



**Lion Selection Group**

NSX RELEASE : LGP

10 MAY 2010

## Net Tangible Asset Backing (NTA)

Lion Selection Group Limited (LSG) advises that the unaudited net tangible asset backing of LSG as at 30 April 2010 is \$0.88, the details of which are as follows:

|                                      | 30 April 2010             |
|--------------------------------------|---------------------------|
| Direct Investments                   | \$22.6m                   |
| Investment in African and Asian Lion | \$11.0m                   |
| Committed Cash (AFL3/Asian Lion)     | \$26.1m <sup>1</sup>      |
| Net Cash (@ 30/04/10)                | \$17.3m                   |
|                                      | <hr/>                     |
|                                      | \$77m                     |
| Shares on issue                      | 88,029,353                |
| <b>NTA (A\$/ share) – Before Tax</b> | <b>\$0.88<sup>2</sup></b> |

<sup>1</sup> Committed cash of US\$24m to AFL3 and Asian Lion. LSG holds US\$23 million cash as part of its hedging policy.

<sup>2</sup> The NTA from a theoretical disposal of LSG's investment portfolio at market prices based on accounting carrying value was \$0.88 per share prior to estimated tax on gains, and \$0.88 per share after estimated tax on gains from such disposal.

### Copperbelt Minerals

LSG has received correspondence from Copperbelt Minerals that it has entered a conditional sale and purchase agreement with Golden Champion (owned 60% by Zijin Mining Group and 40% by the China Africa Development Fund) in relation to its Democratic Republic of Congo (DRC) assets. A copy of the announcement from Zijin Mining Group is attached to this release.

The transaction is subject to the receipt of the consent of the applicable PRC government and regulatory authorities and DRC consents.

The value of the conditional offer is approximately US\$280M, or an equivalent of US\$26.55 per Copperbelt share, being 26% above the current valuation maintained by LSG of US\$21/Copperbelt share. The impact of the conditional offer on LSG's NTA is 1.3 cents per share after tax or 2.5 cents per share before tax, including indirect holdings through the African Lion funds.

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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 2899)**

## **ANNOUNCEMENT PROPOSED ACQUISITION OF PLATMIN CONGO (BVI)**

The Board is pleased to announce that the Company, Golden Champion, its wholly owned subsidiary, and CAD Fund, an independent third party entered into an agreement (the "Agreement") with Copperbelt dated 7 May 2010 in relation to the proposed acquisition of 2,610,000 issued shares (the "Sale Shares") of Platmin Congo (BVI), representing all the issued shares of Platmin Congo (BVI) and Copperbelt's total internal receivables (the "Receivables") (the "Transaction"). Prior to Completion, Copperbelt will transfer all of its assets and liabilities to Platmin Congo (BVI) (the "Transfer").

As each of the applicable percentage ratios as defined in Chapter 14 of the Listing Rules, for the Transaction is less than 5%, this announcement is made on a voluntary basis.

**Investors and shareholders are advised by the Board to exercise caution when dealing in the shares of the Company.**

The Board is pleased to announce that the Company, Golden Champion, its wholly owned subsidiary, and CAD Fund, an independent third party entered into an agreement (the "Agreement") with Copperbelt dated 7 May 2010 in relation to the proposed acquisition of 2,610,000 issued shares (the "Sale Shares") of Platmin Congo (BVI), representing all the issued shares of Platmin Congo (BVI) and Copperbelt's total internal receivables (the "Receivables") (the "Transaction"). Prior to Completion, Copperbelt will transfer all of its assets and liabilities to Platmin Congo (BVI) (the "Transfer"). The principal terms of the Agreement are as follows:

### **PRINCIPAL TERMS OF THE AGREEMENT**

**Date:** 7 May 2010

#### **Parties:**

1. The Company, principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC;
2. Golden Champion, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, principally engaged in investment holding;

3. CAD Fund, a limited company approved by State Council of the PRC and invested by China Development Bank with an initial capital of US\$1 billion and its capital will be gradually increased to US\$5 billion, aims to support Chinese enterprises in China-Africa cooperation, to promote investment in Africa and to encourage new China-Africa strategic partnership; and
4. Copperbelt, a company incorporated in British Virgin Islands with limited liability, principally engaged in the business of exploration and development in the DRC and a parent company of Platmin Congo (BVI).

