

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zijin Mining Group Co., Ltd.*, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

ADOPTION OF NEW SHARES ISSUE BY CONVERSION OF THE SURPLUS RESERVE FUND

The Notice of AGM is set out on pages 110 to 114 of the Annual Report 2004. A form of proxy for use at the AGM was enclosed with the Annual Report 2004. The Company's register of H Shares members has been closed from Thursday, 28 April 2005 to Friday, 27 May 2005 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders who wish to attend the AGM, must have completed and returned the reply slip in writing to the Board secretariat of the Company — 1 Zijin Road, Shanghang County, Fujian Province, the PRC (Tel: (86) 597-3841468, Fax: (86) 592-3969667) twenty days before the convening of the AGM, that is Tuesday, 10 May 2005. With completion and return the reply slip, whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 46th Hopewell Centre, 183 Queen's Road East, Wanchai, HK not later than 24 hours before the specified time for the holding of the AGM. The AGM will be convened at 10:00am on 31 May 2005, Tuesday, at the conference room on the 1st floor of the Company's office building at 1 Zijin Road, Shanghang County, Fujian Province, the PRC.

Warning

Shareholders of H Shares should note that the Shares have been dealt with on an ex-entitlement basis commencing from Tuesday, 26 April 2005. The New Shares Issue is conditional upon the conditions set out in this circular under heading of "Conditions of the New Shares Issue". Any person dealing in the Shares on an ex-entitlement basis up to such conditions are fulfilled will accordingly bear the risk that the New Shares Issue may not become unconditional and may not proceed. Any person contemplating selling or purchasing Shares during such period who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

* For identification purpose only

CONTENTS

| | <i>Pages</i> |
|---|--------------|
| Definitions | 1 |
| Expected Timetable | 3 |
| Letter from the Board of Directors | |
| 1. Introduction | 4 |
| 2. Adoption of New Shares Issue By Conversion of the Surplus Reserve Fund | 4 |
| 3. Annual General Meeting | 5 |
| 4. Warning of Risks of Dealings in Shares | 6 |
| 5. Responsibility Statement | 6 |
| 6. Trade in Other Stock Exchange | 6 |
| 7. Recommendation | 6 |
| 8. Miscellaneous | 7 |

DEFINITIONS

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

| | |
|---------------------------|---|
| “AGM” | the annual general meeting of the Company to be convened at 10:00am on 31 May 2005, Tuesday, at the conference room on the 1st floor of the Company’s office building at 1 Zijin Road, Shanghang County, Fujian Province, The PRC |
| “Annual Report 2004” | the annual report of the Company for the year ended 31 December 2004, sent out to the Shareholders on 30 April 2005 |
| “Board” | the board of Directors |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Company” | Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC with limited liability |
| “Director(s)” | the director(s) of the Company |
| “Dividends” | Subject to the AGM’s approval, the company will distribute RMB0.1 per share as final dividend for year 2004 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “H Shares” | the Company’s 801,088,000 shares RMB0.1 each listed and allowed to trade in the Stock Exchange |
| “Latest Practicable Date” | 19 May 2005, being the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “New Shares Issue” | subject to the AGM’s approval, the Company will issue additional 10 new ordinary shares to every 10 ordinary shares on the basis of 2,628,261,820 shares in issue at the end of 2004 to the shareholder(s) who are in the members register by the close of business time on 27 April 2005 |

* For identification purpose only

DEFINITIONS

| | |
|------------------|--|
| “New H Shares” | subject to the AGM’s approval, the New shares will be distributed on 23 June 2005 to the H Shares holders who are in the members register by the close of business time on 27 April 2005 |
| “PRC” | The People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau SAR and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Shares” | share(s) of RMB0.1 each in the share capital of the Company |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “%” | per cent |

Note: For the purpose of this circular, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of HK\$1.00 = RMB1.06.

EXPECTED TIMETABLE

2005 (Note)

| | |
|---|---|
| Last day of dealings in Shares on a cum-entitlement basis | Monday, 25 April |
| First day of dealings in Shares on a ex-entitlement basis | Tuesday, 26 April |
| Latest time for lodging transfer of Shares for Entitlement to the New Shares Issue and Dividends | 4:00 pm on Wednesday, 27 April |
| Book closure period (both days inclusive) | Thursday, 28 April 2005 to Friday, 27 May |
| Record Date | Tuesday, 3 May |
| Register of Members re-opens | Monday, 30 May |
| Announcement on results of AGM | Wednesday, 1 June |
| Dispatch of New Share certificates and Dividends cheques | Thursday, 23 June |
| Dealings in New H Shares expected to commence | Monday, 27 June |

Note: All times refer to Hong Kong local times.

Dates or deadlines specified in this circular for events in the timetable for (or otherwise in relation to) the New Shares Issue and Dividends distribution are indicative only and may be exercised or varied by the agreement between the Company and the listing committee of Stock Exchange. Any consequential changes to the expected timetable will be published by way of public announcement.



