the general mandate to be given to the Board to exercise the power of the Company to allot, issue or deal with up to a maximum of 20% of the existing issued H Shares
“Jin Han Zun Mining”	新疆金瀚尊礦業投資有限公司 (Xinjiang Jin Han Zun Mining Investment Company Limited*), a company established in the PRC on 25 August 2005 with limited liability
“km”	kilometer

DEFINITIONS

“km ² ”	square kilometre
“Last Trading Day”	22 March 2012, being the last full trading day of the H Shares immediately preceding the date of the Transfer Agreement
“Latest Practicable Date”	5 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Mine Valuer”	北京海地人礦業權評估事務所 (Headmen Mining Rights Appraisal Firm*), the valuer appointed for the purpose of the Acquisition and an Independent Third Party
“PRC” or “China”	the People’s Republic of China
“Record Date”	2 June 2012, being the record date by reference to which entitlements to the final dividends will be determined
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at the AGM and the Repurchase Mandate approved by way of special resolution at the H Shares Class Meeting and the Domestic Shares Class Meeting to be held separately, the general mandate to be given to the Board to exercise the power of the Company to repurchase H Shares of up to a maximum of 10% of the aggregate nominal value of the issued H Shares share capital of the Company as at the date of passing such resolution
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration for Foreign Exchange of the PRC (中國國家外匯管理局)
“SFO”	Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong)
“Shareholder(s)”	the registered holder(s) of Domestic Shares and H Shares

DEFINITIONS

“Shares”	ordinary shares of RMB1.00 each in the share capital of the Company, comprising Domestic Shares and H Shares
“Specific Mandate”	the specific mandate to be granted to the Directors at the AGM and the Class Meeting for the allotment and issue of the Consideration Shares to Zhaojin Non-Ferrous in accordance with the Transfer Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transfer Agreement”	the transfer agreement dated 23 March 2012 entered into between the Company and Zhaojin Non-Ferrous in relation to the Acquisition
“Zhaojin Group”	Shandong Zhaojin Group Company Limited, a state-owned limited company incorporated in the PRC in June 1992 which holds approximately 37.84% of the entire issued share capital of the Company (i.e. 1,086,514,000 Domestic Shares and 16,510,000 H Shares, representing 37.27% and 0.57% of the total issued Shares of the Company, respectively) as at the Latest Practicable Date
“Zhaojin Non-Ferrous”	招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*), a company established in the PRC on 11 January 1992 with limited liability and a wholly-owned subsidiary of Zhaojin Group
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



Z H A O J I N

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1818)

Executive Directors:

Mr. Lu Dongshang (*Chairman*)
Mr. Weng Zhanbin
Mr. Li Xiuchen

Non-executive Directors:

Mr. Liang Xinjun (*Vice chairman*)
Mr. Cong Jianmao
Mr. Ye Kai
Mr. Kong Fanhe

Independent Non-executive Directors:

Mr. Ye Tianzhu
Mr. Yan Hongbo
Ms. Chen Jinrong
Mr. Choy Sze Chung Jojo

Registered address:

299 Jinhui Road
Zhaoyuan City
Shandong Province
PRC

*Principal place of business
in Hong Kong:*

8th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

13 April 2012

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
INVOLVING ISSUE OF CONSIDERATION SHARES
AND
PROPOSAL FOR GENERAL MANDATES
TO ISSUE H SHARES
AND
PROPOSAL FOR GENERAL MANDATES
TO REPURCHASE H SHARES
AND
PROPOSAL FOR DECLARATION OF FINAL DIVIDENDS
AND
PROPOSAL FOR ELECTION OF EXECUTIVE DIRECTORS
AND NON-EXECUTIVE DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING
AND
NOTICE OF DOMESTIC SHARES CLASS MEETING
AND
NOTICE OF H SHARES CLASS MEETING**

* *For identification purposes only*

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information regarding the notices of the AGM and Class Meetings and the resolutions to be proposed at the AGM and/or the Class Meetings (where applicable) relating to, among other things, the following:

- (i) the Acquisition, the allotment and issue of the Consideration Shares, letter from the Independent Board Committee and letter from the Independent Financial Adviser;
- (ii) the proposal for the grant of Issue Mandate;
- (iii) the proposal for the grant of Repurchase Mandate;
- (iv) the proposal for declaration of final dividends; and
- (v) election of executive Directors and non-executive Directors.

I. CONNECTED TRANSACTION

Reference is made to the Announcement in relation to the Acquisition and the grant of the Specific Mandate. On 23 March 2012, the Company entered into the Transfer Agreement with Zhaojin Non-Ferrous, a wholly-owned subsidiary of Zhaojin Group, pursuant to which Zhaojin Non-Ferrous conditionally agreed to sell and the Company conditionally agreed to purchase the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining for an aggregate consideration of RMB597,845,200, which will be satisfied in full by the allotment and issue of the Consideration Shares by the Company.

The completion of the Acquisition is subject to various conditions as stated in the paragraph headed “Conditions precedent” in this circular.

The Transfer Agreement

Date

23 March 2012

Parties

Vendor: Zhaojin Non-Ferrous, a wholly-owned subsidiary of Zhaojin Group, a controlling Shareholder of the Company

Purchaser: The Company

LETTER FROM THE BOARD

Assets to be acquired

Subject to the terms and conditions of the Transfer Agreement, including the satisfaction or waiver (as the case may be) of all the conditions precedent under the paragraph headed “Conditions precedent” in this circular, Zhaojin Non-Ferrous has agreed to transfer the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining to the Company free from any encumbrances including any charge or freezing order by any judicial body.

The completion of the transfer of the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining by Zhaojin Non-Ferrous to the Company shall be inter-conditional.

Consideration

The aggregate consideration for the sale and purchase of the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining is RMB597,845,200 (comprising the considerations for the sale and purchase of the Hou Cang Exploration Right and the entire equity interest of Jin Han Zun Mining of RMB244,970,600 and RMB352,874,600, respectively). The consideration will be satisfied in full by the allotment and issue of the Consideration Shares at the issue price of RMB11.73 per Consideration Share.

The respective consideration for each of the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining was arrived at after arm’s length negotiation between the Company and Zhaojin Non-Ferrous with reference to the valuation of the Hou Cang Exploration Right of RMB244,970,600 as at 31 July 2011 conducted by the Mine Valuer and Jin Han Zun Mining of RMB352,874,600 as at 31 July 2011 conducted by the Company Valuer and the prevailing market price of the H Shares.

The issue price of the Consideration Shares was arrived at based on the average price per H Share of the Company for the last 20 consecutive trading days up to and including the Last Trading Day. The applicable exchange rate of Renminbi to Hong Kong dollar shall be the middle price for quoting Hong Kong dollar against Renminbi on the interbank foreign exchange market as announced by the China Foreign Exchange Trade System under the authorisation of the People’s Bank of China on the Last Trading Day.

The issue price of RMB11.73 of each of the Consideration Shares represents:

- (i) a premium of approximately 17.56% to the closing price of HK\$12.3 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 8.56% to the closing price of HK\$13.32 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 9.21% to the average closing price of approximately HK\$13.24 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

LETTER FROM THE BOARD

- (iv) a premium of approximately 4.33% to the average closing price of approximately HK\$13.86 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Consideration Shares to be allotted and issued by the Company to Zhaojin Non-Ferrous under the Transfer Agreement, represents:

- (i) approximately 2.50% and 1.75% of the existing Domestic Shares in issue and the existing total registered share capital of the Company, respectively; and
- (ii) approximately 2.44% and 1.72% of the Domestic Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the total registered share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The aggregate nominal value of the Consideration Shares is RMB50,967,195. As at the Latest Practicable Date, the market price of the H Share is HK\$12.3 per H Share.

The Directors (including the independent non-executive Directors) considered that the issue price of RMB11.73 (equivalent to approximately HK\$14.46) per Consideration Share to be fair and reasonable and the Acquisition is in the interests of the Company and the Independent Shareholders as a whole.

The Consideration Shares shall be allotted and issued under the Specific Mandate to be obtained at the AGM and the Class Meetings, respectively.

Ranking

The Consideration Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares then in issue at the time of the allotment and issue of the Consideration Shares. Pursuant to the Transfer Agreement, Zhaojin Non-Ferrous will not be entitled to any dividend for the year ended 31 December 2011 to be distributed by the Company.

Conditions Precedent

The completion of the Acquisition is subject to the following conditions being satisfied:

- (a) conditions to be satisfied jointly by the Company and Zhaojin Non-Ferrous:
 - (i) all necessary approvals, consents and permits required to be obtained from all the competent governmental bodies and monitoring departments including the People's Government State-owned Assets Monitoring Committee of the Shandong Province (山東省人民政府國有資產監督管理委員會) in respect of the Transfer Agreement and the transactions contemplated thereunder having been obtained; and

LETTER FROM THE BOARD

- (ii) all such approvals, consents and permits have not caused any material change to any terms and conditions of the Transfer Agreement and the transactions contemplated thereunder (including but not limited to the consideration and the assets to be transferred under the Transfer Agreement).
- (b) conditions to be satisfied by the Company (or waived by Zhaojin Non-Ferrous provided that such waiver complies with the relevant laws):
- (i) the completion of the Company's relevant internal approval procedures for approving the Acquisition, including but not limited to the passing of the resolutions by the Independent Shareholders at the AGM, H Shares Shareholders and the Domestic Shares Shareholders at the Class Meetings, respectively;
 - (ii) the warranties given by the Company not being breached; and
 - (iii) the obligations of the Company under the Transfer Agreement not being breached.
- (c) conditions to be satisfied by Zhaojin Non-Ferrous (or waived by the Company provided that such waiver complies with the relevant laws):
- (i) the completion of the relevant internal approval procedures of Zhaojin Non-Ferrous for approving the Acquisition;
 - (ii) the Hou Cang Exploration Right being true, legally and validly held by Zhaojin Non-Ferrous and is not subject to any encumbrance including any charge or freezing order by any judicial body and is in good condition for the purpose of transfer;
 - (iii) the entire equity interest in Jin Han Zun Mining being true, legally and validly held by Zhaojin Non-Ferrous and is not subject to any encumbrance including any charge or freezing order by any judicial body and is in good condition for the purpose of transfer;
 - (iv) the Da Sha Gou Exploration Right being true, legally and validly held by Jin Han Zun Mining and is not subject to any encumbrance including any charge or freezing order by any judicial body;
 - (v) the warranties given by Zhaojin Non-Ferrous not being breached; and
 - (vi) the obligations of Zhaojin Non-Ferrous under the Transfer Agreement not being breached by Zhaojin Non-Ferrous.

LETTER FROM THE BOARD

Time of payment

The Company shall allot and issue the Consideration Shares to Zhaojin Non-Ferrous and complete the registration at the China Securities Depository and Clearing Corporation Limited within 30 business days after the satisfaction or waiver (as the case may be) of all the conditions precedent under the paragraph headed “Conditions Precedent” in this circular. Upon completion of the aforesaid registration, Zhaojin Non-Ferrous will become the shareholder of the Consideration Shares.

After completion of all the change and registration procedures in respect of the transfer of the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining, Jin Han Zun Mining will become a wholly-owned subsidiary of the Company.

Information on the Hou Cang Exploration Right and Jin Han Zun Mining

The Hou Cang Exploration Right

The Hou Cang Exploration Right enables its holder to conduct exploration and detailed investigation on the Hou Cang Gold Mine in Hou Cang District, Zhao Yuan City, Shandong Province, the PRC, which is located about 18 km southwest of Zhaoyuan City, Shandong Province, the PRC, with an area of approximately 8.2 km². It possesses a gold resource of 15,691 kg, with an average grade of 2.71g/ton. The Hou Cang Exploration Right was initially granted on 17 July 2001 and will expire on 30 September 2013. After the completion of the Acquisition, the Company will commence exploration work on the Hou Cang Gold Mine. The timing of the renewal of the Hou Cang Exploration Right will depend on the level of maturity of the Hou Cang Gold Mine. If the Hou Cang Gold Mine is in a “minable condition”, the Company will immediately apply for the renewal of the Hou Cang Exploration Right at the Ministry of Land and Resources and priority will be given to the renewal under such circumstances. If the Company determines that further exploration work will be necessary on the Hou Cang Gold Mine, the Company will apply for the renewal one month before its expiration in consistent with the normal practice of the Company. From the past experience of the Company, it does not foresee any obstacle in the renewal of the Hou Cang Exploration Right.

According to the valuation by the Mine Valuer based on 地質要素評序法 (geology essential factor appraisal method*), the valuation of the Hou Cang Exploration Right as at 31 July 2011 was approximately RMB244,970,600. No revenue has been generated from the Hou Cang Exploration Right so far. The Company confirms that there is no significant change in the valuation in the Hou Cang Exploration Right as at the Latest Practicable Date.

As at the date of the Announcement, the mining operation in the area of mine covered by the Hou Cang Exploration Right has not been commenced. As at the date of the Announcement, no capital commitment has been made by Zhaojin Non-Ferrous nor the Company in respect of the Hou Cang Exploration Right and the total costs to be incurred on the exploration of the mine under the Hou Cang Exploration Right cannot be ascertained.

LETTER FROM THE BOARD

The Company is still in the process of devising the working plan on the exploration of the Hou Cang Gold Mine. As the Acquisition has not been completed, the expected completion date of the exploration and commencement of the commercial exploitation are yet to be determined definitely.

The original cost of purchase of the Hou Cang Exploration Right by Zhaojin Non-Ferrous on 7 January 2011 was RMB88,000,000. The Directors (including the independent non-executive Directors) consider the significant increase in the value of the Hou Cang Exploration Right from RMB88,000,000 to approximately RMB244,970,600 is justified for the following reason: at the time of the purchase of the Hou Cang Exploration Right by Zhaojin Non-Ferrous, the gold resource of the Hou Cang Gold Mine was only 5,860 kg, with an average grade of 2.63g/ton. After the purchase, further investment was made by Zhaojin Non-Ferrous on the exploration work and as at 31 July 2011, the Hou Cang Gold Mine possesses a gold resource of 15,691 kg, with an average grade of 2.71g/ton, which was significantly higher than what was discovered at the time of purchase by Zhaojin Non-Ferrous.

The original owner who sold the Hou Cang Exploration Right to Zhaojin Non-Ferrous preferred to sell the Hou Cang Exploration Right to a wholly-owned subsidiary of Zhaojin Group due to the long established relationship between Zhaojin Non-Ferrous and the original owner.

Jin Han Zun Mining

Jin Han Zun Mining is a company incorporated in the PRC on 25 August 2005 with limited liability and as at the date of the Announcement, it is wholly-owned by Zhaojin Non-Ferrous. Jin Han Zun Mining is principally engaged in the exploration work on mine.

Set out below is the unaudited consolidated financial information of Jin Han Zun Mining prepared in accordance with PRC accounting standards:

	For the financial year ended	
	31 December	
	2010	2011
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation and extraordinary items	3,394,308.99	1,625,671.4
Net loss after taxation and extraordinary items	3,429,803.84	1,625,671.4

According to the unaudited consolidated financial information of Jin Han Zun Mining prepared in accordance with PRC accounting standards, the unaudited net assets of Jin Han Zun Mining as at 31 December 2011 was approximately RMB4,150,000.

As the principal business carried out by Jin Han Zun Mining is exploration work on mine and it does not have any operation activity, no turnover was generated by Jin Han Zun Mining so far.

LETTER FROM THE BOARD

Da Sha Gou Gold Mine was wholly-owned by Jin Han Zun Mining. Jin Han Zun Mining holds the Da Sha Gou Exploration Right.

The Da Sha Gou Exploration Right enables its holder to conduct exploration and general prospecting on the Da Sha Gou Gold Mine in Da Sha Gou District, Fu Yun Xian, Xinjiang, the PRC, which is located in the southeast of Xinjiang Fu Yun Xian, about 260 km away from Fu Yun Xian City, the PRC, with an area of 3.64 km². It possesses a gold resource of 10,508.82 kg, with an average grade of 4.62g/ton. The Da Sha Gou Exploration Right was initially granted on 18 September 2005 and will expire on 13 December 2013. After the completion of the Acquisition, the Company will commence exploration work on the Da Sha Gou Gold Mine. The timing of the renewal of the Da Sha Gou Exploration Right will depend on the level of maturity of the Da Sha Gou Gold Mine. If the Da Sha Gou Gold Mine is in a “minable condition”, the Company will immediately apply for the renewal of the Da Sha Gou Exploration Right at the Ministry of Land and Resources and priority will be given to the renewal under such circumstances. If the Company determines that further exploration work will be necessary on the Da Sha Gou Gold Mine, the Company will apply for the renewal one month before its expiration in consistent with the normal practice of the Company. From the past experience of the Company, it does not foresee any obstacle in the renewal of the Da Sha Gou Exploration Right.

According to the valuation by the Mine Valuer based on 地質要素評序法 (geology essential factor appraisal method*), the valuation of the Da Sha Gou Exploration Right as at 31 July 2011 was approximately RMB349,177,600. No revenue has been generated from the Da Sha Gou Exploration Right so far.

As at the date of the Announcement, the mining operation in the area of mine covered by the Da Sha Gou Exploration Right has not been commenced. As at the date of the Announcement, no capital commitment has been made by Jin Han Zun Mining nor the Company in respect of the Da Sha Gou Exploration Right and the total costs to be incurred on the exploration of the mine under the Da Sha Gou Exploration Right cannot be ascertained.

The Company is still in the process of devising the working plan on the exploration of the Da Sha Gou Gold Mine. Since the Acquisition has not been completed, the expected completion date of the exploration and commencement of the commercial exploitation are yet to be determined.

Based on the asset valuation report issued by the Company Valuer on 22 December 2011, the appraised value of the entire equity interest in Jin Han Zun Mining as at 31 July 2011 was RMB352,874,600. The Company confirms that there is no significant change in the valuation in Jin Han Zun Mining as at the Latest Practicable Date.