To the best knowledge of the Directors, none of CAD Fund, Copperbelt nor any of their respective ultimate beneficial substantial owners is a connected person (as defined in the Listing Rules) of the Company.

Golden Champion will acquire 100% interest of Platmin Congo (BVI) and Copperbelt's total internal receivables. The Company and CAD Fund will form a joint venture company ("JV Company") to own and hold 100% interest of Golden Champion. The Company will hold 60% interest of JV Company and CAD Fund will hold 40% interest of JV Company.

According to the unaudited report of Platmin Congo (BVI) prepared under the International Financial Reporting Standard, as at 31 December 2009, Platmin Congo (BVI)'s book value of total assets was US\$70,974,000 and its book value of net assets was US\$1,469,000. As at 31 December 2009, its net loss before and after tax and extraordinary items were US\$82,000.

Platmin Congo (BVI) is a company incorporated in the British Virgin Islands. Platmin Congo (BVI)'s primary assets include a 68% beneficial interest in the Deziwa copper-cobalt project and a 68% beneficial interest in the Ecaille C copper-cobalt project in the DRC through a 68% interest in Société Minière de Deziwa et Écaille C sprl, a private limited liability company incorporated in the DRC ("SOMIDEC"). The remaining 32% of SOMIDEC is owned by La Générale des Carrières et des Mines Gécamines, a DRC state-owned third party ("Gécamines"). Gécamines owns 32% shareholding in SOMIDEC which cannot be diluted. SOMIDEC is mainly engaged in mine exploration and development in DRC and its primary asset is 100% interest of Deziwa copper-cobalt project and Ecaille C copper-cobalt project.

### **Information of Deziwa and Ecaille C copper-cobalt projects**

The Deziwa copper-cobalt project is located in the world class copper ore belt region in Katanga province of the DRC, 35km to the east of Kolwezi, 5km to the east of the Lualaba river. SOMIDEC owns the mining rights of the Deziwa copper-cobalt project with a total area of approximately 15 square km.

The Ecaille C copper-cobalt project is located at approximately 47km to the east of Deziwa copper-cobalt project, SOMIDEC owns the mining rights of the Ecaille C copper-cobalt project with an area of approximately 21 square km.

SOMIDEC is principally engaged in the business of mineral exploration and development in the DRC and its main mineral resources are located in the Katanga province of the DRC. According to the Deziwa resource estimate as of March 2009 prepared by Golder Associates and the Écaille C resource estimate as of September 2009 prepared by African Mining Consultants, the copper-cobalt mineral resources held by SOMIDEC in Deziwa and Écaille C are as follows:

| Project<br>Resource Category     | Weighted Average Grade |          |           | Contained Mineral |                  |                   |                      |
|----------------------------------|------------------------|----------|-----------|-------------------|------------------|-------------------|----------------------|
|                                  | Tonnage<br><i>Kt</i>   | TCu<br>% | ASCu<br>% | TCo<br>%          | TCu<br><i>Kt</i> | ASCu<br><i>Kt</i> | TCo<br><i>Kt</i>     |
| Deziwa <sup>(1)</sup>            |                        |          |           |                   |                  |                   |                      |
| Measured                         | 75,145                 | 1.78%    | 1.62%     | 0.17%             | 1,335.0          | 1,219.0           | 131                  |
| Indicated                        | 240,883                | 1.33%    | 1.17%     | 0.11%             | 3,205.1          | 2,825.4           | 251.8 <sup>(2)</sup> |
| Inferred                         | 3,341                  | 1.80%    | 1.48%     | 0.17%             | 60.0             | 49.0              | 6.0                  |
| Subtotal                         | 319,369                | 1.44%    | 1.28%     | 0.12%             | 4,600.1          | 4,093.4           | 388.8                |
| Écaille C <sup>(3)</sup>         |                        |          |           |                   |                  |                   |                      |
| Inferred                         | 21,806                 | 1.15%    | 0.97%     | 0.06%             | 250.8            | 211.5             | 13.1                 |
| Total Measured & Indicated       | 316,028                | 1.44%    | 1.28%     | 0.12%             | 4,540.1          | 4,044.4           | 382.8                |
| Total Inferred                   | 25,147                 | 1.24%    | 1.04%     | 0.07%             | 310.8            | 260.5             | 19.1                 |
| Total Inventory (JORC Compliant) | 341,175                | 1.42%    | 1.26%     | 0.12%             | 4,850.9          | 4,304.9           | 401.9                |