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)

Executive Directors:

Chen Jinghe (*the Chairman*)
Liu Xiaochu
Luo Yingnan
Lan Fusheng
Rao Yimin

Registered Office and

Principal Place of Business:
No.1 Zijin Road
Shanghang County
Fujian Province
the PRC

Non-executive Director:

Ke Xiping

Place of business in Hong Kong:

Suite 1608, West Tower,
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

Independent non-executive Directors:

Yang Dali
Yao Lizhong
Loong Ping Kwan

20 May 2005

To the Shareholders

Dear Sir/Madam,

**ADOPTION OF NEW SHARES ISSUE BY CONVERSION
OF THE SURPLUS RESERVE FUND**

1. INTRODUCTION

The purpose of this circular is to provide you information regarding the proposal for the adoption of New Shares Issue to enable you to make a decision on whether to vote for or against the resolutions in connection with such matters to be proposed in the AGM.

**2. ADOPTION OF NEW SHARES ISSUE BY CONVERSION OF THE SURPLUS
RESERVE FUND**

An special resolution will be proposed at the AGM to adopt that an amount of RMB262,826,182 in the Company's surplus reserve fund will be converted into 2,628,261,820 shares of RMB0.1 each

* For identification purpose only

LETTER FROM THE BOARD OF DIRECTORS

and issue 10 additional new Ordinary Shares by the conversion of every 10 Ordinary Shares on the basis of 2,628,261,820 shares in issue at the end of 2004 to shareholders. Subject to the approval in the AGM, the Company shall issue additional new shares to Shareholders whose names appeared on the register of members of the Company at close of business time on 27 April 2005. In which, 801,088,000 New H Shares of RMB 0.1 each shall be issued to the holders of H Shares.

2.1 Conditions of the New Shares Issue

The New Shares Issue is conditional upon the following:

- (i) the passing of the special resolution to approve the New Shares Issue at the AGM; and
- (ii) in respect of the New H Shares, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New H Shares.

2.2 Ranking of shares

The New Shares, where as to Domestic Shares of the Company shall rank *pari passu* in all respects with the existing Domestic Shares, and where as to H Shares, shall rank *pari passu* in all respects with the exiting H Shares.

2.3 Listing and dealings

Application will be made to the listing committee of the Stock Exchange for listing of, and permission to deal in, the New H Shares, on the Stock Exchange. Subject to the granting of approval by the Stock Exchange, the New H Shares shall be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. All necessary arrangement shall be made for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

Upon the New Share Issue becoming unconditional, it is expected that certificates for the New H Shares will be dispatched by ordinary post to those entitled thereto at their own risk on or before 23 June 2005. The New H Shares will only be listed on the Hong Kong Stock Exchange.

Dealings in the New H Shares will be on or before 27 June 2005, the Company will make an announcement once the first day of dealing in the New H Shares is determined.

2.4 Reasons for the New Shares Issue

The New Shares Issue is a return to the support of the Company's Shareholders. It can also increase the Company's registered share capital and the circulation of the Shares in the market.

3. ANNUAL GENERAL MEETING

The Notice of AGM is set out on pages 110 to 114 of the Annual Report 2004. A form of proxy for use at the AGM was enclosed with the Annual Report 2004. The Company's register of H Shares

LETTER FROM THE BOARD OF DIRECTORS

members has been closed from Thursday, 28 April 2005 to Friday, 27 May 2005 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders who wish to attend the AGM, must have completed and returned the reply slip in writing to the Board secretariat of the Company — 1 Zijin Road, Shanghang County, Fujian Province, The PRC (Tel: (86) 597-3841468, Fax: (86) 592-3969667) twenty days before the convening of the AGM, that is Tuesday, 10 May 2005. With completion and return the reply slip, whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 46th Hopewell Centre, 183 Queen's Road East, Wanchai, HK not later than 24 hours before the specified time for the holding of the AGM. The AGM will be convened at 10:00 am on 31 May 2005, Tuesday, at the conference room on the 1st floor of the Company's office building at 1 Zijin Road, Shanghang County, Fujian Province, The PRC.

4. WARNING OF RISKS OF DEALINGS IN SHARES

Shareholders of H Shares should note that the Shares have been dealt with on an ex-entitlement basis commencing from Tuesday, 26 April 2005. The New Shares Issue is conditional upon the conditions set out in this circular under heading of "Conditions of the New Shares Issue". Any person dealing in the Shares on an ex-entitlement basis up to such conditions are fulfilled will accordingly bear the risk that the New Shares Issue may not become unconditional and may not proceed. Any person contemplating selling or purchasing Shares during such period who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

5. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

6. TRADE IN OTHER STOCK EXCHANGE

The Company confirms that no other part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought in any other stock exchange.

7. RECOMMENDATION

The Directors consider that the proposal of adoption of New Shares Issue by conversion of surplus reserve fund is in the best interest to the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD OF DIRECTORS

8. MISCELLANEOUS

Should there be discrepancy, the English text of this circular shall prevail over its Chinese text.

By order of the Board
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

** For identification purpose only*