The original cost of purchase of Jin Han Zun Mining by Zhaojin Non-Ferrous on 8 November 2010 was RMB120,000,000. The Directors (including the independent non-executive Directors) consider the significant increase from RMB120,000,000 to approximately RMB352,874,600 is justified for the following reason: at the time of the purchase of Jin Han

LETTER FROM THE BOARD

Zun Mining by Zhaojin Non-Ferrous, the gold resource of the Da Sha Gou Gold Mine was only 3,236 kg, with an average grade of 4.93g/ton. After the purchase, further investment was made by Zhaojin Non-Ferrous on the exploration work and as at 31 July 2011, the Da Sha Gou Gold Mine possesses a gold resource of 10,508.82 kg, with an average grade of 4.62g/ton, which was significantly higher than what was discovered at the time of purchase by Zhaojin Non-Ferrous.

The original owner who sold Jin Han Zun Mining to Zhaojin Non-Ferrous preferred to sell Jin Han Zun Mining to a wholly-owned subsidiary of Zhaojin Group due to the long established relationship between Zhaojin Non-Ferrous and the original owner.

Reasons for and Benefits of Entering into the Transfer Agreement

The Directors (including the independent non-executive Directors) consider that the Acquisition will be beneficial to the Group as both of the Hou Cang Gold Mine and Da Sha Gou Gold Mine are located in the districts with higher mine formation potential and greater potential of higher reserves. As both of the mines are located relatively near to the current mines owned by the Group, the later exploration of both of the mines can make use of the existing production facilities and transportation of the Group to achieve a synergy effect with the existing mines and facilities currently owned by the Group and to increase the productivity and shorten the infrastructure building time. As both Shandong and Xinjiang are the current focal development areas of the Group, the Acquisition can provide and strengthen the strategic and geographical advantages to the overall planning and development of the Group. Moreover, the Acquisition will further reduce the competition between the Company and Zhaojin Group. In addition, Zhaojin Group increased its shareholding of Domestic Shares at a high premium which shows its support and confidence to the Group. Through the Acquisition, the Group is able to further increase the amount of gold resources by non-cash method and provide resources for the Company's long term development.

The Directors (including the independent non-executive Directors), consider that the terms of the Transfer Agreement are fair and reasonable and on normal commercial terms and that the Acquisition is in the interests of the Company and the Independent Shareholders as a whole.

Information on the Group

The Group is principally engaged in gold exploration, mining, ore processing and smelting, and processing and sale of by-products in the PRC.

Information on Zhaojin Group and Zhaojin Non-Ferrous

Zhaojin Group is principally engaged in the business of gold exploration, mining and refining, and has investments in gold exploration, mining, smelting and refining and other gold-related businesses.

Zhaojin Non-Ferrous is principally engaged in the business of geological exploration, mining and comprehensive development of non-ferrous metal mines.

LETTER FROM THE BOARD

Effect on Shareholding Structure after Completion of the Acquisition

To the best knowledge of the Directors, the simplified shareholding structure of the Company as at the date of the Announcement and the shareholding structure of the Company after completion of allotment and issue of the Consideration Shares are as follows:

Shareholders	Number of Domestic Shares/H Shares held as at the date of the Announcement		Number of Domestic Shares/H Shares after allotment and issue of the Consideration Shares	
	Shares	%	Shares	%
Zhaojin Group	1,086,514,000 Domestic Shares	37.27	1,086,514,000 Domestic Shares	36.63
上海豫園旅遊商城股份有限公司 (Shanghai Yu Yuan Tourism Commercial City Joint Stock Limited Company*)	742,000,000 Domestic Shares	25.46	742,000,000 Domestic Shares	25.02
上海複星產業投資有限公司 (Shanghai Fuxing Property Investment Company Limited*)	106,000,000 Domestic Shares	3.64	106,000,000 Domestic Shares	3.57
招遠市國有資產經營有限公司 (Zhaoyuan City State-owned Assets Operation Company Limited*)	84,800,000 Domestic Shares	2.91	84,800,000 Domestic Shares	2.86
上海老廟黃金有限公司 (Shanghai Old Temple Gold Company Limited*)	21,200,000 Domestic Shares	0.73	21,200,000 Domestic Shares	0.71
Zhaojin Non-Ferrous	–	–	50,967,195 Domestic Shares	1.72
Public Shareholders	874,346,000 H Shares	30.00	874,346,000 H Shares	29.48
Total	2,914,860,000	100.00	2,965,827,195	100.00

LETTER FROM THE BOARD

Fund Raising Activity in the Past Twelve Months

The Company has not conducted any fund raising activity by the issue of securities in the 12 months immediately preceding the date of the Announcement.

Listing Rules Implications

Zhaojin Non-Ferrous, being a wholly-owned subsidiary of Zhaojin Group, a controlling Shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Since the Acquisition involved the allotment and issue of the Consideration Shares to Zhaojin Non-Ferrous, the Acquisition therefore constitutes a connected transaction of the Company and is subject to the reporting, announcement and approval of the Independent Shareholders requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 19A.38 of the Listing Rules and the Articles of Association, the allotment and issue of the Consideration Shares is also subject to the approval of the H Shares Shareholders and the Domestic Shares Shareholders at the Class Meetings, by way of special resolution.

Any connected person with a material interest in the transactions contemplated under the Transfer Agreement, and any Shareholder with a material interest in the transactions contemplated under the Transfer Agreement and its associates, will abstain from voting at the relevant resolutions approving the Transfer Agreement and the transactions contemplated thereunder at the AGM and the Class Meetings. Zhaojin Group and its associates will abstain from voting at the AGM and the relevant Class Meetings to approve the Transfer Agreement and the transactions contemplated thereunder, including authorizing the Board to deal with the matters relating to the Transfer Agreement.

Independent Board Committee and Independent Financial Advisor

The Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the fairness and reasonableness of the terms of the Transfer Agreement and the transactions contemplated thereunder so far as the Independent Shareholders are concerned. Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo have been appointed by the Board to serve as members of the Independent Board Committee. No member of the Independent Board Committee has any material interest in the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the Transfer Agreement. A letter from the Independent Board Committee is set out on page 25 this circular.

The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the fairness and reasonableness of the terms of the Transfer Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares). A letter from the Independent Financial Advisor is set out on pages 26 to 45 of this circular.

LETTER FROM THE BOARD

Approval by Directors

The Transfer Agreement was approved by the Board and none of the Directors have any material interest in the transactions contemplated thereunder. Mr. Lu Dongshang, Mr. Weng Zhanbin, Mr. Cong Jianmao and Mr. Wang Peifu have abstained from voting at the Board's meeting to approve the Transfer Agreement by virtue of them being the management staff of Zhaojin Group.

II. GENERAL MANDATE TO ISSUE H SHARES

The details set out in special resolution numbered 1 in the notices convening the AGM and the Class Meetings will be proposed at such meetings for the granting of a general mandate to the Directors to allot, issue and deal with new Shares of up to a maximum of 20% of the total existing issued H Shares of the Company at the date of passing such resolution, being 174,869,200 H Shares.

As at the Latest Practicable Date, the total issued H Shares of the Company amounted to 874,346,000 H Shares, the maximum number of H Shares which may be allotted and issued will be 174,869,200 H Shares. The Issue Mandate will expire upon the earliest of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (b) the expiration of a 12-month period following the passing of this resolution; or
- (c) the date on which the authority set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting.

AGM and the Class Meetings

Special resolutions will be proposed at the AGM and the Class Meetings in relation to the granting of a general mandate to the Directors to issue, allot and deal with additional H Shares, details of which are set out in special resolution numbered 1 of the notice of the AGM and notices of the Class Meetings, respectively.

III. GENERAL MANDATE TO REPURCHASE H SHARES

The Company Law (to which the Company is subject to) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered capital; (b) in connection with a merger between itself and another entity that holds its shares; (c) granting shares as rewards to the staff of the Company; or (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with a merger or division. The Articles of Association provides that subject to the approval of the relevant regulatory authorities and compliance with the Articles of Association, share repurchase may be effected by the Company

LETTER FROM THE BOARD

for the purposes of reducing its share capital, granting shares as rewards to the staff of the Company, or in connection with a merger between itself and another entity that holds its shares or in circumstances permitted by law or administrative regulations.

The Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the Directors to repurchase H shares of such company that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of a special resolution passed by Shareholders in the AGM and by special resolution passed by holders of overseas listed foreign invested shares and domestic shares in separate Class Meetings.

As the H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars, the amount payable by the Company upon any repurchase of its H Shares will, therefore, be made in Hong Kong dollars. As such, the approval of SAFE is required.

In accordance with the requirements of Article 4.2 of the Articles of Association applicable to capital reduction, the Company is required to prepare a balance sheet and an assets list upon the reduction of its registered capital. The Company will have to notify its creditors of the passing of such special resolution and the reduction to the registered capital of the Company that would occur should the Company decide to exercise the Repurchase Mandate at its general meeting. Such notification should be given in writing to the Company's creditors and be published by way of a press announcement within 10 days and 30 days after the passing of such special resolution, respectively. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 45 days after the publication of the press announcement to require the Company to repay amounts due to them or to provide guarantees thereof.

Conditions to Repurchase H Shares

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares, approval is proposed to be sought from the Shareholders for the Repurchase Mandate. In accordance with the legal and regulatory requirements described above, the Directors have given notices to convene the AGM and the Class Meetings. At the AGM, a special resolution will be proposed to grant to the Directors the Repurchase Mandate, i.e. a conditional general mandate to repurchase H Shares in issue on the Hong Kong Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing such special resolution. The Company will convene a class meeting for the holders of H Shares and a class meeting for the holders of Domestic Shares to grant to the Directors the Repurchase Mandate by way of a special resolution.

The Repurchase Mandate will be conditional upon:

- (a) the passing of the special resolution approving the grant of the Repurchase Mandate at the AGM;
- (b) the passing of the special resolution approving the grant of the Repurchase Mandate at a class meeting of the holders of H Shares and a class meeting of the holders of Domestic Shareholders to be convened for such purpose;

LETTER FROM THE BOARD

- (c) the obtaining of the approvals of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC; and
- (d) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 4.2 of the Articles of Association.

If the Company determines to repay any amount to any of its creditors in the circumstances described under condition (d) above, it expects to do so out of its internal resources. If the conditions are not fulfilled, the Repurchase Mandate will not be exercisable by the Directors.

The Repurchase Mandate, if approved at the AGM and, at the subsequent Class Meetings of the holders of H Shares and the holders of Domestic Shares to be held separately, would expire on the earliest of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- (b) the expiration of a 12-month period following the passing of this resolution at the AGM; or
- (c) the date on which the authority set out in the relevant resolutions approved at the AGM and the H Shares Class Meeting and Domestic Shares Class Meeting is revoked or varied by a special resolution of the members of the Company in a general meeting.

AGM and the Class Meetings

Special resolutions will be proposed at the AGM and the Class Meetings in relation to the grant of the Repurchase Mandate to the Directors, details of which are set out in special resolution numbered 2 of the notice of the AGM and notices of the Class Meetings.

Explanatory Statement

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in the appendix to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

LETTER FROM THE BOARD

IV. DECLARATION OF FINAL DIVIDENDS

According to the announcement of the Company dated 25 March 2012, it was proposed by the Board for the payment of final dividends for the year ended 31 December 2011 of RMB0.21 (before taxation) per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. For distribution of such dividends, dividends for Domestic Shares will be paid in Renminbi, whereas dividends for H Shares will be paid in Hong Kong dollars (at the average exchange rate of the medium rate of converting Renminbi into Hong Kong dollars as quoted by the People's Bank of China for the week immediately prior to 29 May 2012).

The proposed payment of final dividends for the year ended 31 December 2011 is still subject to the approval by the Shareholders of the Company at the AGM.

V. ELECTION OF EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

Reference is made to the announcement of the Company dated 23 March 2012 in relation to the appointment of Mr. Li Xiuchen as an executive director of the Company, Mr. Ye Kai and Mr. Kong Fanhe as non-executive directors of the Company. Mr. Li Xiuchen, Mr. Ye Kai and Mr. Kong will be subject to re-election by the Shareholders at the AGM.

The biographical details of Mr. Li Xiuchen, Mr. Ye Kai and Mr. Kong Fanhe are set out as follows:

Mr. Li Xiuchen

Mr. Li Xiuchen, aged 48, has successively served as a technician of the production office of Luoshan gold mine, the vice director of the production department, the director of the coordination room and the first vice president of Daqinjia gold mine, the vice president and vice general manager of Beijie gold mine and Zhongkuang Group, the vice general manager, president and general manager of 欣源黃金科技發展有限公司. He has served as the vice president of the Company since February 2007. At present, Mr. Li concurrently serves as an executive director (legal representative) of Xinjiang Zhaojin Mining Development Company Limited (新疆招金礦業開發有限公司), a director and chairman (legal representative) of Qinghe Jindu Mining Company Limited (青河縣金都礦業開發有限公司), an executive director (legal representative) of Hami City Zhaojin Taihe Mining Industry Co., Ltd. (哈密市招金泰合礦業有限公司), an executive director (legal representative) of Aletai City Kunhe Zhaojin Mining Company Limited (阿勒泰市招金昆合礦業有限公司), a director and chairman (legal representative) of Liaoning Zhaojin Baiyun Mining Company Limited (遼寧招金白雲黃金礦業有限公司), a director of Ruoqiang Changyun Sanfengshan Mining Company Limited (若羌縣昌運三峰山金礦有限責任公司), a director of Aletai Zhengyuan International Mining Company Limited (阿勒泰正元國際礦業有限公司), a director of Zhaoyuan Zhaojin Daqinjia Gold Mining Industry Company Limited (招遠市招金大秦家礦業有限公司) and a director of Zhaoyuan Zhaojin-Jishan Mining Company Limited (招遠市招金紀山礦業有限公司). Mr. Li graduated from the Mining Department of 瀋陽黃金學院, and is a senior engineer.

LETTER FROM THE BOARD

Save as disclosed above, Mr. Li did not hold any directorships in any listed companies in the preceding three years prior to the Latest Practicable Date or have any other major appointments. Save as disclosed above, Mr. Li does not have any relationship with any Directors, supervisors, senior management or substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Li does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

If elected, Mr. Li will enter into a service contract with the Company for a term commencing from the date of the AGM and ending on the expiry of the term of the current session of the Board and is subject to retirement by rotation and re-election at the general meeting in accordance with the articles of association of the Company. Mr. Li will not be entitled to receive any director's emolument from the Company by being its executive director.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Li as an executive Director that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Ye Kai

Mr. Ye Kai, aged 49, had successively served as the vice general manager and the secretary of the Board of Directors of Shanghai Friendship Group Incorporated Company (SH. 600827), the vice general manager of Shanghai Friendship Department Co., Ltd., the general manager and chairman of Shanghai Bailian Xijiao Shopping Centre Co., Ltd., the assistant to the general manager and the vice general manager of Shanghai Bailian Group, and the chairman of Shanghai Yuyuan. Since September 2010, he has served as the general manager of the Real Estate Department of Shanghai Fosun High Technology (Group) Co., Ltd.. Since August 2011, he has concurrently served as the chairman of Shanghai Yuyuan Tourist Mart Co., Ltd. (SH. 600655). Mr. Ye graduated from the Central Communist Party School with a master's degree in Economics, and has extensive experience in business operation.

Save as disclosed above, Mr. Ye did not hold any directorships in any other listed companies in the preceding three years prior to the Latest Practicable Date or have any other major appointments. Mr. Ye does not have any relationship with any Directors, supervisors, senior management or substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Ye does not have any interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

If elected, Mr. Ye will enter into a service contract with the Company for a term commencing from the date of the AGM and ending on the expiry of the term of the current session of the Board and is subject to retirement by rotation and re-election at the general meeting in accordance with the articles of association of the Company. Mr. Ye will not be entitled to receive any director's emolument from the Company by being its non-executive director.

LETTER FROM THE BOARD

Save as disclosed above, there are no other matters concerning the appointment of Mr. Ye as a non-executive Director that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Kong Fanhe

Mr. Kong Fanhe, aged 45, has successively served as the general manager of 上海銀鴻投資管理有限公司, the chief investment officer of Sanpower Group Co., Ltd., the vice general manager of the Business Department of Fosun Group, the vice president and chief investment officer of Shanghai Yuyuan Tourist Mart Co., Ltd. (SH. 600655). Mr. Kong graduated from Nanjing University of Science & Technology with a master's degree in Economics, and has extensive experience in investment.

Save as disclosed above, Mr. Kong did not hold any directorships in any listed companies in the preceding three years prior to the Latest Practicable Date or have any other major appointments. Save as disclosed above, Mr. Kong does not have any relationship with any Directors, supervisors, senior management or substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Kong does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

If elected, Mr. Kong will enter into a service contract with the Company for a term commencing from the date of the AGM and ending on the expiry of the term of the current session of the Board and is subject to retirement by rotation and re-election at the general meeting in accordance with the articles of association of the Company. Mr. Kong will not be entitled to receive any director's emolument from the Company by being its non-executive director.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Kong as a non-executive Director that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

VI. CLOSURE OF BOOKS

In order to determine the H Share Shareholders who are entitled to attend the 2011 AGM, the H shares registrar and transfer office will be closed from 29 April 2012 to 29 May 2012, both days inclusive, during which no transfer of shares will be registered. In order to determine the H Share Shareholders who are entitled to receive the final dividend for the year ended 31 December 2011, the H Shares registrar and transfer office will be closed from 2 June 2012 to 6 June 2012, both days inclusive, during which no transfer of Shares will be registered.

LETTER FROM THE BOARD

For qualifying to attend and vote at the 2011 AGM, H shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shares shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 27 April 2012. Shareholders of the Company whose names appear on the register of members of the Company on 29 April 2012 will be entitled to attend and vote at the 2011 AGM or any adjourned meetings.

For qualifying to receive the final dividend for the year 2011, H Shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shares shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 1 June 2012.

VII. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. The Chairman of the AGM and Class Meetings shall therefore demand voting on all resolutions set out in the notices of AGM and Class Meetings be taken by way of poll pursuant to Article 8.18 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his/her name in the register of Shareholders. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same manner.

Any connected person with a material interest in the transactions contemplated under the Transfer Agreement, and any shareholder with a material interest in the transactions contemplated under the Transfer Agreement and its associates, will abstain from voting at the relevant resolutions approving the Transfer Agreement and the transactions contemplated thereunder at the AGM and the Class Meetings. Zhaojin Group and its associates will abstain from voting at the AGM and the relevant Class Meetings to approve the Transfer Agreement and the transactions contemplated thereunder, including authorizing the Board to deal with the matters relating to the Transfer Agreement.

