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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
FRAMEWORK AGREEMENT ON INTEGRATION
OF GOLD RESOURCES WITH
ALETAI MUNICIPAL GOVERNMENT**

The Board announced that the board resolution regarding the entering into of the Framework Agreement on Integration of Gold Resources by the Company with Aletai Municipal Government of Aletai Region, Xinjiang Province, the PRC was passed on 11 May 2010.

Pursuant to the Framework Agreement, the Company expects to invest a total of RMB1,000 million in the next five years to fully integrate and explore existing gold resources in Aletai Region, with an aim to reach a mining and ore processing scale of 2,000 tonnes per day within five years and Aletai Municipal Government has undertaken not to introduce any third party to integrate or explore the gold resources in such region.

The Board believes that the Framework Agreement on Integration of Gold Resources proposed to be entered into between the Company and Aletai Municipal Government represents a perfect combination and complementation of the resources in Aletai Region with the Company's advanced technology, abundant capital and outstanding management expertise, and will play a crucial role in successful capitalization of the rich resources in Aletai Region as well as in helping the Group to be the leading gold miner in Xinjiang Province.

This announcement is made by the Company on a voluntary basis.

SUMMARY OF THE FRAMEWORK AGREEMENT

In order to further strengthen the Company's external exploration strength, expedite integration of gold resources in Xinjiang and propel consolidation of mining resources, the Board has passed the board resolution regarding the entering into of the Framework Agreement by the Company with Aletai Municipal Government to integrate and develop the gold resources in area as stipulated under the Framework Agreement with details as follows:

I. SCOPE OF THE COOPERATION

Entire gold resources in Aletai Region.

II. AIMS OF THE COOPERATION

The total investment for the gold resources integration and development project is estimated at approximately RMB1,000 million, which includes resources integration, exploration and construction and the investment amount is subject to the actual gold reserve. The project is expected to be completed within five years.

III. METHOD OF THE COOPERATION

1. Each party shall set up their respective working team designated for the project.
2. The integrated resources shall be evaluated by a qualified mineral resource evaluation agency recognized by both parties. The value of the integrated resources will be assessed and will be used as the basis of resources integration. Subsequent to the valuation, the Company and the parties being integrated will adopt various flexible methods, such as the transfer of mining rights, equity transfer etc, to carry out integration.

IV. RIGHTS AND OBLIGATIONS OF THE COOPERATING PARTIES

Aletai Municipal Government

1. Protect the lawful interests of the Company from infringement in accordance with the provisions of the laws and regulations of the State, and undertake to ensure the Company enjoy Aletai City's preferential policies for investment invitation and development of its mining industry, and that all the relevant departments under Aletai Municipal Government will provide assistance and services in the Company's resources integration and production operations.
2. Assist the Company in properly handling social interests associated with the resource integration, so as to ensure that the Company is able to develop the integrated gold resources in a reasonable manner and logical order, and that the Company's integration, exploration, production and construction are free from interference and restriction, and undertake not to allow any other third parties to integrate and develop the gold resources in Aletai Region.

The Company

1. Carry out an overall integration of the gold resources within the range of integration under the Framework Agreement and achieve a mining and ore processing scale of 2,000 tonnes per day within five years, and simultaneously conduct exploration on the gold resources in Aletai Region with a minimum exploration expenditure of RMB20 million per year provided that exploration and development conditions exist.
2. Carry out general planning and arrangement as well as a mass and intensive mining of the integrated gold resources in strict accordance with the relevant laws and regulations while taking environmental protection into account to ensure sustainable availability of the resources.
3. Employ people preferably from within Aletai City for gold mining after the resource integration is completed.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Company is a comprehensive enterprise engaged in exploration, mining, ore processing and smelting of gold resources. The Company now has a subsidiary in Aletai Region, i.e. Aletai City Zhaojin Kunhe Mining Industry Co., Ltd. (阿勒泰市招金昆合礦業有限公司).

The Framework Agreement proposed to be entered into by the Company with Aletai Municipal Government represents a perfect combination and complementation of the resources in Aletai Region with the Company's advanced technology, abundant capital and outstanding management expertise, and will play a crucial role in successful capitalization of the rich resources in Aletai Region as well as in helping the Group to be the leading gold miner in Xinjiang Province, and represents the Company's accelerated efforts on grabbing the gold mining rights in North Xinjiang.

INFORMATION ON ALETAI REGION

Aletai Region is located in the north of Xinjiang Province, adjacent to Kazakhstan and Russia to the Northwest and Mongolia to the Northeast. It is one of the six biggest mines in China and a key nonferrous metal development strip of Xinjiang Province as well as a prominent production area of gold and nonferrous metal of both Xinjiang Province and China. It boasts a widely diversified portfolio of minerals as well as a rich reserve. Now it has four proved profitable mining strips, with a primary proved gold reserve of more than 20,000 kilograms and developable reserve of twenty-four minerals and a potential value of tens of billions of Yuan, demonstrating a bright future for mining business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the specific terms of integration including the actual resources to be integrated and the consideration therefor have yet to be agreed upon by the parties. Should there be any other agreements entered into under the Framework Agreement, 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.

DEFINITIONS

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

“Aletai City”	The Capital of Aletai Region of Xinjiang
“Aletai Region”	Aletai Region of Xinjiang, the PRC, located in the North of Xinjiang
“Board”	the board of directors of the Company
“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
“Framework Agreement”	the Framework Agreement on Integration of Gold Resources proposed to be entered into by the Company with the Aletai Municipal Government of Aletai Region, Xinjiang Province, the PRC
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinjiang”	Xinjiang Uygur Autonomous Region of the PRC

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

12 May 2010, Zhaoyuan, the PRC

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Lu Dongshang and Wang Peifu, five non-executive directors, namely 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