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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
INVESTMENT IN A ZINC REFINERY AT BAYANNAOER, INNER MONGOLIA**

The Board wishes to announce that on 20 April 2005, the Company decided to build a zinc refinery at Bayannaoer, Inner Mongolia. A subsidiary of the Company — Bayannaoer Zijin will invest and build the refinery. According to the construction plan, the total estimated construction costs will be RMB700 million to RMB800 million. Except for Bayannaoer Zijin's registered capital RMB250 million, the company will make financial arrangement with bank(s) for the balance of the investment. The shareholders of Bayannaoer Zijin agreed to take up the financial burden of this project on shareholding proportionate. The Company holds 60% shareholding of Bayannaoer Zijin and will take up RMB330 million (HK\$311,320,754 equivalent) as maximum financial burden by means of guarantee, Gansu Jiangxin holds 30% shareholding of Bayannaoer Zijin and will take up RMB165 million (HK\$155,660,377 equivalent) as maximum financial burden by means of guarantee, and Gansu Yate holds 10% shareholding of Bayannaoer Zijin and will take RMB55 million (HK\$51,886,792 equivalent) as maximum financial burden by means of guarantee. All parties do not have any further financial commitments in this project.

As a result of the Proposed Transaction, the Company may have an opportunity to expand in the refinery 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 Directors noted that this disclosable transaction needed to be disclosed promptly. The delay in disclosure of the transaction and a disclosure of the transaction to media prior to a formal announcement have constituted breaches of the Listing Rules 14.34, and 13.09. The Stock Exchange reserves the rights to take appropriate actions against the Company and/or the Directors in respect of the breaches 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.

AGREEMENT

Date: 20 April 2005

Parties:

1. Zijin Mining Group Co., Ltd. (the "Company"), the Company currently holds 60% shareholding of Bayannaoer Zijin Non-ferrous Metal Co., Ltd. ("Bayannaoer Zijin");

2. Gansu Jiangxin Industrial Company Limited (“Gansu Jiangxin”), Gansu Jiangxin engages in the exploration and mining of zinc metal in Inner Mongolia, and currently holds 30% shareholding of Bayannaer Zijin;
3. Gansu Yate Investment Company Limited (“Gansu Yate”), Gansu Yate engages in the exploration and mining of zinc metal in Inner Mongolia, and currently holds 10% shareholding of Bayannaer Zijin; and
4. Bayannaer Zijin, a subsidiary of the Company, Bayannaer Zijin is engaging in the construction and operation of a zinc refinery and the exploration and mining mineral resources in Inner Mongolia.

As confirmed by the Directors, Gansu Jiangxin, Gansu Yate, Changdu Company, and Bayannaer Zijin and their ultimate beneficial owners are not connected persons (as defined by the Rules governing the listing of security on The Stock Exchange of Hong Kong Limited (“Listing Rules”)) of the Company.

DETAILS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that on 20 April 2005, the Company decided to build a zinc refinery at Bayannaer, Inner Mongolia. A subsidiary of the Company — Bayannaer Zijin will invest and build the refinery.

Consideration

According to the construction plan, the total estimated construction cost will be RMB700 million to RMB800 million. Except for Bayannaer Zijin’s registered capital RMB250 million, the company will make financial arrangement with bank(s) for the balance of the investment. The shareholders of Bayannaer Zijin agreed to take up the financial burden of this project on shareholding proportionate. The Company holds 60% shareholding of Bayannaer Zijin and will take up RMB330 million (HK\$311,320,754 equivalent) as maximum financial burden by means of guarantee, Gansu Jiangxin holds 30% shareholding of Bayannaer Zijin and will take up RMB165 million (HK\$155,660,377 equivalent) as maximum financial burden by means of guarantee, and Gansu Yate holds 10% shareholding of Bayannaer Zijin and will take RMB55 million (HK\$51,886,792 equivalent) as maximum financial burden by means of guarantee. All parties do not have any further financial commitments in this project.

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 refinery 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 Directors noted that this disclosable transaction needed to be disclosed promptly. The delay in disclosure of the transaction and a disclosure of the transaction to media prior to a formal announcement have constituted breaches of the Listing Rules 14.34, and 13.09. The Stock Exchange reserves the rights to take appropriate actions against the Company and/or the Directors in respect of the breaches of the Listing Rules.

A circular containing, amongst other 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

21 April 2005 Fujian, China.

* *For identification purpose only*

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