None of the Directors has any material interest in the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the Transfer Agreement and none of them will be required to abstain from voting in favour of the relevant proposed resolution.

LETTER FROM THE BOARD

VIII. RECOMMENDATIONS

The Directors consider that the proposed resolutions in respect of the proposals for (i) the Issue Mandate; (ii) the Repurchase Mandate; (iii) the declaration of final dividends; and (iv) the election of non-executive Directors are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the above resolutions as set out in the notice of the AGM and in the notices of the Class Meetings.

The Directors (excluding the independent non-executive Directors whose opinion is set out on page 25 to this circular) consider that the proposed resolution in respect of the Acquisition and the allotment and issue of the Consideration Shares is fair and reasonable and in the best interest of the Company and its Shareholders as a whole. Accordingly, the Directors (excluding the independent non-executive Directors) recommend the Shareholders to vote in favour of the aforesaid resolution as set out in the notice of the AGM and in the notices of the Class Meetings.

Your attention is drawn to the recommendation of the Independent Board Committee as set out in page 25 to this circular and the letter from the Independent Financial Adviser as set out on pages 26 to 45 to this circular.

IX. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading insofar as it relates to the Company.

X. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
ZHAOJIN MINING INDUSTRY COMPANY LIMITED
Lu Dongshang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition prepared for the purpose of incorporation in this circular.



ZHAOJIN
ZHAOJIN MINING INDUSTRY COMPANY LIMITED*
招金礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1818)

13 April 2012

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING THE ISSUE OF CONSIDERATION SHARES

We refer to the circular of the Company dated 10 April 2012 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise you on the terms of the Transfer Agreement and the transactions contemplated thereunder. Quam Capital Limited has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on page 25 of the Circular. Your attention is also drawn to the "Letter from the Board" in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Transfer Agreement and the transactions contemplated thereunder and taking into account the independent advice of Quam Capital Limited, in particular the principal factors, reasons and recommendation as set out in their letter, we consider that (i) the terms of the Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned; and (ii) the entering into of the Transfer Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend you to vote in favour of the special resolution to be proposed at the AGM and the Class Meetings to approve the Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Ye Tianzhu

Yan Hongbo

Chen Jinrong

Choy Sze Chung Jojo

Independent non-executive Directors

* For identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition.



Quam Capital Limited

A Member of The Quam Group

13 April 2012

To the Independent Board Committee and the Independent Shareholders
Zhaojin Mining Industry Company Limited
8th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, details of which are set out in the "Letter from the Board" contained in the circular issued by the Company to the Shareholders dated 13 April 2012 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular, unless the context otherwise requires.

On 23 March 2012, the Company entered into the Transfer Agreement with Zhaojin Non-Ferrous, a wholly-owned subsidiary of Zhaojin Group, pursuant to which Zhaojin Non-Ferrous has conditionally agreed to sell and the Company has conditionally agreed to purchase the Hou Cang Exploration Right and the entire equity interest in Jin Han Zun Mining at an aggregate consideration of RMB597,845,200, which will be satisfied in full by the allotment and issue of the Consideration Shares by the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Zhaojin Non-Ferrous, being a wholly-owned subsidiary of Zhaojin Group, the controlling Shareholder, is a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition therefore constitutes a connected transaction for the Company and is subject to the reporting, announcement and approval of the Independent Shareholders requirements under Chapter 14A of the Listing Rules at the AGM, at which, Zhaojin Non-Ferrous and its associate(s) shall abstain from voting. Pursuant to Rule 19A.38 of the Listing Rules and the Articles of Association, the allotment and issue of the Consideration Shares is subject to the approval of the H Shares Shareholders and the Domestic Shares Shareholders at the Class Meetings, by way of special resolution.

Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the transactions contemplated thereunder. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

Quam Capital Limited is independent of and not connected with any members of the Group and Zhaojin Non-Ferrous and its subsidiaries or any of their promoters, supervisors, substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Transfer Agreement.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied by the Group and its advisers, and the opinions expressed by and the representations of the Directors and management of the Company, which we have assumed to be true, accurate and complete. We have also assumed that all the information and representations contained or referred to in the Circular are true and accurate in all respects at the date thereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information/representations regarding the Company and the Acquisition provided to us by the Company and/or its Directors and management of the Company are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the respective date of the AGM and the Class Meetings.

We consider that we have reviewed sufficient information currently available to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendations. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group, Zhaojin Non-Ferrous, or any of their respective subsidiaries or associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation and giving our advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, we have considered the following principal factors and reasons:

1. Information on the Hou Cang Exploration Right

The Hou Cang Exploration Right currently enables its holder to conduct exploration and detailed investigation on the Hou Cang Gold Mine located in Hou Cang District, Zhaoyuan City, Shandong Province, the PRC. The Hou Cang Exploration Right covers an exploration area of approximately 8.2km². The Hou Cang Gold Mine is estimated to possess gold resources of 15,691kg with an estimated average grade of 2.71g of gold per tonne. The Hou Cang Exploration Right was initially granted on 17 July 2001 and will expire on 30 September 2013.

2. Information on Jin Han Zun Mining and the Da Sha Gou Exploration Right

Jin Han Zun Mining is a company established in the PRC on 25 August 2005 with limited liability and a wholly-owned subsidiary of Zhaojin Non-Ferrous. Jin Han Zun Mining is principally engaged in the exploration work on mine. Jin Han Zun Mining holds the Da Sha Gou Exploration Right. Jin Han Zun Mining does not hold any other exploration right save for the Da Sha Gou Exploration Right and does not have any other business operation.

Set out below is the unaudited consolidated financial information of Jin Han Zun Mining prepared in accordance with PRC accounting standards:

	For the financial year ended	
	31 December	
	2010	2011
	RMB	RMB
Turnover	–	–
Net loss before taxation and extraordinary items	3,394,309.0	1,625,671.4
Net loss after taxation and extraordinary items	3,429,803.8	1,625,671.4

As Jin Han Zun Mining has not conducted any business operation since incorporation, it has not generated any turnover. The net losses of Jin Han Zun Mining during the two years ended 31 December 2011 were mainly due to incurring general and administrative expenses, including depreciation, office expenses and staff cost.

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According to the audited consolidated financial information of Jin Han Zun Mining prepared in accordance with PRC accounting standards, the audited net assets of Jin Han Zun Mining was approximately RMB4,360,000 as at 31 July 2011, being the appraisal date of the asset valuation report issued by the Company Valuer. The unaudited net assets of Jin Han Zun Mining was approximately RMB4,150,000 as at 31 December 2011. The assets of Jin Han Zun Mining comprise the Da Sha Gou Exploration Right and a 20 km road leading to the Da Sha Gou Gold Mine. Jin Han Zun Mining has no debts as at 31 December 2011.

The Da Sha Gou Exploration Right enables its holder to conduct exploration and general prospecting on the Da Sha Gou Gold Mine located in Fu Yun Xian City, Xinjiang, the PRC. The Da Sha Gou Exploration Right covers an exploration area of 3.64 km². The Da Sha Gou Gold Mine is estimated to possess gold resources of 10,509kg with an estimated average grade of 4.62g of gold per tonne. The Da Sha Gou Exploration Right was initially granted on 18 September 2005 and will expire on 13 December 2013.

According to the legal advisers of the Company as to the PRC laws (the “**PRC Legal Advisers**”), pursuant to 《固體礦產地質勘查規範總則》 (GB/T13908-2002) (the General Rules for Rationalising Geological Prospecting of Solid Minerals*) issued by 中華人民共和國國土資源部 (the PRC Ministry of Land and Resources*), exploration works of gold mine are categorised into four stages, namely reconnaissance stage (預查階段), prospecting stage (普查階段), general exploration stage (詳查階段), and detailed exploration stage (勘探階段). According to their respective exploration licence, the Hou Cang Exploration Right is currently at the general exploration stage and the Da Sha Gou Exploration Right is currently at the prospecting stage. The Hou Cang Exploration Right was advanced from prospecting stage to general exploration stage pursuant to the latest renewal of the licence on 8 October 2011. The valuation report issued by the Mine Valuer regarding the Hou Cang Exploration Right as at the appraisal date of 30 October 2011 was based on the then prospecting stage licence. The Company advised that no exploration work was performed on the Hou Cang Gold Mine after the renewal of the Hou Cang Exploration Right on 8 October 2011. According to valuation reports on the Hou Cang Exploration Right and the Da Sha Gou Exploration Right respectively issued by the Mine Valuer, (i) the general conditions of geology and structure of the Hou Cang Gold Mine and the Da Sha Gou Gold Mine have been roughly identified; (ii) the features of the form, occurrence and quality of orebodies and rough understanding of the technical requirements for mining are obtained; (iii) it is proposed that it is worthy of a further general exploration; and (iv) the scope of the sites for the general exploration stage have been identified.

Furthermore, the Mine Valuer advised that based on the gold geologic exploration work procured by Zhaojin Group and its subsidiaries (the “**Shandong Zhaojin Group**”), certain orebodies and gold resources have been inferred in the Hou Cang Gold Mine and the Da Sha Gou Gold Mine. The Mine Valuer is of the opinion that given the geology and mineralogy of the Hou Cang Gold Mine and the Da Sha Gou Gold Mine, which possess good ore-forming conditions and development prospects as well as good infrastructure and facilities, the prospect of discovering gold resources at such mines is positive. The Directors consider that the Acquisition represents an opportunity allowing the Group to

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leverage on the previous work performed and results obtained by the Shandong Zhaojin Group on the Hou Cang Gold Mine and the Da Sha Gou Gold Mine.

As advised by the PRC Legal Advisers, subject to completion of the Transfer Agreement, the rights exercisable by the Company include, among others, (i) the performance of further exploration work in the Hou Cang Gold Mine and the Da Sha Gou Gold Mine; and (ii) the possession of the priority in obtaining the mining rights in respect of the Hou Cang Gold Mine and the Da Sha Gou Gold Mine and the exploration right of other newly discovered minerals (other than gold) within the same designated exploration area.

The Hou Cang Exploration Right and the Da Sha Gou Exploration Right will expire on 30 September 2013 and 13 December 2013 respectively. We have discussed with the PRC Legal Advisers on the possibility of obtaining the renewal or extension of the Hou Cang Exploration Right and the Da Sha Gou Exploration Right. We were given to understand that in accordance with the relevant provisions stipulated in 礦產資源勘查區塊登記管理辦法 (the Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey*), the Hou Cang Exploration Right and the Da Sha Gou Exploration Right can be renewed within a prescribed period prior to their respective expiration. Upon compliance with the prescribed extension procedure, renewal of each of the Hou Cang Exploration Right and the Da Sha Gou Exploration Right shall not exceed two years.

As advised by the PRC Legal Adviser and pursuant to the relevant PRC laws and regulations, the Company, being the beneficial holder of the the Hou Cang Exploration Right and the Da Sha Gou Exploration Right following completion of the Transfer Agreement, will have the preferential rights to apply for the related mining permits in respect of the Hou Cang Gold Mine and the Da Sha Gou Gold Mine after successful exploration of gold resources; and it will also subsequently have the legal and beneficial ownership over all minerals mined therein. In addition, the Hou Cang Exploration Right and the Da Sha Gou Exploration Right will continue to be freely transferable, subject to the approval of the PRC Ministry of Land and Resources.

3. Reasons for and benefits of the Acquisition

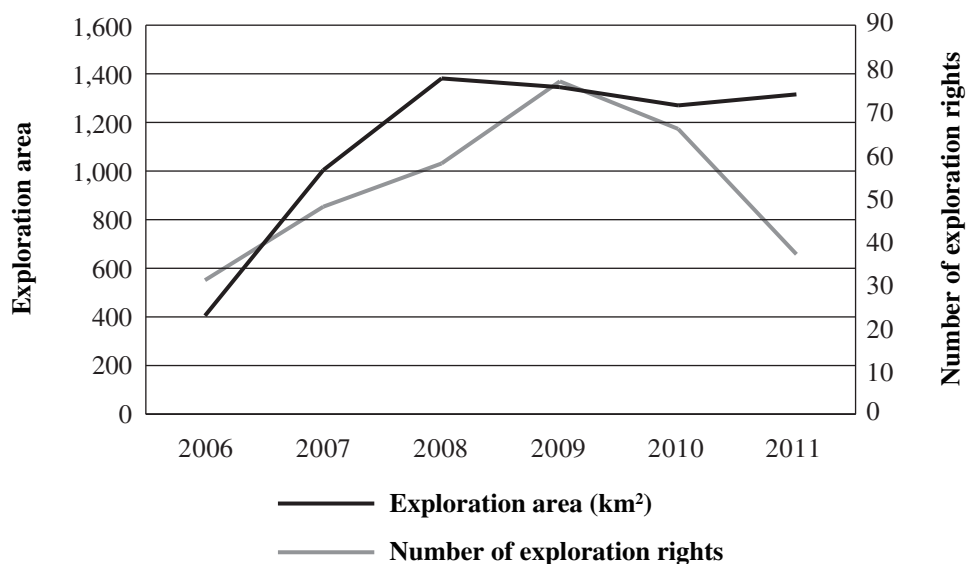
(a) Business strategies of the Group

The Group is principally engaged in gold exploration, mining, ore processing, smelting and sale of by-products in the PRC. The principal products of the Group include standard Au9999 and Au9995 gold bullions under the brand name of “Zhaojin”. The Group has proactively participated in the consolidation of gold resources and implemented strategies to expand its resources in order to keep in line with the development of the industry. The Group consistently focuses on expansion by acquisition of gold resources. As mentioned in the annual report of the Company for the year ended 31 December 2010, the Group based on strategies of “acquiring large-scale mines, focusing on regional developments, expanding low cost and high-level collaboration”. The Group focused on the existing mining enterprises in

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three main areas of Shandong, Gansu and Xinjiang, resulting in the integration and acquisition of external gold resources. The Group will continue to invest for the acquisition of resources reserves with gold content.

The following chart sets forth the number of exploration rights and exploration area of the Group from 2006 to 2011:



Source: Annual reports of the Company

In view of the above, we are of the view that the Acquisition is in line with the Group's stated business strategies and objectives and within the Group's usual and ordinary course of business.

(b) Proximity of location

We are advised by the Company that the Acquisition will be beneficial to the Group as the Hou Cang Gold Mine and the Da Sha Gou Gold Mine are located in the districts with higher mine formation potential and greater potential of higher reserves. In addition, both of the mines are located in proximity to the current mines owned by the Group, this can achieve a synergy effect with the mines and facilities currently owned by the Group and provide a strategic advantage to the overall planning and development of the Group. In the six months ended 30 June 2011, the Group has planned and developed geological research and development projects in Xinjiang and Shandong Province. We were advised by the Company that the existing ore processing facilities of the Group in proximity to the Hou Cang Gold Mine and the Dai Sha Gou Gold Mine have sufficient capacity to process the estimated output of these two mines when they commence production. Based on our discussion with the Company regarding the possible geographic advantages that could be gained from expanding its exploration activities in the Shandong and Xinjiang Province, we understand that it is the belief of the Directors that (i) a vital key to the Company's

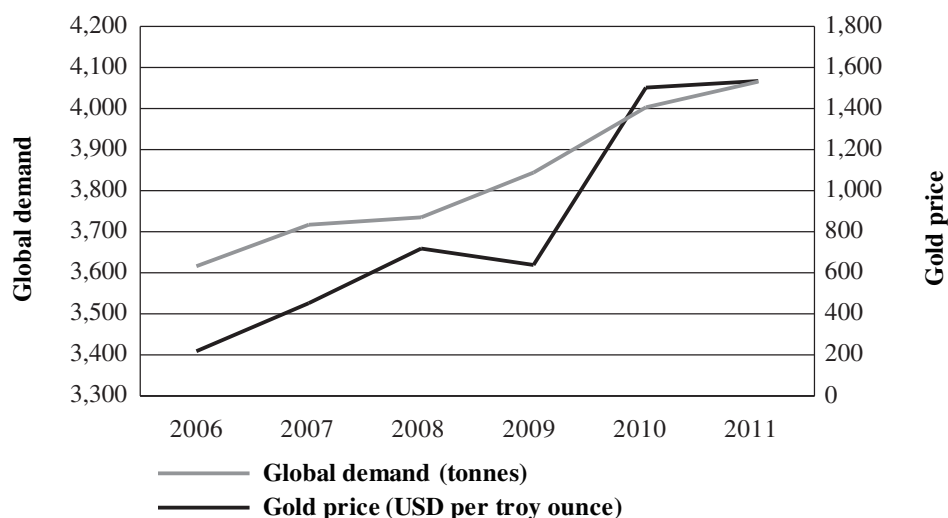
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success in the gold mining industry is its strategic geographical position in the PRC; and (ii) should orebodies and/or gold resources be mined at the Hou Cang Gold Mine and the Da Sha Gou Gold Mine in the future, such proximity of location to downstream processing facilities can be leveraged to achieve high operating and production efficiency.

(c) *Recent performance and outlook of the global and PRC gold production industry*

According to China Gold Association, the PRC produced approximately 361.0 tonnes of gold in 2011, representing an increase of approximately 5.89% from 2010. The PRC is the world leading gold producer for the fifth consecutive year since 2007. The annual gold consumption of the PRC was 761.05 tonnes in 2011, representing an increase of approximately 33.2% from 2010. As quoted by World Gold Council, the global gold demand in 2011 grew approximately 0.4% to 4,067.1 tonnes compared to 2010. Widespread very low or negative real interest rates provide a continued pillar of support to gold demand around the globe. Gold's role as an inflation hedge bolsters its appeal, particularly in countries as India, the PRC and Vietnam. Europe is a key area of focus in investment sector in 2012. The ongoing financial difficulties in the region are deepening uncertainty, which will further stimulate investment demand of gold.