1. Deziwa resource estimate as of March 2009 prepared by Golder Associates. The Mineral Resource for Deziwa is based on a cut-off of 0.5% ASCu. Resources were classified according to the guidelines of the JORC Code. From the data available and used during estimation and resource modelling, there is sufficient confidence in the geological and grade continuity to classify some of the in-situ resources in the measured category. In the remaining areas, confidence in the geological and grade continuity is reasonable to low and therefore some resources are classified in the Indicated category. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

2. Does not include 63Kt of cobalt lying outside the copper resource.

3. Écaille C resource estimate as of September 2009 prepared by African Mining Consultants. Resources are based on a cut-off of 0.5% ASCu.

4. ASCu means acid soluble copper, TCu means total copper, Tco means total cobalt.

Platmin Congo (BVI) appointed GRD Minproc to prepare the final feasibility study report for the Deziwa project, focusing on the mining of the oxidized high grade portion of Deziwa Main. According to the report issued at December 2008 the Deziwa main mine will involve open pit mining, and typical processing technique to produce copper cathode. The mine is expected to process 4.5 million tonnes of ore per year to produce on average approximately 80,000 tonnes of copper and 10,000 tonnes of cobalt per year over a 20 year mine life. Total capital cost is approximately US\$466 million.

The ore in eastern part and the low grade ore in the main part of Deziwa are worthy for development. Platmin Congo (BVI) is optimizing the development plan to include the Deziwa East portion. In an initial plan, the combined development of these 2 sections will bring more benefit to the company.

A survey indicated that in the deep area between Deziwa Main and Deziwa East portion will have a significant potential for ore.

### Consideration:

The Company and CAD Fund agree unanimously that the acquisition will be carried out by Golden Champion, a wholly owned subsidiary of the Company. The Company and CAD Fund will set up JV

Company by their wholly-owned subsidiaries respectively, and each will own 60% and 40% of the JV Company respectively. The JV Company will acquire the 100% equity interest of Golden Champion.

Pursuant to the Agreement, the total consideration for the Transaction (the "Consideration") is US\$283,971,665 subject to adjustment in certain circumstances. The Company will pay US\$170,382,999 and own 60% of the beneficial interest in Platmin Congo (BVI) and CAD Fund will pay US\$113,588,666 and own 40% of the beneficial interest in Platmin Congo (BVI).

The Consideration of the Transaction was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms, by reference to, among other things, the mineral reserve of the target assets.

The Company intends to pay the consideration in cash out of its internal resources and/or banking finance.

### **Conditions Precedent**

The Transaction is subject to the satisfaction of, among other things, the following conditions:

1. Copperbelt obtaining satisfaction of the "DRC Consents", as defined in the Agreement;
2. Golden Champion obtaining the consent of the applicable PRC governmental or regulatory authorities; and
3. the stages in respect of Completion, as set out in the Agreement having taken place as set out in clause within the time contemplated herein (including all extensions permitted herein).

### **Transaction Approval**

The board of directors of Copperbelt has unanimously approved the Transaction and each director has agreed to support the Transaction, provided that there is not a Superior Offer prior to Completion. As advised by Copperbelt, approval by the shareholders of Copperbelt is not legally required under applicable law.

