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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)

**DISCLOSABLE TRANSACTION
ESTABLISHMENT OF A NON WHOLLY-OWNED SUBSIDIARY**

The Board wishes to announce that the Company has entered into a joint venture agreement dated 6 April 2005 (the "Joint Venture Agreement") with 4 independent third parties for the establishment of an equity joint venture (the "Proposed Transaction") in the PRC, namely, Tibet Yulong Copper Co., Ltd. (西藏玉龍銅業股份有限公司) ("Yulong Company"), Yulong Company will be mainly engaged in the development of Tibet Yulong copper mine. Tibet Yulong Copper Mine has 6.5 million tonnes approved reserve of copper. The registered capital of Yulong Company is RMB625,000,000 (HK\$589,622,641 equivalent). Pursuant to the Joint Venture Agreement, the Company will contribute RMB243,750,000 (HK\$229,952,830 equivalent) in cash as registered capital, representing 39% equity interest in Yulong Company. Each shareholder of Yulong Company shall pay the registered capital by cash and/or by injection of valuated assets on proportionate basis within 30 working days after the establishment of the company. All parties agreed to appoint an independent licensed valuer in China to carry out the valuation. If the monetary value of the injected assets of any shareholder is lower than the payable capital injection, the shortage will be paid up in cash by that shareholder. Except for RMB625,000,000 (HK\$589,622,641 equivalent) registered capital, all parties do not have any financial commitments in this project.

As a result of the Proposed Transaction, the Company may have an opportunity to expand in the exploration and development of mineral resources in the northwestern parts of the PRC. Therefore, the Directors consider that the Proposed Transaction and the terms of the Joint Venture Agreement are in the fair and reasonable interest of the Company and its shareholders as a whole.

The Proposed Transaction constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst things, further details relating to the Proposed Transaction will be dispatched to the shareholders of the Company as soon as practicable.

JOINT VENTURE AGREEMENT

Date: 6 April 2005

Parties:

1. Zijin Mining Group Co., Ltd. (the “Company”);
2. The Western Mining Co., Ltd. (“Western Mining Company”)
3. Tibet Autonomous Region Bureau of Exploration & Development of Geology & Mineral Resource No. 6 Geology Team (“Geology Team No.6”);
4. Stated-owned Properties Management Co., of Changdu District, Tibet Autonomous Region (“Changdu Company”); and
5. Tibet Autonomous Region Mining Development Co., Ltd. (“Mining Development Company”).

As confirmed by the Directors, Western Mining Company, Geology Team No.6, Changdu Company, and Mining Development Company and their ultimate beneficial owners are not connected persons (as defined by the Listing Rules) of the Company.

DETAILS OF THE PROPOSED TRANSACTION

General

The Company entered into a joint venture agreement dated 6 April 2005 (the “Joint Venture Agreement”) with 4 independent parties, namely Western Mining Company, Geology Team No.6, Changdu Company, and Mining Development Company for the establishment of an equity joint venture (the “Proposed Transaction”) in the PRC, namely Tibet Yulong Copper Co., Ltd. (西藏玉龍銅業股份有限公司) (“Yulong Company”), Yulong Company will be mainly engaged in the development of Tibet Yulong Copper Mine. Tibet Yulong Copper Mine has 6.5 million tonnes approved reserve of copper. The registered capital of Yulong Company is RMB625,000,000 (HK\$589,622,641 equivalent). Pursuant to the Joint Venture Agreement, the Company will contribute RMB243,750,000 (HK\$229,952,830 equivalent) in cash as registered capital, representing 39% equity interest in Yulong Company. Each shareholder of Yulong Company shall pay the registered capital by cash and/or by injection of valuated assets on proportionate basis within 30 working days after the establishment of the company. The profit sharing of the company will be based on the respective proportionate shareholding in the Company.

Consideration

Pursuant to the Joint Venture Agreement, the Company will contribute RMB243,750,000 (HK\$229,952,830 equivalent) in cash as registered capital, representing 39% equity interest in Yulong Company; whereas, Western Mining Company will contribute RMB256,250,000 (HK\$241,745,283 equivalent) in cash and/or valuated assets as registered capital, representing 41% equity interest in Yulong Company; Geology Team No.6 will contribute RMB62,500,000 (HK\$58,962,264 equivalent) in cash and/or valuated assets as registered capital, representing 10% equity interest in Yulong Company; Changdu Company will contribute RMB50,000,000 (HK\$47,169,811 equivalent) in cash and/or valuated assets as registered capital, representing 8% equity interest in Yulong Company; and Mining Development Company will contribute RMB12,500,000 (HK\$11,792,452 equivalent) in valuated assets as registered capital, representing 2% equity interest in Yulong Company.

Each shareholder of Yulong Company shall pay the registered capital by cash and by injection of valuated assets on proportionate basis within 30 working days after the establishment of the company.

All parties agreed to appoint an independent licensed valuer in China to carry out the valuation. If the monetary value of the injected assets of any shareholder is lower than the capital injection, the shortage will be paid up in cash by that shareholder. Except for RMB625,000,000 (HK\$589,622,641 equivalent) registered capital, all parties do not have any financial commitments in this project.

Board of directors

The board of Yulong Company comprises 11 directors, of which Western Mining Company shall nominate 4 persons, and the Company shall nominate 4 persons, and each of the other parties namely, Geology Team No.6, Changdu Company, and Mining Development Company shall nominate one person. Western Mining Company has the discretion to nominate the chairman of Yulong Company to the board, and the Company has the discretion to nominate the vice-chairman of Yulong Company to the board.

REASONS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. As a result of the Proposed Transaction, the Company may have an opportunity to expand in the exploration and development of mineral resources in the northwestern parts of the PRC. Therefore, the Directors consider that the Proposed Transaction and the terms of the Joint Venture Agreement are in the fair and reasonable interest of the Company and its shareholders as a whole.

GENERAL

The Proposed Transaction constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst things, further details relating to the Proposed Transaction will be dispatched to the shareholders of the Company as soon as practicable.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Liu Xiaochu, Luo Yingnan, Lan Fusheng, and Roa Yimin as executive directors, Mr. Ke Xiping as non-executive director, and Messrs. Yang Dali, Yao Lizhong, and Loong Ping Kwan as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Company Limited
Chen Jinghe
Chairman

7 April 2005 Fujian, China.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.