The price and demand of gold has increased consistently in the past six years. The gold price increased from USD632 per troy ounce as at 31 December 2006 to USD1,531 per troy ounce as at 31 December 2011. The global demand of gold increased from 3,409 tonnes in 2006 to 4,067 tonnes in 2011. The following chart sets forth the global gold demand and gold price from 2006 to 2011:



Source: World Gold Council

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(d) Possible risks involved in the Acquisition

Independent Shareholders should be aware that given the Hou Cang Gold Mine and the Da Sha Gou Gold Mine are currently at the general exploration stage and prospecting stage respectively, exploration work for gold resources at the two mines is susceptible to certain fundamental risks whereby (i) there is no assurance of the amount of orebodies that can be located; (ii) the location of orebodies may not be economically viable to exploit based on their geological structure; (iii) the average quality and/or quantity of gold discovered might be below expectations and therefore lower than expected industrial value could be extracted; (iv) there is uncertainties as to the time when the mines will commence operation; and (v) there may not have a positive effect on the financial and business performance of the Company when the mine commence their operations. The Directors have confirmed to us that as far as they are concerned, save for the aforesaid fundamental risks, they are not aware of any other risks arising from the Acquisition which could have a material adverse effect on the Group's business operation and financial position.

Notwithstanding the above, after taking into account (i) the aforesaid risks are regarded as inherent risks in the mining industry as a whole and are normally associated with transactions of similar nature; (ii) the benefits of and reasons for the Acquisition discussed above; and (iii) the principal businesses of the Group, it is the belief of the Directors that, on balance, the Acquisition will have a favourable impact on the future development of the Group, and the aforesaid potential risks exposed to the Group are acceptable and are in fact within the ordinary risk profile of its existing business.

(e) Conclusion

In light of the foregoing, we consider that the Acquisition will enable the Group to extend its orebodies near the existing mines of the Group and to leverage on its expertise and experience in the gold mining industry, thereby increasing its future gold reserves and enhancing the competitiveness and the continuing development capability of the Group. This also conforms to the stated business strategies and objectives of the Group as discussed in subsection (a) above.

In this regard, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Transfer Agreement

(a) The consideration and the payment method

Pursuant to the Transfer Agreement, the total consideration for the Acquisition amounts to RMB597,845,200 (the “**Total Consideration**”), of which the consideration for the Hou Cang Exploration Right (the “**HC Consideration**”) is RMB244,970,600 and the consideration for the entire equity interest in Jin Han Zun Mining (the “**JHZ Consideration**”) is RMB352,874,600. The Total Consideration will be satisfied entirely by the issue of the Consideration Shares by the Company. Completion of the acquisition of the Hou Cang Exploration Right and the acquisition of the entire equity interest in Jin Han Zun Mining are inter-conditional.

(b) Basis of determination of the consideration

As stated in the “Letter from the Board” of the Circular, the HC Consideration and the JHZ Consideration were determined after arm’s length negotiations between the parties after taking into account the valuations of the Hou Cang Exploration Right (the “**HC Valuation**”) and the 100% equity interest of Jin Han Zun Mining (the “**JHZ Valuation**”, together with the HC Valuation, being referred to the “**Valuations**”) as at 31 July 2011 respectively. According to the valuation report dated 30 October 2011 issued by the Mine Valuer, the appraised value of the Hou Cang Exploration Right as at 31 July 2011 was RMB244,970,600. According to the asset valuation report dated 22 December 2011 issued by the Company Valuer, the appraised net asset value of the 100% equity interest of Jin Han Zun Mining as at 31 July 2011 was RMB352,874,600. Pursuant to such asset valuation report, the assets of Jin Han Zun Mining as at 31 July 2011 comprised the Da Sha Gou Exploration Right of RMB349,177,600 and a road leading to the Da Sha Gou Gold Mine of RMB3,697,000. Jin Han Zun Mining did not record any debts as at 31 July 2011. The appraised net asset value of the 100% equity interest of Jin Han Zun Mining has taken into consideration the appraised value of the Da Sha Gou Exploration Right as at 31 July 2011 of RMB349,177,600 according to a valuation report dated 30 October 2011 issued by the Mine Valuer. The Company advised that no exploration work was conducted on the Hou Cang Gold Mine and the Da Sha Gou Gold Mine and that there is no material change to the financial position of Jin Han Zun Mining since 31 July 2011, being the appraisal date of the Valuations. We have reviewed the reports of the Valuations and noted that the reports are valid for one year from the appraisal date, being up to 30 July 2012. We have also reviewed the management accounts of Jin Han Zun Mining as at 31 December 2011 and did not note any material adverse change in its financial position as compared to that set forth in the report of the JHZ Valuation issued by the Company Valuer, save for the values of the Da Sha Gou Exploration Right and the road leading to the Da Sha Gou Gold Mine were recorded at cost in the management accounts.

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As confirmed by the PRC Legal Advisers, it is required by the relevant PRC laws that since Zhaojin Group is a wholly state-owned enterprise, a valuation of each of the Hou Cang Exploration Right and the 100% equity interest of Jin Han Zun Mining in the opinion of a PRC qualified valuer is a prerequisite for the transfer thereof, and the related consideration must be determined with reference to the appraised values arrived at by the valuer. Based on our review on the reports in respect of the Valuations, we noted that the HC Consideration and the JHZ Consideration is equivalent to the respective appraised value specified therein.

(c) Valuation methodology of the JHZ Valuation

The Company Valuer has adopted the cost-based valuation approach for the JHZ Valuation. In our assessment of the reasonableness of the adoption of the cost method by the Company Valuer, we have reviewed the report of the JHZ Valuation and discussed with the Company Valuer regarding, among other things, the assumptions, bases and methodologies adopted for the JHZ Valuation. We have discussed with the Company Valuer the reason for adopting the aforesaid valuation method. The Company Valuer advised that there are three commonly accepted valuation methods in similar valuations, namely the income-based approach methods, the market-based approach methods and the cost-based approach methods. We were advised that the income-based approach is generally adopted when the future income of the enterprise can be reasonably estimated and the market-based approach requires comparable transactions with similar industry and business size. Given that (i) the future income of Jin Han Zun Mining may not be reasonably estimated as it has yet to commence operation; and (ii) there are limited comparable transactions of similar business size in the same industry as Jin Han Zun Mining, the Company Valuer considers the income-based approach and the market-based approach inappropriate for the purpose of valuing the equity interest of Jin Han Zun Mining. By adopting the cost-based valuation approach, the Company Valuer estimated the replacement costs of the assets of Jin Han Zun Mining. The JHZ Valuation has taken into consideration the valuation of the Da Sha Gou Exploration Rights (the “**DSG Valuation**”). The Company Valuer advised that given that the assets of Jin Han Zun Mining are common assets and there are sufficient data on the market prices thereof, the Company Valuer considers the cost-based approach adopted to be the most appropriate valuation approach for the JHZ Valuation.

(d) Valuation methodology of the HC Valuation and the DSG Valuation

The Mine Valuer has adopted the “Geology Essential Factor Appraisal Method” (地質要素評序法) for the HC Valuation and the DSG Valuation (collectively, the “**Exploration Rights Valuations**”). In our assessment of the reasonableness of the adoption of the Geology Essential Factor Appraisal Method by the Mine Valuer for the Exploration Rights Valuations, we have reviewed the relevant valuation reports and discussed with the Mine Valuer on the valuation methodology and the underlying principal assumptions and bases that have been

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taken into account by it in performing the Exploration Rights Valuations. The Geology Essential Factor Appraisal Method is a cost-based valuation approach method under which the present value of the costs of exploration works, the utility value of exploration works (including the essentialness and effectiveness of the exploration methods, reasonableness of the deployment of exploration works and quality of exploration works), and the analysis and judgement over the relevant value indices under the classified value index of geological factors were all taken into account. We were advised that the Geology Essential Factor Appraisal Method is recognised by the PRC Ministry of Land and Resources and 《中國礦業權評估準則》 (China's Mining Rights Evaluation Standards*) (the “**Evaluation Standards**”) as one of the commonly accepted methods to appraise the value of mining and/or exploration rights in the PRC.

The Mine Valuer confirmed that after due and careful assessment, in-depth verification and exploration work at the Hou Cang Gold Mine and the Dai Sha Gou Gold Mine have yet to be done and no feasibility study can be performed. Given the aforesaid, the Geology Essential Factor Appraisal Method must be adopted in the relevant valuations based on the standards and guidelines set forth by the PRC Ministry of Land and Resources as outlined in the Evaluation Standards – Selection of Valuation Methods and after taking into consideration the geological characteristics of the Hou Cang Gold Mine and the Da Sha Gou Gold Mine based on the available geological and mineral resources information of the gold mines.

We have discussed with the Mine Valuer and were advised that the income-based approach methods and the market-based approach methods are also regarded as the commonly accepted valuation approaches adopted in valuation of exploration rights in accordance with the Evaluation Standards.

The Mine Valuer advised that the income-based approach, in general, considers the present value of all cash flow expected to be derived from a gold mine. In order to apply such valuation method, one of the key conditions is that the amount of gold expected to be exploited from the exploration site must be known or can be relatively accurately estimated. As confirmed by the Mine Valuer, the Hou Cang Exploration Right and the Da Sha Gou Exploration Right have not reached an exploration stage that is ready to fulfill the above conditions nor is there sufficient information that is readily available for the estimation of projected income from the Hou Cang Gold Mine and the Da Sha Gou Gold Mine. As such, the Mine Valuer regards the income-based approach inappropriate for the purpose of valuing the Hou Cang Exploration Right and the Da Sha Gou Exploration Right.

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In principal, the market-based approach derives the fair value of an exploration right based on comparable valuations and considerations for similar transactions. In order to achieve a fair and accurate result, comparables selected must have highly comparable characteristics regarding the subject of valuation in terms of, among others, the geographical location, exploration stage, geological features and ore resources availability. This approach relies heavily on effective and readily available market comparable data, however, as confirmed by the Mine Valuer, there is insufficient supporting data relating to the Hou Cang Exploration Right and the Da Sha Gou Exploration Right for the market-based approach to be applied.

Having considered the foregoing, we consider that it is reasonable for the Mine Valuer to adopt the Geology Essential Factor Appraisal Method for the purpose of the Exploration Rights Valuations.

(e) Factors considered in the Exploration Rights Valuations

The Geology Essential Factor Appraisal Method is a cost-based valuation approach under which the present value of the costs of exploration works are adjusted according to the exploration potentials of the mine under evaluation and the development prospect of its mineral resources based on an analysis and judgement in respect of seven value indices under the classified value index of geological factors. We have discussed with the Mine Valuer and were advised that such analysis and judgement in respect of the value indices were arrived at after taking into factors including but not limited to, the followings: (i) the geological conditions for mineralisation in the region; (ii) indication of mineral prospecting; (iii) indication of mineralisation intensity and reserves; (iv) indication of ore quality and mineral processing performance; (v) indication of mining technology; (vi) indication of mineral product and mining rights markets; and (vii) indication of infrastructure. Details of the findings of the analysis and judgement in respect of the Hou Cang Gold Mine and the Da Sha Gou Gold Mine are set out in the Appendix I to the Circular.

Independent Shareholders should note that, as confirmed by the Mine Valuer, the Exploration Rights Valuations were computed after due and careful consideration principally in accordance with the standards and guidelines set forth by the PRC Ministry of Land and Resources and the Evaluation Standards and based on the relevant geological information as well as its assumptions, analysis and judgments made relating thereto.

Based on our review and discussions with the management of the Company and the Mine Valuer, no major factors has been identified which cause any doubts to the reasonableness of the principal assumptions underlying the Exploration Rights Valuations.

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In light of the foregoing, in particular, taking into account that:

- (i) the Valuations were computed by the Mine Valuer and the Company Valuer after due and careful consideration in compliance with the relevant valuation guidelines recognised by the relevant PRC regulatory authorities; and
- (ii) the HC Consideration and the JHZ Consideration were determined after arm's length negotiations between the parties, and are equivalent to the relevant appraised value as specified in the Valuations,

we are of the opinion that the Total Consideration (including its basis of determination) is fair and reasonable.

(f) Other major terms

We have also reviewed the other major terms of the Transfer Agreement and are not aware of any terms that are unusual.

In considering the aforesaid, we are of the view that the terms of the Transfer Agreement are on normal commercial terms and are fair and reasonable.

5. The issue and allotment of the Consideration Shares

As discussed above, the Company will settle the Total Consideration by the allotment and issue of 50,967,195 Consideration Shares. The Consideration Shares will rank pari passu among themselves with the Domestic Shares then in issue at the time of the allotment and issue of the Consideration Shares. Pursuant to the Transfer Agreement, Zhaojin Non-Ferrous will not be entitled to any dividend for the year ended 31 December 2011 to be distributed by the Company. The Consideration Shares will be issued at RMB11.73 (equivalent to HK\$14.46) each (the "**Issue Price**").

(a) The Issue Price

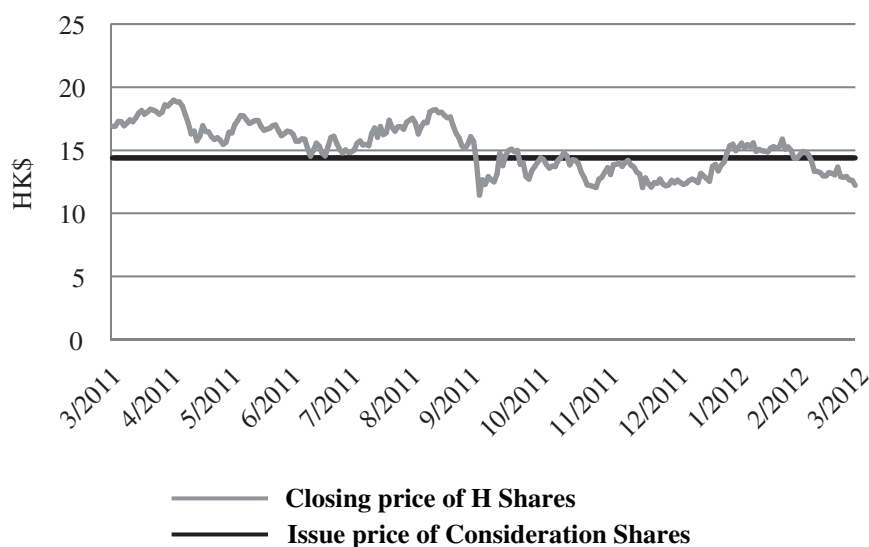
As stated in the "Letter from the Board" in the Circular, the Issue Price was arrived at based on the weighted average closing price per H Share for the last 20 consecutive trading days up to and including the Last Trading Day of HK\$14.46. The applicable exchange rate of RMB to HKD shall be the middle price for quoting HKD against RMB on the interbank foreign exchange market as announced by the China Foreign Exchange Trade System under the authorisation of the People's Bank of China on the Last Trading Day. Although the Consideration Shares are Domestic Shares which are not tradable on the Stock Exchange, the comparison of the Issue Price and the market-driven closing price of H Shares are considered meaningful as a reference in determining whether the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

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In order to assess the fairness and reasonableness of the Issue Price, we have reviewed (i) the price performances of the H Shares for the 12 months prior to the Last Trading Day and up to and including the Latest Practicable Date (the “**Review Period**”); and (ii) the issue prices of the consideration shares issued by other Hong Kong listed companies in relation to acquisition of metallic and energy resources mining or exploration businesses.

(i) *Historical price performance of the H Shares*

The following chart illustrates the daily closing prices of the H Shares as quoted on the Stock Exchange during the Review Period:



Source: Website of the Stock Exchange (<http://www.hkex.com.hk>)

As illustrated in the above chart, the daily closing prices of H Shares were generally below the Issue Price in the periods from October 2011 to January 2012 and mid March 2012 to early April 2012. The Issue Price of RMB11.73 (equivalent to HK\$14.46) per Consideration Share represents:

- a premium of approximately 8.56% to the closing price of HK\$13.32 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 9.21% to the average closing price of approximately HK\$13.24 per H Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;

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- a premium of approximately 4.33% to the average closing price of approximately HK\$13.86 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 17.56% to the closing price of HK\$12.30 per H Share as quoted on the Stock Exchange on the Latest Practicable Date.

(ii) *Comparable analysis*

To assess whether the relevant premiums represented by the Issue Price set out in subsection (i) above are in line with those of other acquisition transactions involving issue of consideration shares, we have, to our best effort, attempted to compare it with acquisitions of metallic and energy resources mining or exploration businesses with geographical location in the PRC and in the prospecting stage involving issue of consideration shares during the past 12 months immediately preceding the Last Trading Day. However, we are unable to identify any relevant acquisition transaction during the aforesaid period. As an alternative, based on the information available on the website of the Stock Exchange, we have, to the best of our effort, identified and made references to, so far as we are aware, all the acquisitions of metallic and energy resources mining or exploration businesses by other Hong Kong listed companies which involved the issuance of consideration shares during the past 12 months immediately preceding the Last Trading Day (the “**Comparable Consideration Issues**”). We believe that although not all the aforementioned acquisition targets are located in the PRC and under the prospecting stage, they could reflect the recent trend of the terms of issue of consideration shares in the market. We are mindful of the fact that the terms of such Comparable Consideration Issues may vary under different financial standings and business performance. Nevertheless, we consider that the comparison of issuance of consideration shares announced recently involving

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the acquisitions of metallic and energy resources mining or exploration businesses would provide a general reference for the term of issue of the Consideration Shares. Details of the Comparable Consideration Issues are set out in the following table:

Company (Stock Code)	Date of announcement	Amount involved for the consideration shares (HK\$ million)	Issue price of the consideration shares (HK\$)	Premium/(discount) of the issue price of the consideration shares over/(to) the closing price/average closing price of shares of			Principal activities of acquisition target
				Last trading day*	Last 5 trading days up to and including the last trading day*	Last 10 trading days up to and including the last trading day*	
				(%)	(%)	(%)	
China Best Group Holding Limited (370)	28 March 2011	51.5	0.16	(13.04)	(14.26)	(9.40)	Coal preprocess, marketing, sales of coal and peat in the PRC
Wing Hing International Holdings Limited (621)	4 April 2011	4,524.0	0.41	(31.67)	(22.64)	(18.41)	Acquisition, exploration, development mineral assets in respect of gold in the Republic of South Africa
Timeless Software Limited (8028)	7 September 2011	43.5	0.15	54.64	55.93	65.02	Exploration of gold, iron and nickel-copper mines in the PRC
Mean				3.31	6.34	12.40	
Minimum				(31.67)	(22.64)	(18.41)	
Maximum				54.64	55.93	65.02	
The Acquisition		737.0	14.46	8.56	9.21	4.33	

Source: Website of the Stock Exchange (<http://www.hkex.com.hk>)

* The last full trading day immediately preceding the date of the relevant announcement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the table above, we noted that:

- the premium of approximately 8.56% represented by the Issue Price to the closing price of the H Shares on the Last Trading Day is within the range of the ratios of the Comparable Consideration Issues for their respective last trading days, which ranged between a premium of approximately 54.64% to a discount of approximately 31.67%;
- the premium of 9.21% represented by the Issue Price to the closing price of the H Shares of the last 5 trading days up to and including the Last Trading Day is within the range of the ratios of the Comparable Consideration Issues for their respective last 5 trading days, which ranged between a premium of approximately 55.93% to a discount of approximately 22.64%; and
- the premium of 4.33% represented by the Issue Price to the closing price of the H Shares of the last 10 trading days up to and including the Last Trading Day is within the range of the ratios of the Comparable Consideration Issues for their respective last 10 trading days, which ranged between a premium of approximately 65.02% to a discount of approximately 18.41%.