### **Exclusivity and Break Fee**

Pursuant to the Agreement, Copperbelt has agreed not to solicit other offers from third parties, and agreed to pay a break fee to Golden Champion equal to US\$9 million if all the following conditions are fulfilled:

1. Copperbelt provides a notice to Golden Champion that a Superior Offer has been received;
2. Copperbelt's board of directors accepts the Superior Offer; and
3. Golden Champion does not suggest a higher consideration which is equal to or higher than the Superior Offer.

Pursuant to the Agreement, Golden Champion must pay a compensation of US\$4.5 million to Copperbelt if, at any time prior to Completion, Golden Champion terminates the Agreement for any reason (excluding failure to satisfy conditions 1 and 2 in the Conditions Precedent or failure of Golden Champion to duly confirm its willingness to increase the purchase price to match a Superior Offer pursuant and subject to the terms and conditions of the Agreement).

### **Payment for operation expenses**

Pursuant to the Agreement, Golden Champion has agreed to pay certain pre-completion operating expenses of Copperbelt from 28 February 2010 to 10 June 2010 or the completion date (whichever is earlier).

### **End Date**

Each party undertakes to use their respective reasonable endeavours to fulfill the conditions precedent as soon as possible after signing the Agreement, and in any case not later than 10 June 2010 or any other dates as agreed by both parties in writing. If the approval from the PRC government has been obtained but the DRC Consents has not been obtained, Copperbelt or Golden Champion can extend the End Date to be no later than 30 July 2010 by notice thereof to the other party.

If Golden Champion fails to settle the payment of operation expenses (for the period from 28 February 2010 to 30 April 2010) in cash on or before 15 May 2010 as requested by Copperbelt, Golden Champion is deemed to terminate the Agreement.

### **The Effect to the Company**

#### **1. Comply with corporate strategy and benefit the progress of internationalization**

The Deziwa copper-cobalt project is located at the world class copper ore belt region in Katanga province of the DRC. The Deziwa copper-cobalt project and the Ecaille C copper-cobalt project are rich in minerals and the mining conditions are favourable. The acquisition will increase the mineral reserves of the Company and enable the Company to participate in the development of Africa's mineral resources. It will help the internationalization process, profitability and continuous development of the Company.

#### **2. Source of fund and its effect**

The consideration of the Transaction payable by the Company was US\$170,382,999. The Company intends to pay the consideration in cash out of its internal resources and/or banking finance. The Company has sufficient cash, if the Transaction is successful, the increased bank loan will not have significant effect to the Company's financial status.

The Company will lead the development and construction of the project by utilizing its own technology and cost advantages, and strive for an early production.

## **Transaction risks**

### **1. This Transaction is a conditional offer, including but not limit to the following risks which may cause failure in the takeover**

#### **(1) Risk in obtaining relevant approvals**

This Transaction is subject to the conditions precedent in the Agreements, which include obtaining the approval from the PRC government or relevant authorities and the DRC Consents. There is an uncertainty in obtaining those approvals.

#### **(2) A Superior Offer from a third party**

The Transaction has obtained unanimously approval from the directors of Copperbelt, which reduced the competition risk in certain extend. However, we cannot exclude the possibility of a superior offer provided by other competitors to the target company. If a Superior Offer is made, this may raise the consideration and may extend the completion date, or even terminate this Transaction.

### **2. Development and operation risk**

The Deziwa copper-cobalt project and Ecaille C copper-cobalt project are located at Katanga in the DRC. Infrastructure (including power supply) and logistics are risk factors for companies operating in the region.

The Deziwa copper-cobalt project and Ecaille C copper-cobalt project are in initial stage. These projects will face some uncertainty in reaching the actual development stage. Deziwa copper-cobalt project is expected in production in 2013. If the schedule was behind the expectation, or there was other circumstances that will affect the development of the project, the overall profitability of the target company would also be affected.

