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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)

CONTINUING CONNECTED TRANSACTION - TRANSPORTATION SERVICES

The Board wishes to announce that the Company's non-wholly-owned subsidiary — Xinjiang Jinbao has entered into two transportation services agreements dated 15 September 2005 with a connected party — Fuyun for providing transportation services of iron concentrate powder to Xinjiang Jinbao.

Mr. Gu Xinguang is a director of Fuyun and owns 70% shareholding of Fuyun. Mr. Gu Xinguang is also a shareholder and a director of Xinjiang Jinbao, and owns 17.904% shareholding. So, Fuyun is a connected person to Mr. Gu Xinguang (as defined in the Listing Rules). Based on the Listing Rules, the transaction constitutes a connected transaction of the Company.

The total amount of the annual consideration of the transaction is less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transaction constitutes a continuing connected transaction of the Company under Chapter 14A.34 of the Listing Rules with exemption on the approval from independent shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

TRANSPORTATION SERVICES AGREEMENTS

Date: 15 September 2005

Parties:

1. Xinjiang Jinbao, it is a non-wholly-owned subsidiary of the Company, and a Company's non-wholly-owned subsidiary — Xinjiang Zijin currently owns 60% of its shareholding, its 17.904% shareholding is owned by Mr. Gu Xinguang, its 17.36% shareholding is owned by Mr. Qin Gang, and its 4.736% shareholding is owned by Mr. Xiong Wenxing. Mr. Qin Gang and Mr. Xiong Wenxing are independent third parties and are not connected persons to the Company. The Company currently owns Xinjiang Zijin 68% shareholding. Xinjiang Jinbao is mainly engaged in exploration, mining and process of iron concentrate powder in Mongku Iron Mine in Xinjiang, the PRC; and

2. Fuyun, a private owned transportation company with limited liability formed in Xinjiang, the PRC. Fuyun mainly carries out transportation business in Xinjiang, the PRC.

DETAILS OF THE TRANSACTION

General

The Board wishes to announce that the Company's non-wholly-owned subsidiary — Xinjiang Jinbao has entered into two transportation services agreements dated 15 September 2005 with a connected party — Fuyun for providing transportation services of iron concentrate powder to Xinjiang Jinbao.

Contract 1 — Shorthaul Transportation

On 15 September 2005, Xinjiang Jinbao and Fuyun entered into a transportation services agreement, Fuyun agreed to provide shorthaul transportation services of iron concentrate powder to Xinjiang Jinbao from the mine to the depot at Fuyun County at rate of RMB44(HK\$ 42.3 equivalent) per tonne. The contract covers the period from 1 June 2005 to 1 April 2007. The maximum estimation of transportation costs will be RMB7.7 million (HK\$ 7,403,847 equivalent), RMB11 million(HK\$ 10,576,923 equivalent), and RMB4.4 million(HK\$ 4,230,769 equivalent) for the years of 2005, 2006, and 2007 (up to 1 April 2007) respectively. The maximum transportation costs estimation is based on the production capacity of the mine and the transportation capacity of Fuyun. Since the mine started production in this year, the mine produced 179,819 tonnes iron concentrate powder and Fuyun transported 75,079 tonnes up to 31 August 2005. The annual production capacity projection of Xinjiang Jinbao are about 350,000 tonnes, 500,000 tonnes, and 700,000 tonnes of iron concentrate powder for the years of 2005, 2006, and 2007 respectively. Under our estimation, Fuyun could transport 175,000 tonnes, 250,000 tonnes, and 100,000 tonnes of iron concentrate powder in shorthaul transportation for years of 2005, 2006 and 2007 (up to 1 April 2007) respectively.

Contract 2 — Longhaul Transportation

On 15 September 2005, Xinjiang Jinbao and Fuyun entered into a transportation services agreement, Fuyun agreed to provide longhaul transportation services of iron concentrate powder to Xinjiang Jinbao from the depot at Fuyun County to Urumqi at rate of RMB137(HK\$ 131.73 equivalent) per tonne. The contract covers the period from 1 June 2005 to 30 June 2006. The maximum estimation of transportation costs will be RMB16 million(HK\$ 15,384,615 equivalent), and RMB12 million(HK\$ 11,538,462 equivalent) for the years of 2005, and 2006 (up to 30 June 2006) respectively. The maximum transportation costs estimation is based on the production capacity of the mine and the transportation capacity of Fuyun. The mine produced 179,819 tonnes iron concentrate powder and Fuyun transported 24,059 tonnes up to 31 August 2005. Under our estimation, Fuyun could transport 116,788 tonnes, and 87,591 tonnes of iron concentrate powder in longhaul transportation for years of 2005, and 2006 (up to 30 June 2006) respectively.

In combination of two contracts, the maximum estimation of transportation costs will be RMB23.7 million(HK\$ 22,788,462 equivalent), RMB23 million(HK\$ 22,115,385 equivalent), and RMB4.4 million(HK\$ 4,230,769 equivalent) for the years of 2005, 2006, and 2007(up to 1 April 2007) respectively.

Consideration

The transportation service charges in the agreements are based on the market price and normal commercial terms. The service charges will be calculated and settled once a month based on the actual transported volume of iron concentrate powder. The transportation price and calculation method in these contracts are the same to the other independent transportation service providers of Xinjiang Jinbao.

Pursuant to the Transportation Services Agreements, Xinjiang Jinbao will totally pay Fuyun not more than RMB23.7 million (HK\$22,788,462 equivalent), RMB23 million (HK\$22,115,385 equivalent), and RMB4.4 million (HK\$4,230,769 equivalent) for the years of 2005, 2006, and 2007 (up to 1 April 2007) respectively as the transportation service charges.

Connected Transaction

Mr. Gu Xinguang is a director of Fuyun and owns 70% shareholding of Fuyun. Mr. Gu Xinguang is also a shareholder and a director of Xinjiang Jinbao, and owns 17.904% shareholding. So, Fuyun is a connected person to Mr. Gu Xinguang (as defined in the Listing Rules). Based on the Listing Rules, the transaction constitutes a continuing connected transaction of the Company.

REASONS FOR THE PROPOSED TRANSACTIONS

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. Fuyun is one out of five qualified transportation services providers of Xinjiang Jinbao. As a result of the transactions, the Company has an opportunity to appoint more qualified transportation companies and acquire sufficient transportation capacity which benefits the supply and sale of iron concentrate powder. After an arm's length negotiation between the parties, both parties signed the agreement in the ordinary and usual course of business and on normal commercial terms. Therefore, the Directors including the independent non-executive 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 interest of the Company and its shareholders as a whole.

GENERAL

The total amount of the annual consideration of the transaction is less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transaction constitutes a continuing connected transaction of the Company under Chapter 14A.34 of the Listing Rules with exemption on the approval from independent shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Fuyun”	Fuyun Jinbao Transportation Co., Ltd., a privately owned transportation company registered in the PRC 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
“Independent shareholder”	any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Tonne(s)”	A metric measurement of weight, 1 Tonne equals to 1,000 kilograms
“Xinjiang Jinbao”	Xinjiang Jinbao Mining Co., Ltd., a non-wholly-owned subsidiary (owns 60% equity interest) of the Company, a limited company incorporated in the PRC with limited liability

“Xinjiang Zijin” Xinjiang Zijin Mining Co., Ltd., a non-wholly-owned subsidiary (owns 68% equity interest) of the Company, a limited company incorporated in the PRC with limited liability

“%” per cent

Note: For the purpose of this announcement, 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 = RMB1.04.

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 September 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.