(iii) Conclusion

We note that the premium represented by the Issue Price set out in subsection (i) above is within the ranges for the premium/discount of the issue prices of consideration shares in the Comparable Consideration Issues. We note that the ranges of premium/discount for the issue price of consideration shares in the Comparable Consideration Issues are very wide. This might be due to specific circumstances facing each of the Comparable Consideration Issues. Given the wide range, we consider that the premium/ discount for the issue of consideration shares in the Comparable Consideration Issues may not be useful as a direct reference to the fairness and reasonableness of the Issue Price. Therefore, in forming our opinion, we have considered the results of the above analysis together with all other factors stated in this letter as a whole.

In light of the foregoing, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Possible potential dilution effects of the issue of the Consideration Shares to the shareholding of the existing Shareholders

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date, and for illustrative purpose, the effect to the shareholding of the Company upon the issue of the Consideration Shares (assuming that there will be no change in the Company's shareholding structure from the Latest Practicable Date to the date of completion of the Acquisition):

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Acquisition	
	No. of Domestic Shares/ H Shares	Approximate %	No. of Domestic Shares/ H Shares	Approximate %
Zhaojin Group	1,086,514,000 Domestic Shares	37.27	1,086,514,000 Domestic Shares	36.63
上海豫園旅遊商城股份有限公司 (Shanghai Yu Yuan Tourism Commercial City Joint Stock Limited Company*)	742,000,000 Domestic Shares	25.46	742,000,000 Domestic Shares	25.02
上海複星產業投資有限公司 (Shanghai Fuxing Property Investment Company Limited*)	106,000,000 Domestic Shares	3.64	106,000,000 Domestic Shares	3.57
招遠市國有資產經營有限公司 (Zhaoyuan City State-owned Assets Operation Company Limited*)	84,800,000 Domestic Shares	2.91	84,800,000 Domestic Shares	2.86
上海老廟黃金有限公司 (Shanghai Old Temple Gold Company Limited*)	21,200,000 Domestic Shares	0.73	21,200,000 Domestic Shares	0.71
Zhaojin Non-Ferrous	–	–	50,967,195	1.72
Public Shareholders	874,346,000 H Shares	30.00	874,346,000 H Shares	29.48
Total	2,914,860,000	100.00	2,965,827,195	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 50,967,195 Consideration Shares represent:

- (i) approximately 2.50% and 1.75% of the existing Domestic Shares in issue and the existing total registered share capital of the Company respectively; and
- (ii) approximately 2.44% and 1.72% of the Domestic Shares and the total registered share capital of the Company as enlarged by the allotment and issue of the Consideration Shares respectively.

As stated in the “Letter from the Board” in the Circular, there will not be a change in control of the Company as a result of the Acquisition. As illustrated in table above, upon the issue of the Consideration Shares, the shareholding interests of the existing public Shareholders will be diluted from approximately 30% to approximately 29.48% of the enlarged issued share capital of the Company.

Having considered (i) the reasons for and benefits of the Acquisition discussed in section (3) above; (ii) that the Total Consideration and the Issue Price are considered to be fair and reasonable so far as the Independent Shareholders are concerned; and (iii) that the shareholding of all existing public Shareholders will be diluted proportionally to their respective shareholdings upon the issue of the Consideration Shares, we consider the aforementioned potential dilution effect to be acceptable in this regard.

7. Possible financial effects of the Acquisition

As discussed above, (i) the Company will settle the Total Consideration by the issue of the Consideration Shares; (ii) the minimum capital investment required for the exploration work on the Hou Cang Gold Mine and the Dai Sha Gou Gold Mine pursuant to the Hou Cang Exploration Right and the Da Sha Gou Exploration Right under the relevant PRC laws and regulations is expected to be immaterial; (iii) save for point (ii) above, the Company has no present capital commitment with respect to the exploitation of any of the Hou Cang Exploration Right and the Da Sha Gou Exploration Right; (iv) Jin Han Zun Mining has yet to commence operation; and (v) Jin Han Zun was at a net asset position and has no debts as at 31 December 2011 based on its management accounts.

In view of the foregoing, there is not expected to be any adverse impact on the financial position of the Group (including earnings, net asset, cash flow and gearing) as a result of Acquisition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taking into account the principal factors and reasons as discussed above, we consider that the Acquisition is conducted in the Group's ordinary and usual course of business, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the special resolution to be proposed at the AGM and the Class Meetings to approve the Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Gary Mui
Managing Director

13 April 2012

The followings are the texts of the valuation reports in respect of the Hou Cang Exploration Right and the Da Sha Gou Exploration Right prepared by the Mine Valuer and the valuation report in respect of Jin Han Zun Mining prepared by the Company Valuer for the purpose of incorporation in this circular:

This valuation report is not a mineral asset valuation report prepared in accordance with Chapter 18 of the Listing Rules.

VALUATION REPORT ON THE HOU CANG EXPLORATION RIGHT

Dear Sir/Madam:

Upon investigation and analysis, we have prepared independent opinions on the value reflected in prospecting right based on a detailed survey of the gold mine of Hou Cang located in Zhaoyuan City, Shandong Province, the People's Republic of China ("China") on 31 July 2011, and we consider the Exploration Right based on general exploration of the gold mine of Hou Cang in Zhaoyuan City of Shandong Province of China is owned by Zhaojin Nonferrous Metal Mining Co., Ltd., a wholly-owned subsidiary of Shandong Zhaojin Group Company Limited ("Zhaojin Group"). The evaluation report was dated 30 October 2011.

Our duty is to evaluate the value of prospecting right according to *China's Mining Rights Evaluation Standards, Guidelines on Parameter Confirmation of Mining Rights Evaluation and Measures for the Administration of Mining Rights Evaluation (Interim)* promulgated by Ministry of Land and Resources of the People's Republic of China and Chinese Association of Mineral Rights Appraisers, and the evaluation is made in accordance with relevant Chinese laws and regulations for the reference of Zhaojin Mining Industry Co. Limited or Zhaojin Group.

Basis of Valuation

The valuation is carried out according to *China's Mining Rights Evaluation Standards*.

Basis of Opinions

We have analyzed according to *China's Mining Rights Evaluation Standards and Guidelines on Mining Rights Evaluation* promulgated by Ministry of Land and Resources of the People's Republic of China and other relevant regulations and geological data. We have used the analytic procedures including reviewing the quantity, nature and current price of the finished work concerning the Exploration Right evaluated, the exploration results obtained, exploration of surrounding areas of the evaluation object, mining, and evaluating the main assumptions, estimations and statements made by the owner or operator of the prospecting right evaluated. All the matters that we think are important for the evaluation have been included into the evaluation report.

The following factors constitute the entire evaluation conclusion:

- Actual workload finished with various exploration technologies and methods;
- Current prices corresponding to actual workload of various geological explorations;
- Rationality of exploration deployment and construction quality;
- Value analysis of various geological elements.

While making plans and analysis, we intended to obtain all the data and explanations that we consider necessary, so as to make conclusions upon sufficient data. We believe that the analytic procedures used can provide a reasonable basis for our report.

Basis of Evaluation

Our evaluation was carried out on a fair market value basis. Fair market value is defined as “the generally accepted price for which an Exploration Right should exchange on the date of valuation in an unrestricted market transaction wherein the parties had each acted knowledgeably, knowingly, prudently, independently and without compulsion”.

Background

Zhaojin Nonferrous Metal Mining Co., Ltd. intended to transfer “the prospecting right based on detailed survey of gold mine of Hou Cang, Zhaoyuan City of Shandong Province” to Zhaojin Mining Industry Company Limited.

The Exploration Right was lawfully established in July 2001 upon issue of the exploration permit by Shandong Provincial Department of Land & Resources. The existing exploration permit is numbered at T37120080402006515, the exploration area is 8.20 km², and the validity period lasts from 8 October 2011 to 30 September 2013. Gold mine of Hou Cang is located at the 18 km-place in the southwest of Zhaoyuan City and is under the jurisdiction of Qishan Town of Zhaoyuan City. To the east of the mine is Qingdao-Longkou Road, and to the north is Haiyang-Laizhou Road. To the south it reaches Laixi Railway Station and Qingdao Port and to the north it is accessible to Weihai-Wuhai Highway and Longkou Port. Roads radiate in all directions in the city and villages.

According to *Geological Report upon General Survey of Gold Mine of Hou Cang, Zhaoyuan City of Shandong Province* submitted by Zhaojin Nonferrous Metal Mining Co., Ltd., Hou Cang working place is located at the central section of Zhaoyuan-Pingdu fault zone and extended section (frequently explored in the past) of Yingezhuang gold deposit. Group 6, a geology team dedicated to geology mineral prospecting, conducted geological general survey in the mine in August 1975 and it carried out detailed survey in 1982. In September 1987, it submitted *Geological Report Based on Detailed Survey of Dayingezhuang Gold Deposit of Shandong*, proving the 50,535 kg reserves of gold of Grades C+D. In May 1989, Group Six

compiled exploration design featuring three combinations of “Dayingezhuang Gold Deposit of Zhaoyuan County of Shandong Province”. According to state “892” plan, on 10 November 1989 State Gold Administration Bureau (Party A) and Leading Group of Gold Related Work of Shandong (Party B) signed the contract (Guo Jin Di He Tong Zi [1989] No. 892-14), approving the exploration in lines 52-84 of the main working place within the exploration area. In December 1994, Shandong Committee of Mineral Reserves and Resources Management (Lu Chu Jue [1994] No. 11) examined and approved the *Geological Report Based on Exploration of Dayingezhuang Gold Deposit of Zhaoyuan City of Shandong Province* submitted by Group 6, approving the 43,567 kg reserves of gold of Grades B+C+D and the ore reserves of 775,229 tons. From 2006 to 2010, Group 6 explored in lines 52-74 and 76-84 with mechanical core drilling in the central-deep section (extended section of Zhaoyuan-Pingdu fault zone) of Yingezhuang mineral deposit.

On 17 July 2001, Zhaojin Nonferrous Metal Mining Co., Ltd. obtained the prospecting right of the mine, and the main work started from May 2006 and ended in May 2011. The 1/10,000 geological survey was launched from 2005 to 2006, and prospecting and drilling were started since 2006. Upon our appointment, from January 2009 to May 2010 Central South University conducted the research titled *Prediction and Research on Deep Ore Body Positioning in Dayingezhuang-Hou Cang Section of Zhaoyuan-Pingdu Fault Zone*, defined abnormal mineralization areas through analysis of samples of ground, core drilling and tectonic geochemistry, magnetotelluric (MT) (an electromagnetic geophysical method of imaging the earth’s subsurface by measuring natural variations of electrical and magnetic fields at the earth’s surface), resistivity and polarizability measurement of rocks (minerals), alteration remote sensing and tectonic analysis. In 2008-2011, Central South University, based on the scientific achievements, verified the abnormal areas of mineral exploration mainly through mechanical core drilling and supported the basic analysis, achieving good results of mineral exploration. In total, we finished 1/10,000 geological survey of 8.20 km², 1/1,000 geological profile survey of 20.0 km, MT of 623 points, drilled 29,853.31m/19 holes, defined ore body of I-1 and II-1, and estimated the quantity of resources of the two ore bodies at (333) 5,796,112 tons of ores and 15,691 kg of gold. In May 2011, we submitted *Geological Report upon General Survey of Gold Mine of Hou Cang, Zhaoyuan City of Shandong Province*, and in July 2011, Zhaojin Nonferrous Metal Mining Co., Ltd. and Zhaojin Mining Industry Co., Ltd. jointly organized relevant experts to review *Geological Report upon General Survey of Gold Mine of Hou Cang, Zhaoyuan City of Shandong Province* and provide opinions.

We gathered the experts participating in evaluation of value indices and then let appraisers introduce the basic information about exploration area of Exploration Right of the project evaluated, the evaluation purpose of the project, relevant knowledge about Exploration Right evaluation, rules and cautions of value evaluation of value index table of Geology Essential Factor Appraisal Method, and finally experts gave marks independently. Five experts engaged for the project received the report on the basic information of exploration area of Exploration Right of the project evaluated, read relevant documents such as *Report on General Survey of Gold Mine in Hou Cang of Zhaoyuan City of Shandong Province* and examined corresponding pictures, and finally they fairly and objectively analyzed the value based on the requirements and standards of the classified value index table of geological factors and the evaluation table, which were prepared in accordance with the requirements in the documents issued by the PRC Ministry of Land and Resources.

We, having considered the analysis given by the experts, have reached the following judgements in respect of the seven value indices (the “Value Indices”) under the classified value index table of geological factors and the evaluation table:

I. Geological conditions for mineralization in the region:

Rich reserves of nonferrous metal and precious metal. In the region there are many super large, large, medium and small gold deposits.

II. Indication of mineral prospecting:

According to MT in the region, there is obvious indication of mineral prospecting, and relevant abnormalities are anastomotic and found to be caused by minerals.

III. Indication of mineralization intensity and reserves:

According to *Report on General Survey of Gold Mine in Hou Cang of Zhaoyuan City of Shandong Province*, during the evaluation I-1 and II-1 ore bodies were defined and the quantity of resources of the two ore bodies was estimated at (333) 5,796,112 tons of ores and 15,691 kg of gold. In accordance with *Classification Standard of Reserves of Mineral Resources* (Guo Tu Zi Fa [2000] No. 133) and in terms of elements, the resources verified by miners and graded above predictable level may reach the standard of medium deposit.

IV. Indication of ore quality and mineral processing performance:

The deposit is gold deposit of altered rocks, ores are mostly low-sulfur and primary ores, and processing technology was determined by reference to the mineral processing technology of Yingezhuang gold mine. Only analogy was made.

V. Indication of mining technology:

Simple hydrogeological conditions (without great influence brought by surface water) make it easy to carry out underground mining. Engineering and environmental geology of the deposit is simple, but primary ore bodies are buried deep.

VI. Indication of mineral product and mining rights markets:

Supply falls short of demand, and there are many mining activities in the region of prospecting right.

VII. Indication of infrastructures:

The mine is conveniently located and has good peripheral construction environment. Generally, infrastructures (water, electricity and road) are basically complete.

We examined and verified the analysis by the experts according to our knowledge of the geological data and our field investigation. After the examination and analysis, we affirmed that the basis of the analysis by the experts was sufficient and the results are basically reasonable. We arrive at our evaluation with reference to the marks given by the experts in respect of the Value Indices with adjustment, the prospecting potential and resources development prospects of the Exploration Right.

Works Performed

We have performed an on-site field investigation on the mine where we collected, checked and evaluated the relevant materials and confirmed the evaluation method, chose the evaluation parameter and evaluated the Exploration Right according to the material collected.

Evaluation Method

We have adopted the Geology Essential Factor Appraisal Method in arriving at our evaluation.

The evaluation is mainly based on *Geological Report upon General Survey of Gold Mine of Hou Cang, Zhaoyuan City of Shandong Province* submitted by Shandong Zhaojin Geological Exploration Co., Ltd. in May 2011. According to existing *General Requirements for Solid Mineral Exploration* and the *Specifications for Hard-rock Gold Exploration (DZ/T0205-2002)*, we analyzed the progress of the aforesaid geological work. Based on the features of the object evaluated, *Measures for the Administration of Mining Rights Evaluation (Interim)* and *Standards for Cost Approach Evaluation*, appraisers decided to evaluate the value of Exploration Right with Geology Essential Factor Appraisal Method. Geology Essential Factor Appraisal Method is an indirect evaluation of the value of prospecting right based on contribution principle. Specifically, the estimate value was arrived at based on the exploration cost as the basic cost, and makes certain adjustments according to the exploration potentials of the target of evaluation and the development prospect of its mineral resources, the higher the marks given by the experts, the higher the value will be given to such exploration potentials and development prospect. The marks given by the experts in respect of the Value Indices adjusted by an arithmetic formula used for Geology Essential Factor Appraisal Method (which include the modification coefficient, value coefficient and adjustment coefficient) will also be taken into account in arriving at the value of Exploration Right.

The exploration cost of the gold mine in Hou Cang district, Zhaoyuan City, Shandong Province, China was approximately RMB41,100,000 which was determined by the sum of the direct cost for reset of the drilling facilities, direct cost for reset of other facilities and other indirect expenses.

Assumptions

In determining the value of the Exploration Right, the following key assumptions have been made:

- there will be no material change to the existing policies, laws, regulations and administrative rules, and social, political and economic conditions;
- there will be no other force majeure and other unforeseeable factors which could cause significant impact.

The result of the valuation is provided under the precondition of designated valuation purpose and the value of the Exploration Right is arrived on the presumption that the Exploration Right and the mineral resources are interdependent. During the evaluation we did not consider the influence brought by other uses of Exploration Right to the value of the Exploration Right, or the influences caused by other force majeure. In case of any change in the aforesaid precondition, the evaluation conclusion will also change and therefore become invalid.

Evaluation Conclusion

Based on sufficient survey, understanding and analysis of the object evaluated, according to scientific evaluation procedures and with reasonable evaluation methods and parameters, we estimate the value of Exploration Right based on detailed survey of gold mine in Hou Cang of Zhaoyuan City of Shandong Province at RMB244,970,600 (two hundred forty four million nine hundred seventy thousand and six hundred).

