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ZHAO JIN

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)

ANNOUNCEMENT

**ENTERING INTO THE CONSTRUCTION PROJECT CONTRACT FOR
A PROCESSING PLANT OF 2,000 TONNES PER DAY WITH
THE GOVERNMENT OF QINGHE COUNTY, XINJIANG**

The Board is pleased to announce that the Company has entered into the Construction Project Contract for a processing plant of 2,000 tonnes per day with the Government of Qinghe County, Xinjiang, the PRC on 3 September 2010.

Pursuant to the Construction Project Contract, the Company will fund the construction project of a gold production plant with a processing capacity of 2,000 tonnes per day in the Kupusu and Yemaquan regions of Qinghe County, and integrate the gold resources in Qinghe County.

The Board believes that the Construction Project Contract entered into between the Company and Qinghe County Government represents a combination and complementation of the rich resources in Qinghe County with our advanced technology, abundant capital and outstanding management expertise, and will play a crucial role in successful implementation of the conversion strategy of capitalizing the rich resources in Qinghe Region as well as in helping us to be the leading gold miner in Xinjiang.

This announcement is made by the Company on a voluntary basis with a view to enhance its transparency and keep investors informed of the progress in the Company's expansion in a timely manner.

SUMMARY OF THE FRAMEWORK AGREEMENT

In order to further strengthen the Company's external exploitation, expedite the integration of gold resources in Xinjiang, rejuvenate the local economy and properly exploit the gold resources in Qinghe County, the Company entered into the Construction Project Contract with Qinghe County Government on 3 September 2010 to invest in the construction project of a gold production plant with a processing capacity of 2,000 tonnes per day in the Kupusu and Yemaquan regions under the administration of Qinghe County Government with details as follows:

I. SCOPE OF COOPERATION

To invest in the construction project of a gold production plant with a processing capacity of 2,000 tonnes per day in the Kupusu and Yemaquan regions of Qinghe County and to integrate gold resources.

II. CONTENT OF CONSTRUCTION PROJECT UNDER COOPERATION

1. The Company shall invest approximate RMB500 million from September 2010 to December 2012 in the construction project of a gold production plant with a processing capacity of 2,000 tonnes per day in the Kupusu and Yemaquan regions under the administration of Qinghe County Government, in an effort to develop into the best and largest modernized gold mining enterprise in North Xinjiang in terms of processing capacity, gold production volume, tax payment, management experience and technological level.

2. Integration of resources

According to Qinghe County Government's undertaking, the integration of gold resources in Qinghe County shall be carried out by the Company: (1) gold resources in the surrounding areas of Kupusu and Yemaquan mines which cater to the Company's exploitation needs shall be coordinated and integrated by Qinghe County Government for exploitation by the Company; and (2) the Company shall have the preferential right to integrate or register mining rights and carry out exploitation in respect of other gold mine zones under the administration of the Qinghe County Government.

Methods of integration are: (1) with the support of the Qinghe County Government, the Company shall adopt methods of integration such as buy-out of mining rights and joint development (including controlling interests or equity investment) through friendly negotiations or under the government's guidance; and (2) the Company and the entity to be integrated shall jointly select a mineral resources appraisal firm with Class A qualifications to conduct an assessment on the resources to be integrated with a view to determining the value of the resources to be integrated. The assessment results will be considered as the basis for the integration of resources.

III. RIGHTS AND OBLIGATIONS OF THE COOPERATING PARTIES

Qinghe County Government

1. Help the Company to coordinate with relevant government authorities, so that the Company can enjoy the most preferential treatment in respect of mine construction, land acquisition and lease, water resources exploitation and utilization, electricity bill payment and tax payment etc. in the Autonomous Region and the region;
2. Reduce or exempt to the greatest extent the sewage charges etc. payable by the Company within the limits permitted by the policies of the Autonomous Region, and provide full support to the Company in securing funds appropriated by the superior authority to resolve environmental issues of the mines;
3. Give consent to the Company's acceleration of project construction, and assist the Company in expediting the relevant procedures with local authorities; and
4. Provide further policy support to the Company within its power and authority.

