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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

SUBSCRIPTION OF SHARES IN PINNACLE MINES LIMITED

On 17 August 2005, the Company's wholly owned subsidiary — Gold Mountains entered into Agreement to subscribe for 3,000,000 ordinary shares of PNL (22.74% interest in PNL after this new issue) and 3,000,000 warrants of PNL for a total consideration of about CAD1,950,000 (HK\$12,675,000 equivalent). The total price for a PNL ordinary share and a unit of warrant is CAD0.65. The warrants may be exercisable at any time at the option of Gold Mountains within 2 years from 17 August 2005. Gold Mountains is entitled to subscribe for an ordinary share of PNL at CAD0.83 each upon exercise of every two warrants. Accordingly, the maximum number of the additional ordinary shares of PNL that Gold Mountains may subscribe for upon full exercise of the warrants is 1,500,000 shares. The ultimate number of shares subscription by exercise of the warrants is subject to PNL's bouus issue, subdivision and other adjustments in its capital structure. The warrants issued by PNL are not listed in Toronto Venture Exchange under Toronto Stock Exchange — Canada. Completion of the Agreement is subject to the approval of Toronto Venture Exchange under Toronto Stock Exchange - Canada.

This announcement is not a notifiable transaction and it is made pursuant to rule 13.09 of the Listing Rules.

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Agreement

On 17 August 2005, the Company's wholly owned subsidiary — Gold Mountains entered into an agreement ("Agreement") with PNL in relation to subscription for 3,000,000 ordinary shares of PNL (22.74% interest in PNL after this new issue) and 3,000,000 warrants of PNL for a total consideration of about CAD1,950,000 (HK\$12,675,000 equivalent). The total price for a PNL ordinary share and a unit of warrant is CAD0.65. The warrants may be exercisable at any time at the option of Gold Mountains within 2 years from 17 August 2005. Gold Mountains is entitled to subscribe for an ordinary share of PNL at CAD0.83 each upon exercise of every two warrants. Accordingly, the maximum number of the additional ordinary shares of PNL that Gold Mountains may subscribe for upon full exercise of the warrants is 1,500,000 shares. The ultimate number of shares subscription by exercise of the warrants is

subject to PNL's bonus issue, subdivision and other adjustments in its capital structure. The warrants issued by PNL are not listed in Toronto Venture Exchange under Toronto Stock Exchange — Canada. Completion of the Agreement is subject to the approval of Toronto Venture Exchange under Toronto Stock Exchange — Canada.

Parties:

1. Gold Mountains, is principally engaged in investment, trading, exploration, mining, production, refining and sale of gold and other mineral resources in Canada and South East Asia. Gold Mountains will own 22.74% shareholding of PNL upon completion. Gold Mountains will hold 30.06% shareholding of PNL after the full exercise of the warrants; and
2. PNL, is primarily engaged in risk exploration and development of gold mines in Canada and the PRC including Silver Coin Gold Mine, Kansas Gold Mine, Surprise Creek Gold Mine, El Dorado Gold Mine, and Yangwengchung Gold Mine. PNL will issue 3,000,000 shares and 3,000,000 warrants to Gold Mountains by private placement. This is an independent placement to Gold Mountains and its exercise price is CAD0.65 (HK\$4.225 equivalent) for a PNL ordinary share and a unit of warrant.

PNL currently issued 10,187,958 ordinary shares in which 2,700,000 shares are held by the management of PNL, 2,100,000 shares are held by fund houses, and the balance 5,387,958 shares are held by the public investors. After the private placement, Gold Mountains will become the largest shareholder of PNL. Its current stock price on 17 August 2005 is CAD0.87 and its historical average closing price in latest 30 trading days is CAD0.672. In this private placement, the price CAD0.65 is about 25.29% discount on PNL's share price on 17 August 2005, and 3.27% discount on PNL's latest 30 trading days average closing price.

PNL recorded no income and declared no dividends in years 2003 and 2004. PNL made CAD90,146 and CAD846,714 net loss in years 2003 and 2004 respectively. As at 31 December 2004, PNL recorded CAD11,355,617 accumulated loss.

Consideration

The consideration for the acquisition of the shares has been arrived after negotiation on an arm's length basis, and shall be paid in cash in full on completion by Gold Mountains' internal resource.

Board of directors

The board of PNL comprises 6 directors, Gold Mountains will additionally nominate 3 persons upon completion which is expected not later than the end of September 2005.

Reasons for the 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 transaction, the Company may have an opportunity to expand its business overseas. Therefore, the Directors consider that the transaction and the terms of the agreement are in ordinary course of business and on normal commercial terms and fair and reasonable and in the best interests of the Company and its shareholders as a whole.

General

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of PNL and its ultimate beneficial owners is a connected person (as defined in the Listing Rules) of the Company.

Definitions

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

“Agreement”	An agreement signed on 17 August 2005 between Gold Mountains and PNL for the subscription of PNL shares
“CAD”	Canadian dollars, the lawful currency of Canada
“Company”	Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the People’s Republic of China with limited liability
“Director(s)”	the director(s) of the Company
“Gold Mountains”	Gold Mountains (HK) International Mining Co., Ltd. is a wholly owned subsidiary of the Company, the company registered in HK with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“PNL”	Pinnacle Mines Limited, a company registered in British Columbia, Canada, and listed in the Venture Exchange of Toronto, Canada. The company is primarily engaged in exploration and development of mines in Canada and the PRC.
“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
“%”	per cent

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in CAD have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of CAD1.00 = HK\$6.5.

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 Co., Ltd.*
Chen Jinghe
Chairman

18 August 2005 Fujian, China.

* *The Company’s English name is for identification purpose only*

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