Best regards,

299 Jinhui Road
Zhaoyuan City
Shandong Province
China
Zhaojin Mining Industry Co., Ltd.

Representative

北京海地人礦業權評估事務所
(Headmen Mining Rights Appraisal Firm)

Wang Guiling

Certified mining rights appraiser

Best regards

30 October 2011

This valuation report is not a mineral asset valuation report prepared in accordance with Chapter 18 of the Listing Rules.

VALUATION REPORT ON THE DA SHA GOU EXPLORATION RIGHT

Dear Sir/Madam:

Upon investigation and analysis, we have prepared independent opinions on the value reflected in Exploration Right based on general survey of gold mine of Dashagou of Fuyun County of Xinjiang of the People's Republic of China ("China") on 31 July 2011, and we consider the Exploration Right based on prospecting of gold mine of Dashagou of Fuyun County of Xinjiang of China is owned by Xinjiang Jinhanzun Mining Investment Co., Ltd., a wholly-owned subsidiary of Zhaojin Nonferrous Metal Mining Co., Ltd. under Shandong Zhaojin Group Company Ltd. ("Zhaojin Group"). The evaluation report was dated 19 December 2011.

Our duty is to evaluate the value of Exploration Right according to *China's Mining Rights Evaluation Standards, Guidelines on Parameter Confirmation of Mining Rights Evaluation and Measures for the Administration of Mining Rights Evaluation (Interim)* promulgated by Ministry of Land and Resources of the People's Republic of China and Chinese Association of Mineral Rights Appraisers, and the evaluation is made in accordance with relevant Chinese laws and regulations for the reference of Zhaojin Mining Co. Limited or Zhaojin Group.

Basis of Valuation

The valuation is carried out according to *China's Mining Rights Evaluation Standards*.

Basis of Opinions

We have made analysis according to *China's Mining Rights Evaluation Standards* promulgated by Ministry of Land and Resources of the People's Republic of China and other relevant regulations and geological data. We have used the analytic procedures including reviewing the quantity, nature and current price of the finished work concerning the Exploration Right evaluated, the exploration results obtained, exploration of surrounding areas of the evaluation object, mining, and evaluating the main assumptions, estimations and statements made by the owner or operator of the prospecting right evaluated. All the matters that we think are important for the evaluation have been included into the evaluation report.

The following factors constitute the entire evaluation conclusion:

- Actual workload finished with various exploration technologies and methods;
- Current prices corresponding to actual workload of various geological explorations;
- Rationality of exploration deployment and construction quality;
- Value analysis of various geological elements.

While making plans and analysis, we intended to obtain all the data and explanations that we think are necessary, so as to make conclusions upon sufficient data. We believe that the analytic procedures can ensure a reasonable report.

Basis of Evaluation

Our evaluation was carried out on a fair market value basis. Fair market value is defined as “the generally accepted price for which an Exploration Right should exchange on the date of valuation in an unrestricted market transaction wherein the parties had each acted knowledgeably, knowingly, prudently, independently and without compulsion”.

Background

Xinjiang Jinhanzun Mining Investment Co., Ltd. solely owns “Exploration Right based on general survey of gold mine in Dashagou, Fuyun County, Xinjiang”.

The Exploration Right was lawfully established in September 2005 upon exploration permit issued by Department of Land and Resources of Xinjiang Uygur Autonomous Region. The existing exploration permit is numbered at T65120080402005897, the exploration area is 3.64 km², and the validity period lasts from 13 December 2011 to 13 December 2013. The working place is located about 260 km southeast of Fuyun County seat and 180 km away from Qinghe County seat, and under the jurisdiction of Fuyun County, Xinjiang Uyghur Autonomous Region.

The mine is flat inside and easily accessible through connection roads leading to Qingqi Highway lying about 25 km to the east and No. 206 National Highway 50 km to the west.

According to *Report on General Survey of Gold Mine in Dashagou, Fuyun County, Xinjiang* submitted by Xinjiang Institute of Exploration, China Metallurgical Geology Bureau in June 2011 upon entrustment of Xinjiang Jinhanzun Mining Investment Co., Ltd., from the 1960s to 1980s, Regional Geological Investigation Team of Xinjiang Bureau of Geology and Mineral Resources completed 1:200,000 regional geological survey of Jundong area, and No. 5 and No. 6 Geological Brigades of Xinjiang Bureau of Geology and Mineral Resources completed the research of mineralization rule and prospecting direction of gold ore in eastern Junggar region; since 1985, National 305 Project Office completed a 1:100,000 remote sensing geologic map and the specifications during its detailed geological survey and comprehensive mineral prospecting research made in this area.

In 1957, teams No. 113, 114, 116 and 117 of Xinjiang Petroleum Administration Bureau carried out 1:50,000 general petroleum survey on northeast edge of Junggar Basin and made detailed investigation and research on the strata after the Permian period, first laying foundation for classifying Mesozoic strata in the area.

After 1960, No. 5 Geological Brigade of Xinjiang Geological Bureau carried out systematic research and general survey over ultra-basic rocks on Karamori Mountain, and conducted 1:50,000 detection on ultra-basic rock zones.

The 4th Division of Geophysical Prospecting Team of Xinjiang Geological Bureau and Aeromagnetic Survey Team of Xinjiang Ministry of Geology conducted ground and air magnetic surveys on the ultra-basic rock zone in the area in 1960 and 1962, respectively.

From 1963 to 1965, to coordinate with general survey on chromium ore of the area, the 1st Regional Geological Surveying Team of Xinjiang Geological Bureau conducted 1:200,000 gravity survey on the area.

From 1986 to 1989, Exploration Team of Shaanxi Bureau of Geology and Mineral Resources executed 1:200,000 geochemical prospecting coverage in the area and summarized the abnormal distribution features of gold of the area.

From October 2006 to June 2011, upon entrustment of Xinjiang Jinhanzun Mining Investment Co., Ltd. and on the basis of past geological work in mines, project team responsible for detailed survey of gold mine in Dashagou of Xinjiang Institute of Exploration, China Metallurgical Geology Bureau carried out general survey and mineral prospecting by means of large-scale geological mapping, trenching, drilling, sample testing and mineralogy and study on mineral processing technology, including 1:2,000 topographic and geological measurement of 3.3 km², drilling of 27,029.17 m/90 holes, hydrographic geological drilling of 432.00 m/hole and 1,590.4 m of trenching, and achieved satisfactory results. This general survey estimated the quantity of resources of four ore bodies (I-1, I-2, II and III) at (333) 10,508.82 kg of gold and 2,273,992 tons of ores. The average gold grade of the ore deposits is 4.62 g/t. In July 2011, Zhaojin Nonferrous Metal Mining Co., Ltd. and Zhaojin Mining Industry Co., Ltd. organized relevant experts to review *Report on General Survey of Gold Mine in Dashagou, Fuyun County, Xinjiang* submitted in June 2011.

We gathered the experts participating in evaluation of value indices and then let appraisers introduce such things like the basic information about exploration area of Exploration Right of the project evaluated, the evaluation purpose of the project, relevant knowledge about Exploration Right evaluation, rules and cautions of value evaluation of value index table of Geology Essential Factor Appraisal Method, and finally experts gave marks independently. Five experts engaged for the project received the report on the basic information of exploration area of Exploration Right of the project evaluated, read relevant documents such as *Report on General Survey of Gold Mine in Dashagou, Fuyun County, Xinjiang* and examined corresponding pictures, and finally they fairly and objectively analyzed the value based on the requirements and standards of the classified value index table of geological factors and the evaluation table, which were prepared in accordance with the requirements in the documents issued by the PRC Ministry of Land and Resources.

We, having considered the analysis given by the experts, have reached the following judgements in respect of the seven value indices (the “Value Indices”) under the classified value index table of geological factors and the evaluation table:

I. Geological conditions for mineralization in the region:

Located in the west of the metallogenic belt, gold mine in Dashagou is one of the locations with abundant gold mineralization in the belt. The area has favorable geological conditions for gold mineralization, and many large, medium and small gold deposits.

II. Indication of mineral prospecting:

There is obvious indication of mineral prospecting, and relevant abnormalities are anastomotic.

III. Indication of mineralization intensity and reserves:

According to *Report on General Survey of Gold Mine in Dashagou, Fuyun County, Xinjiang*, this general survey estimated gold reserves of ore bodies I-1, I-2, II and III at (333) 10,508.82 kg of gold and 2,273,992 tons of ores. The average gold grade and thickness of the ore deposits is 4.62 g/t and 2.09 m, respectively. In accordance with *Classification Standard of Reserves of Mineral Resources* (Guo Tu Zi Fa [2000] No. 133) and in terms of elements, the resources verified by miners and graded above predictable level may reach the standard of medium deposit.

IV. Indication of ore quality and mineral processing performance:

Ores of this area underwent flotation, cyanide leaching and gravity concentration tests in Xinjiang Mineral Experimental Research Institute, and results of ore beneficiability tests show that it is more effective to treat ores in this area with flotation process.

V. Indication of mining technology:

Simple hydrogeological conditions (without great influence brought by surface water) make it easy to carry out underground mining. Engineering and environmental geology of the deposit is simple, and primary ore bodies lie shallow in the earth.

VI. Indication of mineral product and mining rights markets:

Supply falls short of demand, and there are many mining activities in the region of prospecting right.

VII. Indication of infrastructures:

The mine is conveniently located and has good peripheral construction environment. Generally, infrastructures (water, electricity and road) are basically complete.

We examined and verified the analysis by the experts according to our knowledge of the geological data and our field investigation. After the examination and analysis, we affirmed that the basis of the analysis by the experts was sufficient and the results are basically reasonable. We arrive at our evaluation with reference to the marks given by the experts in respect of the Value Indices with adjustment, the prospecting potential and resources development prospects of the prospecting right.

Works Performed

We have performed an on-site field investigation on the mine where we collected, checked and evaluated the relevant materials and confirmed the evaluation method, chose the evaluation parameter and evaluated the Exploration Right according to the material collected.

Evaluation Method

We have adopted the Geology Essential Factor Appraisal Method in arriving at our evaluation.

This evaluation is mainly made based on the *Report on General Survey of Gold Mine in Dashagou, Fuyun County, Xinjiang* submitted by Xinjiang Institute of Exploration, China Metallurgical Geology Bureau in June 2011 and the review opinions. According to existing *General Requirements for Solid Mineral Exploration and Specifications for Hard-rock Gold Exploration (DZ/T0205-2002)*, we analyzed the progress of the aforesaid geological work. Based on the features of the object evaluated, *Measures for the Administration of Mining Rights Evaluation (Interim)* and *Standards for Cost Approach Evaluation*, appraisers decided to evaluate the value of Exploration Right with Geology Essential Factor Appraisal Method.

Geology Essential Factor Appraisal Method is an indirect evaluation of the value of Exploration Right based on contribution principle. Specifically, the estimate value was arrived at based on the exploration cost as the basic cost, and makes certain adjustments according to the exploration potentials of the target of evaluation and the development prospect of its mineral resources, the higher the marks given by the experts, the higher the value will be given to such exploration potentials and development prospect. The marks given by the experts in respect of the Value Indices adjusted by a arithmetic formula used for Geology Essential Factor Appraisal Method (which include the modification coefficient, value coefficient and adjustment coefficient) will also be taken into account in arriving at the value of prospecting right.

The exploration cost of the gold mine in Dashagou district, Fuyanxian, Xinjiang, China was approximately RMB45,000,000 which was determined by the sum of the direct cost for reset of the drilling facilities, direct cost for reset of the hydrological geological drilling facilities, direct cost for the reset of trenching facilities, direct cost for reset of other facilities and other indirect expenses.

Assumptions

In determining the value of the prospecting right, the following key assumptions have been made:

- there will be no material change to the existing policies, laws, regulations and administrative rules, and social, political and economic conditions;
- there will be no other force majeure and other unforeseeable factors which could cause significant impact.

The result of the valuation is provided under the precondition of designated valuation purpose and the value of the Exploration Right is arrived on the presumption that the Exploration Right and the mineral resources are interdependent. During the evaluation we did not consider the influence brought by other uses of Exploration Right to the value of the Exploration Right, or the influences caused by other force majeure. In case of any change in the aforesaid precondition, the evaluation conclusion will also change and therefore become invalid.

Evaluation Conclusion

Based on sufficient survey, understanding and analysis of the object evaluated, according to scientific evaluation procedures and with reasonable evaluation methods and parameters, we estimate the value of Exploration Right based on general survey of gold mine in Dashagou, Fuyun County, Xinjiang at RMB349,177,600 (three hundred forty nine million one hundred seventy seven thousand and six hundred).

Best regards,

299 Jinhui Road
Zhaoyuan City
Shandong Province
China
Zhaojin Mining Industry Co., Ltd.

Representative

北京海地人礦業權評估事務所
(Headmen Mining Rights Appraisal Firm)

Wang Guiling

Certified mining rights appraiser

Best regards

19 December 2011

VALUATION REPORT ON JINHANZUN MINING

Upon the appointment of Zhaojin Nonferrous Metal Mining Co., Ltd. (“Zhaojin Nonferrous”), Shandong Zhengyuan Hexin Assets Valuation Co., Ltd., conducted valuation of the market value of the entire equity interest in (Xinjiang Jinhanzun Mining Investment Co., Ltd.) (“Jinhanzun Company”) according to relevant laws, regulations and assets valuation standards and principles using the cost-based approach in line with necessary valuation procedures. The assets valuation is reported as follows:

(I) Purpose of Valuation

The valuation is intended to provide professional opinions on the current fair market value of all the equity interest in Jinhanzun Company on the valuation benchmark date, which will serve as a reference in considering the proposed transfer of the entire equity interest in Jinhanzun Company.

(II) Subject and Scope of Valuation

The subject of valuation is the value of the entire equity interest in Jinhanzun Company or the equity interest in Jinhanzun Company held by Zhaojin Nonferrous. The scope of valuation covers all the assets (RMB4,363,300) and liabilities (RMB0.00) of Jinhanzun Company as shown in audited balance sheet as at 31 July 2011. According to the checklist of assets to be valued provided by Jinhanzun Company, the book value of non-current assets is RMB4,363,300.

To evaluate the Exploration Right, Headmen Mining Rights Appraisal Firm has been appointed by Zhaojin Nonferrous Metal Mining Co., Ltd. to separately evaluate the prospecting right of Dashagou gold mine of Fuyun County of Xinjiang, and *has issued Evaluation Report of Prospecting Right of Dashagou Gold Mine of Fuyun County of Xinjiang* (Hai Di Ren Ping Bao Zi [2011] No. 103 (No. 1833 in total)). Headmen Mining Rights Appraisal Firm has adopted Geology Essential Factor Appraisal Method to arrive at an appraised value of RMB349,177,600 on the valuation benchmark date of 31 July 2011. The valuation is conducted for the purpose of providing reference in considering the proposed transfer of the entire equity in Jinhanzun Company. Based on the requirements of the principal and parties interested and in order to give a complete picture of the overall assets condition of Jinhanzun Company, the prospecting right evaluation results conducted by Headmen Mining Rights Appraisal Firm separately was included into the valuation of the overall assets condition of Jinhanzun Company. Headmen Mining Rights Appraisal Firm is responsible for the valuation method of Exploration Right, the legitimacy and scientificness of evaluation procedures, and the truthfulness and accuracy of evaluation results.

The assets and liabilities under evaluation are the same as the assets and liabilities appointed by the principal and the subject entity for valuation. Details are given in the checklist of assets for valuation.

(III) Value Type

The value determined by this valuation is market value.

(IV) Valuation Benchmark Date

The asset valuation benchmark date is 31 July 2011.

(V) Valuation Method

According to the analysis of the basic information of Jinhanzun Company, the cost-based approach was adopted in valuing the entire equity interest in Jinhanzun Company. The cost-based approach, also known as asset-based approach, refers to the way of determining the relevant values based on reasonable valuation of the value of assets and liabilities of an enterprise. Estimating the value of enterprise using the cost -based approach involves the evaluation of the current fair value of each of the assets and liabilities based on the balance sheet, and deduction of the appraised value of all liabilities from the sum of the appraised value of all assets, so as to figure out the value of all shareholders' equity of the enterprise. The fundamental formula is:

Value of all shareholders' equity = Sum of appraised values of all assets less the appraised value of all liabilities

(VI) Conclusion

Upon implementation of the aforesaid asset valuation procedure and method, the market value of the entire equity interest in Jinhanzun Company on the valuation benchmark date was RMB352,874,600, including:

Assets: book value of RMB4,363,300, appraised value of RMB352,874,600, increased by RMB348,511,300 or 7,987.33%;

Liabilities: Book value of RMB0.00, appraised value of RMB0.00, no change;

Net assets: Book value of RMB4,363,300, appraised value of RMB352,874,600, increased by RMB348,511,300 or 7,987.33%. See the following table for details:

Table of Asset Valuation Results of Xinjiang Jinhanzun Mining Investment Co., Ltd.

As at: 31 July 2011					
Unit: RMB'0,000					
Item	Book value	Book value	Appraised	Increase/	change (%) $D = (B - A) / A \times 100\%$
	before audit		value	decrease	
	A'	A	B	C = B - A	
Current assets	4,838.19				
Non-current assets	555.46	436.33	35,287.46	34,851.13	7,987.33
Including: fixed assets – road within the gold mine	406.95	348.33	369.70	21.37	6.13
Constructions in progress	16.51				
Intangible assets	132.00	88.00	34,917.76	34,829.76	39,579.27
Total assets	5,393.66	436.33	35,287.46	34,851.13	7,987.33
Current liabilities	6,122.50				
Non-current liabilities					
Total liabilities	6,122.50				
Net assets	-728.85	436.33	35,287.46	34,851.13	7,987.33

For details about the valuation conclusion, please refer to Valuation Details of this Report.

(VII) Validity Period

This Report shall be valid for one year from the benchmark valuation date (31 July 2011).