The Company

1. Proactively participate in the whole process of integration of gold resources, assist the appraisal firm in carrying out the assessment and pay in a timely manner the consideration for the resources acquired to the entity to be integrated;
2. Where sufficient resources are proven and feasible plans are formulated, allocate adequate financial and human resources to ensure the project construction targets are achieved within three years;
3. Carry out unified planning on the integrated gold resources and exploit the same in a large-scale and cost effective manner in strict accordance with the relevant laws and regulations, so as to ensure the sustainable utilization of resources; and
4. Resolve the employment issue in the region governed by Qinghe County Government on a best effort basis during the gold mining process following the integration of resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION PROJECT CONTRACT

The Company is a comprehensive enterprise engaged in exploration, mining, ore processing and smelting of gold resources. The Company now owns Qinghe Jindu Mining (an 80%-owned subsidiary of the Company with a mining area of 2.2118 km² and a gold resource reserve of about 22,978 kg (approximately 738,760 ounces)) in Qinghe County.

The Construction Project Contract entered into between the Company and Qinghe County Government represents a move of the Company to further strengthen the integration of the resources in Xinjiang following the Company's execution of the Framework Agreement on Cooperation of Gold Resources with the Qinghe County Government which is mainly in relation to the cooperation with Qinghe County Government in joint exploitation of gold ore, placer and other mineral resources in Qinghe County, and it is a combination and complementation of the rich resources in Qinghe County with the Company's advanced technology, abundant capital and outstanding management expertise, and will play a crucial role in successful implementation of the conversion strategy of capitalizing the rich resources in Qinghe County as well as in helping the Company to become the leading gold miner in Xinjiang Province, and represents the Company's accelerated efforts in securing gold mining rights in North Xinjiang.

INFORMATION ON QINGHE COUNTY

Qinghe County is located at the northeast of Xinjiang, and sits on the east end of Aletai Region, northeast edge of Junggar Basin and at the southeast foot of Altai Mountains. Qinghe County is situated in the metallogenic strip of the well-known Altai Mountains with rich mineral resources. There are proven reserves of gold, copper, chrome, iron, nickel, beryl, mica and coal etc.

PROJECT PROGRESS

Should there be any significant development in relation to the Construction Project Contract or any other agreements reached under the Construction Project Contract, further announcement(s) will be made by the Company as and when appropriate in accordance with the requirements of the Listing Rules.

This announcement is made by the Company on a voluntary basis with a view to enhancing transparency of the Company and informing investors about the progress made in the Company's external development in a timely manner.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“Board”	the board of directors of the Company
“Construction Project Contract”	the construction project contract for a processing plant of 2,000 tonnes per day entered into between the Company and the Government of Qinghe County, Xinjiang, the PRC
“Company”	Zhaojin Mining Industry Company Limited (Stock Code: 1818), a joint stock limited company established in the PRC in April 2006 whose H shares in issue are listed on the Main Board of the Stock Exchange

“Directors”	the director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Xinjiang” or “Autonomous Region”	Xinjiang Uygur Autonomous Region of the People’s Republic of China
“Qinghe County”	Qinghe County, Xinjiang Uygur Autonomous Region
“Qinghe Jindu Mining”	Qinghe County Jindu Mining Development Co., Ltd. 青河縣金都礦業開發有限公司, a subsidiary which is owned as to 80% by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
ZHAOJIN MINING INDUSTRY COMPANY LIMITED*
Lu Dongshang
Chairman

3 September 2010, Zhaoyuan, the PRC

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lu Dongshang and Mr. Wang Peifu, five non-executive Directors, namely Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Weng Zhanbin, Mr. Wu Zhongqing and Mr. Chen Guoping, and four independent non-executive Directors, namely Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo.

* *For identification purpose only*