After Completion, the Company will own 60% of the JV Company, the JV Company will indirectly own 68% equity interest of SOMIDEC, there is an uncertainty in operation, development and the cooperation with other shareholders. Therefore, possible operating risk may cause an investment loss of the Company.

### **3. Market risk**

Market risk includes the metal price trend for copper and cobalt. Wide fluctuations in the copper and cobalt price will bring uncertainty to the profitability of the project and affect the equity value of the target company.

### **4. Exchange risk**

The Transaction will be settled in US dollar, the investment has a certain exchange risk associated with fluctuations in foreign exchange rates.

### **5. Legal and policy risk**

This Transaction involves laws and policies of the PRC and the DRC. The Transaction must comply with the regulation and policy of overseas and foreign acquisition of both countries. There is a risk of government and related regulatory authorities' decision, laws and investigation against the Transaction.

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

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. As a result of the Transaction, the Directors believe that the Company will have an opportunity to invest in the overseas mining business through the acquisition of Platmin Congo (BVI). Therefore, the Directors consider that the Transaction and the terms of the Transaction are in the ordinary course of business and on normal commercial terms, and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **GENERAL**

As each of the applicable percentage ratios as defined in Chapter 14 of the Listing Rules for the Transaction is less than 5%, this announcement is made on a voluntary basis.

**Investors and shareholders are advised by the Board to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

|                                 |                                                                                                                                    |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| “Board”                         | the board of Directors                                                                                                             |
| “CAD Fund”                      | China-Africa Development Fund Co., Ltd., a corporation incorporated in the PRC with limited liability                              |
| “Copperbelt”                    | Copperbelt Minerals Limited, a limited company incorporated in the British Virgin Islands with limited liability                   |
| “Copperbelt Transfer Agreement” | the asset transfer agreement in agreed form to be made between Copperbelt and Platmin Congo (BVI) in relation to the Transfer      |
| “Company”                       | Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the People's Republic of China with limited liability |
| “Completion”                    | completion of the sale and purchase of the Sale Shares in accordance with the Agreement                                            |
| “Director(s)”                   | the director(s) of the Company                                                                                                     |
| “DRC”                           | the Democratic Republic of Congo                                                                                                   |
| “Golden Champion”               | Golden Champion Mining (BVI) Limited, a limited company incorporated in the British Virgin Islands with limited liability, a       |

|                           |                                                                                                                                                                                                                                                                                    |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                           | wholly-owned subsidiary of the Company                                                                                                                                                                                                                                             |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                             |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                |
| "Joint Venture Agreement" | the agreement dated 25 August 2008 between Platmin Congo and Gecamines for the exploitation of the polygons of Deziwa and Ecaille C covered respectively by exploitation permits no. 660 and no. 11229                                                                             |
| "Platmin Congo"           | Platmin Congo Limited sprl, a limited liability company incorporated in the Democratic Republic of Congo under Congolese law with registration number NRC 8916, whose registered office is at No. 86, Avenue Industrielle, P.O. Box 3897, Lubumbashi, Democratic Republic of Congo |
| “Listing Rules”           | The Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                                |
| “Platmin Congo (BVI)”     | Platmin Congo Limited, a limited company incorporated in the British Virgin Islands with limited liability                                                                                                                                                                         |
| “PRC”                     | The People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan                                                                                                                                                                 |
| “RMB”                     | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                                           |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                            |
| “Superior Offer”          | a legally binding competing proposal for cash conditional only on the DRC consent for consideration which is at least five per cent (5%) higher than the Consideration subject to certain adjustments pursuant to the Agreement                                                    |
| “US\$”                    | US dollars, the lawful currency of the United States of America                                                                                                                                                                                                                    |
| “%”                       | per cent                                                                                                                                                                                                                                                                           |

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Luo Yingnan, Liu Xiaochu, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mister. Peng Jiaqing as non-executive director, and Messrs. Su Congfu, Chen Yuchuan, Lin Yongjing, and Wang Xiaojun as independent non-executive directors.

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

Fujian, the PRC, 7 May 2010

*\*The English name of the Company is for identification purpose only*