(VIII) Special Items

1. The intangible assets refer to the Exploration Right, namely the prospecting right y of Dashagou gold mine owned by Jinhanzun Company in Fuyun County of Xinjiang. Holder of the Exploration right: Xinjiang Jinhanzun Mining Investment Co., Ltd. The reference number of the exploration permit is T65120080402005897 covering an area of 3.64 km². The Exploration Right was valid from 3 April 2008 to 3 April 2009. Jinhanzun Company has applied to Department of Land and Resources of Xinjiang Uygur Autonomous Region for extension, but no approval of extension had been granted as at the valuation benchmark date. On 13 December 2011, Jinhanzun Company obtained the renewed Exploration Right certificate with the extended validity period commencing from 13 December 2011 and expiring on 13 December 2013.

2. To evaluate the Exploration Right, Headmen Mining Rights Appraisal Firm has been appointed by Zhaojin Nonferrous Metal Mining Co., Ltd. to separately evaluate the prospecting right of Dashagou gold mine of Fuyun County of Xinjiang, and has issued *Evaluation Report of Prospecting Right of Dashagou Gold Mine of Fuyun County of Xinjiang* (Hai Di Ren Ping Bao Zi [2011] No. 103 (No. 1833 in total)). Headmen Mining Rights Appraisal Firm has adopted Geology Essential Factor Appraisal Method to arrive at an appraised value of RMB349,177,600 on the valuation benchmark date of 31 July 2011. The valuation is conducted for the purpose of providing reference in considering the proposed transfer of the entire equity in Jinhanzun Company. Based on the requirements of the principal and parties interested and in order to give a complete picture of the overall assets condition of Jinhanzun Company, the prospecting right evaluation results conducted by Headmen Mining Rights Appraisal Firm separately was included into the valuation of the overall assets condition of Jinhanzun Company. Headmen Mining Rights Appraisal Firm is responsible for the valuation method of Exploration Right, the legitimacy and scientificness of evaluation procedures, and the truthfulness and accuracy of evaluation results.

For valuation details, please refer to *Prospecting Right Evaluation Report of Dashagou Gold Mine of Fuyun County of Xinjiang* (Hai Di Ren Ping Bao Zi [2011] No. 103 (No. 1833 in total)) issued by Headmen Mining Rights Appraisal Firm. This Report shall only be valid when it is used together with the *Exploration Right Evaluation Report at Prospection stage of Dashagou Gold Mine of Fuyun County of Xinjiang* (Hai Di Ren Ping Bao Zi [2011] No.103 (No. 1833 in total)) issued by Headmen Mining Rights Appraisal Firm.

3. This valuation has not taken into the effect on the values of the equity interests caused by changes of relevant taxes and fees arising from appreciation in the asset values through valuation.

Issued by: (Shandong Zhengyuan Hexin Asset Appraisal Co., Ltd)

Dated: 22 December 2011

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or had proposed to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. INTEREST IN ASSETS AND CONTRACTS

No contract or arrangement in which any of the Directors is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. COMPETING BUSINESS

Mr. Lu Dongshang and Mr. Weng Zhanbin are the directors of Zhaojin Group. Zhaojin Group is principally engaged in the business of gold exploration, mining and refining and has investments in gold exploration, mining, smelting and refining and other gold-related businesses.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

6. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given advice or opinions contained in this circular:

Name	Qualifications
Quam Capital Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
北京海地人礦業權評估事務所 (Headmen Mining Rights Appraisal Firm*)	An independent firm of valuer licensed by the Ministry of Land and Resources, PRC to carry out valuations of state-owned assets and exploration rights in the PRC
山東正源和信資產評估有限公司 (Shandong Zhengyuan Hexin Asset Appraisal Co., Ltd*)	An independent firm of valuer licensed by the Ministry of Land and Resources, PRC to carry out valuations of state-owned assets and exploration rights in the PRC

Each of the Independent Financial Advisor, the Mine Valuer and the Company Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Independent Financial Advisor, the Mine Valuer or the Company Valuer has any shareholding in any member of the Group and none of them has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, none of the Independent Financial Advisor, the Mine Valuer or the Company Valuer has any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. GENERAL

- (a) The company secretary of the Company is Ms. Ma Xiujuan, who is a fellow of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (b) The qualified accountant of the Company is Mr. Nelson Ving Lung Ma, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) In the event of inconsistency, the English texts of this circular and the accompanying form of proxy prevail over their respective Chinese texts.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Transfer Agreement will be available for inspection during normal business hours from 8:30 a.m. to 5:30 p.m. (save for Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the AGM.

The following is the Explanatory Statement which is required to be sent to you under the Listing Rules in connection with the proposed Repurchase Mandate.

(I) REASONS FOR REPURCHASE OF H SHARES

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to seek a mandate from the Shareholders to enable the Company to repurchase H Shares in the market. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

(II) REGISTERED CAPITAL

As at the Latest Practicable Date, the registered capital of the Company was RMB2,914,860,000, comprising 874,346,000 H Shares of RMB1.00 each and 2,040,514,000 Domestic Shares of RMB1.00 each, of which 1,086,514,000 Domestic Shares are held by Zhaojin Group, and 954,000,000 Domestic Shares are held by other Shareholders.

(III) EXERCISE OF THE REPURCHASE MANDATE

Subject to the passing of special resolution set out in the notice of the AGM, the special resolution approving the grant to the Directors of the Repurchase Mandate in the H Shares Class Meeting and the Domestic Shares Class Meeting, respectively, the Directors will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in special resolution in the notice of the AGM). In addition, the exercise of the Repurchase Mandate is subject to the approvals of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC being obtained and to the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 4.2 of the Articles of Association. The notice will not be sent to the creditors until the Repurchase Mandate is approved at class meeting for the holders of H Shares and a class meeting for the holders of Domestic Shares by way of a special resolution.

As at the Latest Practicable Date, assuming the Repurchase Mandate is only required to be approved at the AGM, the exercise in full of the Repurchase Mandate would result in up to 87,434,600 H Shares (assuming there is no issue of H Shares from the Latest Practicable Date up to the date of the AGM) being repurchased by the Company during the Relevant Period.

(IV) FUNDING OF REPURCHASES OF H SHARES

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

In accordance with the requirements of applicable laws or administrative regulations, and subject to the approval of relevant authority, the Company is empowered by its Articles of Association to purchase its H Shares. The H Shares repurchased will be deemed to be cancelled, and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled. The Company may not repurchase H Shares on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

Based on the financial position disclosed in the recently published audited accounts for the year ended 31 December 2011, the Directors consider that there will not be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing and in the best interests of the Company.

(V) STATUS OF REPURCHASED H SHARES

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed.

Under PRC laws, the H Shares repurchased will be cancelled, and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

(VI) PRICES OF H SHARES

The highest and lowest prices at which the H Shares of the Company have been traded on the Hong Kong Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	H Shares Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
April	38.7	35.0
May	36.2	15.48
June	17.8	15.58
July	16.28	14.38
August	18.26	15.32
September	18.7	9.94
October	15.76	12.1
November	15.2	11.56
December	14.44	11.94
2012		
January	14.04	12.22
February	16.06	13.88
March	15.48	12.60
April (Until the Latest Practicable Date)	16.80	15.24

(VII) SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of substantial Shareholders of the Company, as defined under the Listing Rules, were as follows:

	Name of Shareholders	Class of shares	Capacity	The number of shares held	Approximate percentage of shareholding in registered capital of the Company	Approximate percentage of shareholding in the total number of issued domestic shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company	Long/Short/Lending Pool
1	Shandong Zhaojin Group Company Limited	Domestic shares	Beneficial owner	1,086,514,000 (Note 1)	37.27	53.25	–	Long position
		H shares	Beneficial owner	16,510,000 (Note 1)	0.57	–	1.89	Long position
2	Shanghai Yuyuan Tourist Mart Co., Ltd.	Domestic shares	Beneficial owner	742,000,000	25.46	36.36	–	Long position
		Domestic shares	Interest of controlled corporation	21,200,000 (Note 1 & 2)	0.73	1.04	–	Long position
3	Shanghai Fosun Industrial Investment Co., Ltd.	Domestic shares	Beneficial owner	106,000,000 (Note 1 & 3)	3.64	5.19	–	Long position
4	Shanghai Fosun High Technology (Group) Company Limited	Domestic shares	Beneficial owner	106,000,000 (Note 1 & 3)	3.64	5.19	–	Long position
5	Fosun International Limited	Domestic shares	Beneficial owner	106,000,000 (Note 1 & 3)	3.64	5.19	–	Long position
6	Fosun Holdings Limited	Domestic shares	Beneficial owner	106,000,000 (Note 1 & 3)	3.64	5.19	–	Long position
7	Fosun International Holdings Ltd.	Domestic shares	Beneficial owner	106,000,000 (Note 1 & 3)	3.64	5.19	–	Long position
8	Guo Guangchang	Domestic shares	Interest of controlled corporation	106,000,000 (Note 1 & 3)	3.64	5.19	–	Long position
9	Atlantis Capital Holdings Limited	H shares	Interest of controlled corporation	80,000,000 (Note 4)	2.74	–	9.15	Long position
10	Liu Yang	H shares	Interest of controlled corporation	80,000,000 (Note 4)	2.74	–	9.15	Long position
11	JP Morgan Chase & Co.	H shares	Beneficial owner	2,029,000 (Note 5)	0.07	–	0.23	Long position
		H shares	Beneficial owner	725,500 (Note 5)	0.02	–	0.08	Short position
		H shares	Investment manager	4,003,500 (Note 5)	0.14	–	0.46	Long position
		H shares	Custodian corporation/ approved lending agent	89,472,015 (Note 5)	3.07	–	10.23	Lending pool
12	FIL Limited	H shares	Investment manager	87,153,633	2.99	–	9.97	Long position
13	Norges Bank	H shares	Beneficial owner	61,742,500	2.12	–	7.06	Long position

Notes:

- (1) Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on SFO's official website. When a shareholder's shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and the Stock Exchange unless certain criteria are fulfilled, therefore substantial shareholders' latest shareholding in the Company may be different to the shareholding filed with the Company and the Stock Exchange.
- (2) Shanghai Yuyuan Tourist Mart Co., Ltd. ("Shanghai Yuyuan") holds 95% equity interest in Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold"), therefore the 21,200,000 domestic shares held by Laomiao Gold in the Company is shown as long position of Shanghai Yuyuan.
- (3) The 106,000,000 shares represent the same block of shares.
- (4) The 80,000,000 shares represent the same block of shares.
- (5) JP Morgan Chase & Co. holds equity interest in shares of the Company through companies controlled or indirectly controlled by it.

(VIII) GENERAL INFORMATION

- (a) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any H Shares to the Company or any of its subsidiaries under the Repurchase Mandate if the same is approved by the Shareholders of the Company.
- (b) The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company in accordance with the Listing Rules, the Articles of Association and the PRC applicable laws to repurchase the H Shares pursuant to the Repurchase Mandate.
- (c) No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell H Shares to the Company or its subsidiaries, or has undertaken not to do so, if the Repurchase Mandate is granted and is exercised.

(IX) TAKEOVER CODE

If on the exercise of the power to repurchase H Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeover Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

Assuming that the substantial Shareholder has not disposed of its Shares, and if the Repurchase Mandate is exercised in full, the percentage of shareholding of the substantial Shareholder before and after such repurchase would be as follows:

Substantial Shareholder	Before repurchase	After repurchase
Zhaojin Group	37.84%	39.01%

As at the Latest Practicable Date, Zhaojin Group holds 1,086,514,000 Domestic Shares and 16,510,000 H Shares, representing 37.27% and 0.57% of the total issued Shares of the Company, respectively.

On the basis of the shareholdings held by the substantial Shareholder named above, an exercise of the Repurchase Mandate in full will not have any implications for the substantial Shareholder under the Takeovers Code.

Assuming that there is no issue of H Shares between the date of this circular and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Hong Kong Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent which may result in a public shareholding of less than such minimum percentage.

The Directors are not aware of any consequences that may arise under the Takeovers Code and/or any similar applicable laws of which the Directors are aware, as a result of any repurchase of Shares made under the proposed resolution.

(X) SHARE REPURCHASES MADE BY THE COMPANY

The Company has not repurchased any of its H Shares (whether on the Hong Kong Stock Exchange or otherwise) during the six months' period preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1818)

NOTICE OF 2011 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Annual General Meeting”) of Zhaojin Mining Industry Company Limited (the “Company”) for the year 2011 will be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the People’s Republic of China (the “PRC”) at 9:00 a.m. on Tuesday, 29 May 2012 for the following purposes:

ORDINARY RESOLUTIONS

To consider and approve the followings as ordinary resolutions:

- (i) the report of the board of directors (“Board”) of the Company for the year ended 31 December 2011;
- (ii) the report of the supervisory committee of the Company for the year ended 31 December 2011;
- (iii) the audited financial report of the Company for the year ended 31 December 2011;
- (iv) the proposal for the declaration and payment of final dividends for the year ended 31 December 2011;
- (v) Mr. Li Xiuchen be elected as an executive Director of the Company;
- (vi) Mr. Ye Kai be elected as a non-executive director of the Company;
- (vii) Mr. Kong Fanhe be elected as a non-executive director of the Company; and
- (viii) the re-appointment of Ernst & Young and Shulun Pan Certified Public Accountants Co., Ltd. as the international and PRC auditors of the Company for the year ending 31 December 2012, respectively, and to authorize the Board to determine their respective remuneration.

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

To consider and approve the followings as special resolutions:

1. The Connected Transaction

- (a) the transfer agreement dated 23 March 2012 (the “Transfer Agreement”) entered into between the Company as purchaser and 招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*) as vendor (“Zhaojin Non-Ferrous”), a wholly-owned subsidiary of 山東招金集團有限公司 (Shandong Zhaojin Group Company Limited*) in relation to the sale and purchase of (i) the exploration right in the gold mine in Hou Cang District, Zhao Yuan City, Shandong Province and (ii) the entire equity interest in 新疆金瀚尊礦業投資有限公司 (Xinjiang Jin Han Zun Mining Investment Company Limited*) at an aggregate consideration of RMB597,845,200, which will be satisfied in full by the allotment and issue of 50,967,195 domestic shares of nominal value of RMB1 each in the share capital of the Company and at the issue price of RMB11.73 each will be credited as fully paid up and rank pari passu with the existing issued shares of the Company (the “Consideration Shares”), be and is hereby approved, confirmed and ratified, and all the transactions contemplated under the Transfer Agreement be and are hereby approved, confirmed and ratified and that the board of directors of the Company (the “Board”) be and is hereby authorized to make changes or amendments to the Transfer Agreement as it may in its absolute discretion think fit, a copy of which is produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification;
- (b) the Board be and is hereby authorized to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the transaction under the Transfer Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the Consideration Shares to Zhaojin Non-Ferrous pursuant to the Transfer Agreement; and
- (d) the Board be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the Consideration Shares.

NOTICE OF ANNUAL GENERAL MEETING

2. The General Mandate for the Issue of Additional H Shares

- (a) the Board be and is hereby granted an unconditional general mandate to issue, allot and deal with additional H Shares in the share capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following terms:
- (i) such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 - (ii) the number of H shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board shall not exceed 20% of the existing issued H Shares as at the date of passing this resolution, being 174,869,200 H Shares; and
 - (iii) the Board will only exercise its power under such mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained.
- (b) for the purpose of this resolution:

“**H Shares**” means the overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange;

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (ii) the expiration of a 12-month period following the passing of this resolution; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (c) contingent on the Board's resolving to issue shares pursuant to sub-paragraph (a) of this resolution, the Board be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider relevant in connection with the issue of such new shares including, but not limited to, determining the time and place of issue, making all necessary applications to the relevant authorities and entering into an underwriting agreement (or any other agreement), to determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities, and to make such amendments to the Articles of Association as it thinks fit so as to reflect the increase in registered capital of the Company and to reflect the new share capital structure of the Company under the intended allotment and issue of the shares of the Company pursuant to the resolution under paragraph (a) of this resolution.

3. The General Mandate for the Repurchase of H Shares

- (a) subject to paragraphs (b) and (c) below, the Board be and is hereby authorized to exercise all the powers of the Company to repurchase the H Shares in issue of the Company on the Hong Kong Stock Exchange during the Relevant Period (as defined in paragraph 1(b) above), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the PRC, the Hong Kong Stock Exchange or any other governmental or regulatory bodies.
- (b) the aggregate nominal value of H Shares of the Company authorised to be repurchased subject to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of the H Shares in issue of the Company as at the date of the passing of this resolution.
- (c) the approval in paragraph (a) above shall be conditional upon:
 - (i) the passing of a special resolution at the Annual General Meeting of the Company to be held on 29 May 2012 with the same terms (except for this sub-paragraph (c)(i)) as the resolutions passed at a H Shares Class Meeting and at a Domestic Shares Class Meeting to be convened separately for such purpose;
 - (ii) the approval of the relevant PRC regulatory authorities as may be required by laws, rules and regulations of the PRC being obtained by the Company; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 4.2 of the Articles of Association of the Company.

NOTICE OF ANNUAL GENERAL MEETING

- (d) subject to approval of all relevant PRC regulatory authorities for the repurchase of such H Shares being granted, the Board be hereby authorised to:
- (i) make such amendments to the Articles of Association of the Company accordingly as it thinks fit so as to reduce the registered share capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares of the Company as contemplated in paragraph (a) above; and
 - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC.
- (e) for the purpose of this resolution:

“**H Shares**” means the overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange.

By order of the Board
Zhaojin Mining Industry Company Limited
LU Dongshang
Chairman

Zhaoyuan, the PRC, 13 April 2012

Notes:

1. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 13 April 2012.
2. For details of the general mandates for the issue of additional H Shares and the repurchase of H Shares, please refer to the accompanying circular.
3. In order to determine the shareholders who are entitled to attend the Annual General Meeting, the register of members of the Company will be closed from 29 April 2012 to 29 May 2012, both days inclusive, during which no transfer of shares will be registered. In order to determine the shareholders who are entitled to receive the final dividend for the year ended 31 December 2011, the register of members of the Company will be closed from 2 June 2012 to 6 June 2012, both days inclusive, during which no transfer of shares will be registered.

For qualifying to attend and vote at the Annual General Meeting, the shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shares shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 27 April 2012.

For qualifying to receive the final dividend for the year 2011, the shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shares shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 1 June 2012.

NOTICE OF ANNUAL GENERAL MEETING

4. Shareholders of the Company whose names appear on the register of members of the Company on 29 April 2012 will be entitled to attend and vote at the Annual General Meeting or any adjourned meetings, and shareholders of the Company whose names appear on the register of members of the Company on 2 June 2012 (the "Record Date") will be entitled to the final dividends.
5. If a shareholder appoints more than one proxy to attend the meeting, its proxy can only vote by poll.
6. Holders of H Shares who have the right to attend and vote at the Annual General Meeting are entitled to appoint one or more proxies (whether or not a shareholder) to attend and vote on his/her behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. Shareholders who intend to appoint one or more proxies should first read the accompanying circular and the policies on the declaration and payment of final dividends.
7. If a proxy is appointed to attend the Annual General Meeting on behalf of a shareholder, the proxy must produce proof of identity and the authorisation instrument with the date of issue and duly signed by the proxy or its legal personal representative, and in the case of legal representatives of legal person shareholders, such legal representatives must produce proof of identity and effective document to identify its identity as legal representative. If a legal person shareholder appoints a company representative other than its legal representative to attend the Annual General Meeting, such representative must produce proof of identity and the authorisation instrument bearing the company chop of the legal person shareholder and duly authorised by its legal representative.
8. If the proxy form is signed by a person under a power of attorney or other authority, the power of attorney or other authority must be notarially certified. In order to be valid, the notarially certified copy of such power of attorney or other authority under which it is signed together with the proxy form must be deposited at the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) not less than 24 hours before the time for holding the Annual General Meeting or the registered address of the Company (for holders of domestic shares) not less than 24 hours before the time for holding the Annual General Meeting.
9. Shareholders who intend to attend the Annual General Meeting should return the reply slip by hand, by post, by telegram or by fax to the registered address of the Company (for holders of Domestic Shares), or the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) on or before 9 May 2012. Completion and return of the reply slip of the Annual General Meeting will not preclude a shareholder from attending the Annual General Meeting.
10. The Annual General Meeting is expected to be held for less than half a day. Shareholders and their proxies who attend the meeting shall arrange for their own transportation and accommodation at their own expenses.

The registered address of the Company is as follows:

No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, PRC

Tel: (86 535) 8256086 Fax: (86 535) 8262256

Postal code: 265400

As at the date of this notice, members of the Board comprises:

Executive Directors: Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen

Non-executive Directors: Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Hong Fanhe

Independent non-executive Directors: Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo

NOTICE OF DOMESTIC SHARES CLASS MEETING



ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1818)

NOTICE OF DOMESTIC SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that the domestic shares class meeting (the “Domestic Shares Class Meeting”) of Zhaojin Mining Industry Company Limited (the “Company”) will be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the People’s Republic of China (the “PRC”) on Tuesday, 29 May 2012 at 10:30 a.m. for the following purpose:

SPECIAL RESOLUTIONS

To consider and approve the followings as special resolutions:

1. The Connected Transaction

- (a) the transfer agreement dated 23 March 2012 (the “Transfer Agreement”) entered into between the Company as purchaser and 招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*) as vendor (“Zhaojin Non-Ferrous”), a wholly-owned subsidiary of 山東招金集團有限公司 (Shandong Zhaojin Group Company Limited*) in relation to the sale and purchase of (i) the exploration right in the gold mine in Hou Cang District, Zhao Yuan City, Shandong Province and (ii) the entire equity interest in 新疆金瀚尊礦業投資有限公司 (Xinjiang Jin Han Zun Mining Investment Company Limited*) at an aggregate consideration of RMB597,845,200, which will be satisfied in full by the allotment and issue of 50,967,195 domestic shares of nominal value of RMB1 each in the share capital of the Company and at the issue price of RMB11.73 each will be credited as fully paid up and rank pari passu with the existing issued shares of the Company (the “Consideration Shares”), be and is hereby approved, confirmed and ratified, and all the transactions contemplated under the Transfer Agreement be and are hereby approved, confirmed and ratified and that the board of directors of the Company (the “Board”) be and is hereby authorized to make changes or amendments to the Transfer Agreement as it may in its absolute discretion think fit, a copy of which is produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification;

* For identification purposes only

NOTICE OF DOMESTIC SHARES CLASS MEETING

- (b) the Board be and is hereby authorized to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the transaction under the Transfer Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the Consideration Shares to Zhaojin Non-Ferrous pursuant to the Transfer Agreement; and
- (d) the Board be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the Consideration Shares.

2. The General Mandate for the Issue of Additional H Shares

- (a) the Board be and is hereby granted an unconditional general mandate to issue, allot and deal with additional H Shares in the share capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following terms:
 - (i) such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 - (ii) the number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board shall not exceed 20% of the existing issued H Shares as at the date of passing this resolution, being 174,869,200 H Shares; and
 - (iii) the Board will only exercise its power under such mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained.
- (b) for the purpose of this resolution:

“**H Shares**” means the overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange;

NOTICE OF DOMESTIC SHARES CLASS MEETING

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
 - (ii) the expiration of a 12-month period following the passing of this resolution; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting.
- (c) contingent on the Board’s resolving to issue shares pursuant to sub-paragraph (a) of this resolution, the Board be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider relevant in connection with the issue of such new shares including, but not limited to, determining the time and place of issue, making all necessary applications to the relevant authorities and entering into an underwriting agreement (or any other agreement), to determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities, and to make such amendments to the Articles of Association as it thinks fit so as to reflect the increase in registered capital of the Company and to reflect the new share capital structure of the Company under the intended allotment and issue of the shares of the Company pursuant to the resolution under paragraph (a) of this resolution.

3. The General Mandate for the Repurchase of H Shares

- (a) subject to paragraphs (b) and (c) below, the Board be and is hereby authorized to exercise all the powers of the Company to repurchase the H Shares in issue of the Company on the Hong Kong Stock Exchange during the Relevant Period (as defined in paragraph 1(b) above), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the PRC, the Hong Kong Stock Exchange or any other governmental or regulatory bodies.
- (b) the aggregate nominal value of H Shares of the Company authorised to be repurchased subject to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of the H Shares in issue of the Company as at the date of the passing of this resolution.
- (c) the approval in paragraph (a) above shall be conditional upon:
 - (i) the passing of a special resolution at the 2011 annual general meeting (the “Annual General Meeting”) of the Company to be held on 29 May 2012 with the same terms (except for this sub-paragraph (c)(i)) as the resolutions passed at a H Shares Class Meeting and at a Domestic Shares Class Meeting to be convened separately for such purpose;

NOTICE OF DOMESTIC SHARES CLASS MEETING

- (ii) the approval of the relevant PRC regulatory authorities as may be required by laws, rules and regulations of the PRC being obtained by the Company; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 4.2 of the Articles of Association of the Company.
- (d) subject to approval of all relevant PRC regulatory authorities for the repurchase of such H Shares being granted, the Board be hereby authorised to:
- (i) make such amendments to the Articles of Association of the Company accordingly as it thinks fit so as to reduce the registered share capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares of the Company as contemplated in paragraph (a) above; and
 - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC.
- (e) for the purpose of this resolution:

“**H Shares**” means the overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange.

By order of the Board
Zhaojin Mining Industry Company Limited
LU Dongshang
Chairman

Zhaoyuan, the PRC, 13 April 2012

Notes:

1. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 13 April 2012.
2. For details of the general mandates for the issue of additional H Shares and the repurchase of H Shares, please refer to the accompanying circular.
3. In order to determine the domestic shares shareholders who are entitled to attend the Annual General Meeting of the Company, the register of member of the Company will be closed from 29 April 2012 to 29 May 2012, both days inclusive, during which no transfer of shares will be registered. In order to determine the domestic shares shareholders who are entitled to receive the final dividend for the year ended 31 December 2011, the register of members of the Company will be closed from 2 June 2012 to 6 June 2012, both days inclusive, during which no transfer of shares will be registered.

NOTICE OF DOMESTIC SHARES CLASS MEETING

For qualifying to attend and vote at the Annual General Meeting, the domestic shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 27 April 2012.

For qualifying to receive the final dividend for the year 2011, the domestic shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 1 June 2012.

4. Shareholders of the Company whose names appear on the register of members of domestic shares of the Company on 29 April 2012 will be entitled to attend and vote at the Domestic Shares Class Meeting or any adjourned meetings. Shareholders who have the right to attend and vote at the Domestic Shares Class Meeting are entitled to appoint one or more proxies to attend and vote at the Domestic Shares Class Meeting on his/her behalf. A proxy need not be a shareholder of the Company.
5. If a shareholder appoints more than one proxy to attend the meeting, its proxy can only vote by poll.
6. Holders of Domestic Shares who have the right to attend and vote at the Domestic Shares Class Meeting are entitled to appoint one or more proxies (whether or not a shareholder) in writing to attend and vote at such meeting on his/her behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. Shareholders who intend to appoint one or more proxies should first read the accompanying circular.
7. If a proxy is appointed to attend the Domestic Shares Class Meeting on behalf of a shareholder, the proxy must produce proof of identity and the authorisation instrument with the date of issue and duly signed by the proxy or its legal personal representative, and in the case of legal representatives of legal person shareholders, such legal representatives must produce proof of identity and effective document to identify its identity as legal representative. If a legal person shareholder appoints a company representative other than its legal representative to attend the Domestic Shares Class Meeting, such representative must produce proof of identity and the authorisation instrument bearing the company chop of the legal person shareholder and duly authorised by its legal representative.
8. If the proxy form is signed by a person under a power of attorney or other authority, the power of attorney or other authority must be notarially certified. In order to be valid, the notarially certified copy of such power of attorney or other authority under which it is signed together with the proxy form must be deposited at the registered address of the Company in the PRC not less than 24 hours before the time for holding the Domestic Shares Class Meeting.
9. Shareholders who intend to attend the Domestic Shares Class Meeting should return the reply slip by hand, by post, by telegram or by fax to the registered address of the Company on or before 9 May 2012. Completion and return of the reply slip of the Domestic Shares Class Meeting will not preclude a shareholder from attending such meeting.
10. The Domestic Shares Class Meeting is expected to be held for less than half a day. Shareholders and their proxies who attend the meeting shall arrange for their own transportation and accommodation at their own expenses.

The registered address of the Company is as follows:

No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, PRC

Tel: (86 535) 8256086 Fax: (86 535) 8262256

Postal code: 265400

NOTICE OF DOMESTIC SHARES CLASS MEETING

As at the date of this notice, members of the Board comprises:

Executive Directors: Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen

Non-executive Directors: Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Hong Fanhe

Independent non-executive Directors: Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo

NOTICE OF H SHARES CLASS MEETING



ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1818)

NOTICE OF H SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that the H Shares class meeting (the “H Shares Class Meeting”) of Zhaojin Mining Industry Company Limited (the “Company”) will be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the People’s Republic of China (the “PRC”) on Tuesday, 29 May 2012 at 10:00 a.m. for the following purpose:

SPECIAL RESOLUTIONS

To consider and approve the followings as special resolutions:

1. The Connected Transaction

- (a) the transfer agreement dated 23 March 2012 (the “Transfer Agreement”) entered into between the Company as purchaser and 招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*) as vendor (“Zhaojin Non-Ferrous”), a wholly-owned subsidiary of 山東招金集團有限公司 (Shandong Zhaojin Group Company Limited*) in relation to the sale and purchase of (i) the exploration right in the gold mine in Hou Cang District, Zhao Yuan City, Shandong Province and (ii) the entire equity interest in 新疆金瀚尊礦業投資有限公司 (Xinjiang Jin Han Zun Mining Investment Company Limited*) at an aggregate consideration of RMB597,845,200, which will be satisfied in full by the allotment and issue of 50,967,195 domestic shares of nominal value of RMB1 each in the share capital of the Company and at the issue price of RMB11.73 each will be credited as fully paid up and rank pari passu with the existing issued shares of the Company (the “Consideration Shares”), be and is hereby approved, confirmed and ratified, and all the transactions contemplated under the Transfer Agreement be and are hereby approved, confirmed and ratified and that the board of directors of the Company (the “Board”) be and is hereby authorized to make changes or amendments to the Transfer Agreement as it may in its absolute discretion think fit, a copy of which is produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification;

* For identification purposes only

NOTICE OF H SHARES CLASS MEETING

- (b) the Board be and is hereby authorized to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the transaction under the Transfer Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the Consideration Shares to Zhaojin Non-Ferrous pursuant to the Transfer Agreement; and
- (d) the Board be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the Consideration Shares.

2. The General Mandate for the Issue of Additional H Shares

- (a) the Board be and is hereby granted an unconditional general mandate to issue, allot and deal with additional H Shares in the share capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following terms:
 - (i) such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 - (ii) the number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board shall not exceed 20% of the existing issued H Shares as at the date of passing this resolution, being 174,869,200 H Shares; and
 - (iii) the Board will only exercise its power under such mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained.
- (b) for the purpose of this resolution:

“**H Shares**” means the overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange;

NOTICE OF H SHARES CLASS MEETING

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
 - (ii) the expiration of a 12-month period following the passing of this resolution; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting.
- (c) contingent on the Board’s resolving to issue shares pursuant to sub-paragraph (a) of this resolution, the Board be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider relevant in connection with the issue of such new shares including, but not limited to, determining the time and place of issue, making all necessary applications to the relevant authorities and entering into an underwriting agreement (or any other agreement), to determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities, and to make such amendments to the Articles of Association as it thinks fit so as to reflect the increase in registered capital of the Company and to reflect the new share capital structure of the Company under the intended allotment and issue of the shares of the Company pursuant to the resolution under paragraph (a) of this resolution.

3. The General Mandate for the Repurchase of H Shares

- (a) subject to paragraphs (b) and (c) below, the Board be and is hereby authorized to exercise all the powers of the Company to repurchase the H Shares in issue of the Company on the Hong Kong Stock Exchange during the Relevant Period (as defined in paragraph 1(b) above), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the PRC, the Hong Kong Stock Exchange or any other governmental or regulatory bodies.
- (b) the aggregate nominal value of H Shares of the Company authorised to be repurchased subject to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of the H Shares in issue of the Company as at the date of the passing of this resolution.
- (c) the approval in paragraph (a) above shall be conditional upon:
 - (i) the passing of a special resolution at the 2011 annual general meeting of the Company (the “Annual General Meeting”) to be held on 29 May 2012 with the same terms (except for this sub-paragraph (c)(i)) as the resolutions passed at a H Shares Class Meeting and at a Domestic Shares Class Meeting to be convened separately for such purpose;

NOTICE OF H SHARES CLASS MEETING

- (ii) the approval of the relevant PRC regulatory authorities as may be required by laws, rules and regulations of the PRC being obtained by the Company; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 4.2 of the Articles of Association of the Company.
- (d) subject to approval of all relevant PRC regulatory authorities for the repurchase of such H Shares being granted, the Board be hereby authorised to:
- (i) make such amendments to the Articles of Association of the Company accordingly as it thinks fit so as to reduce the registered share capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares of the Company as contemplated in paragraph (a) above; and
 - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC.
- (e) for the purpose of this resolution:

“**H Shares**” means the overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange.

By order of the Board
Zhaojin Mining Industry Company Limited
LU Dongshang
Chairman

Zhaoyuan, the PRC, 13 April 2012

Notes:

1. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 13 April 2012.
2. For details of the general mandates for the issue of additional H Shares and the repurchase of H Shares, please refer to the accompanying circular.
3. In order to determine the H shares shareholders who are entitled to attend the Annual General Meeting of the Company, the H Shares registrar and transfer office will be closed from 29 April 2012 to 29 May 2012, both days inclusive, during which no transfer of shares will be registered. In order to determine the H Shares shareholders who are entitled to receive the final dividend for the year ended 31 December 2011, the H Shares registrar and transfer office will be closed from 2 June 2012 to 6 June 2012, both days inclusive, during which no transfer of shares will be registered.

NOTICE OF H SHARES CLASS MEETING

For qualifying to attend and vote at the Annual General Meeting, H Shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Friday, 27 April 2012.

For qualifying to receive the final dividend for the year 2011, H Shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Friday, 1 June 2012.

4. Shareholders of the Company whose names appear on the register of members of H Shares of the Company on 29 April 2012 are entitled to attend and vote at the H Shares Class Meeting or any adjourned meetings. Shareholders who have the right to attend and vote at the H Shares Class Meeting are entitled to appoint one or more proxies to attend and vote at the H Shares Class Meeting on his/her behalf. A proxy need not be a shareholder of the Company.
5. If a shareholder appoints more than one proxy to attend the meeting, its proxy can only vote by poll.
6. Holders of H Shares who have the right to attend and vote at the H Shares Class Meeting are entitled to appoint one or more proxies (whether or not a shareholder) in writing to attend and vote at such meeting on his/her behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. Shareholders who intend to appoint one or more proxies should first read the accompanying circular.
7. If a proxy is appointed to attend the H Shares Class Meeting on behalf of a shareholder, the proxy must produce proof of identity and the authorisation instrument with the date of issue and duly signed by the proxy or its legal personal representative, and in the case of legal representatives of legal person shareholders, such legal representatives must produce proof of identity and effective document to identify its identity as legal representative. If a legal person shareholder appoints a company representative other than its legal representative to attend the H Shares Class Meeting, such representative must produce proof of identity and the authorisation instrument bearing the company chop of the legal person shareholder and duly authorised by its legal representative.
8. If the proxy form is signed by a person under a power of attorney or other authority, the power of attorney or other authority must be notarially certified. In order to be valid, the notarially certified copy of such power of attorney or other authority under which it is signed together with the proxy form must be deposited at the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the H Shares Class Meeting.
9. Shareholders who intend to attend the H Shares Class Meeting should return the reply slip by hand, by post, by telegram or by fax to the H Shares registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 9 May 2012. Completion and return of the reply slip of the H Shares Class Meeting will not preclude a shareholder from attending such meeting.
10. The H Shares Class Meeting is expected to be held for less than half a day. Shareholders and their proxies who attend the meeting shall arrange for their own transportation and accommodation at their own expenses.

NOTICE OF H SHARES CLASS MEETING

As at the date of this notice, members of the Board comprises:

Executive Directors: Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen

Non-executive Directors: Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Hong Fanhe

Independent non-executive Directors: Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo