
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Advisor to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 3 to 11 of this circular. A letter from the Independent Board Committee containing its recommendations in respect of the continuing connected transactions is set out on page 12 of this circular. A letter from Get Nice Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 23 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at the Company's conference room at 1st Floor, Shanghang County, Fujian Province, The People's Republic of China on 7 April 2006 at 9:00 a.m. is set out on pages 31 to 33 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than twenty days prior to the commencement of the extraordinary general meeting to the office of the Secretary to the Board of the Company at (1 Zijin Road, Shanghang County, Fujian Province, The People's Republic of China. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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

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DEFINITIONS

In this circular, except where the context otherwise requires, the following terms shall have the following meanings:

“Associates”	has the meaning ascribed in the Listing Rules
“Board”	the board of Directors
“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
“Domestic Shares”	ordinary shares of nominal value of RMB0.1 each in the share capital of the Company which were subscribed for or credited as paid up in RMB
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving, inter alia, the Non-exempt Continuing Connected Transactions and the New Annual Cap
“Group”	the Company and its subsidiaries
“H Shares”	foreign invested shares of nominal value of RMB0.1 each in the share capital of the Company listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongyang Contracting Agreement”	the agreement entered into between the Company and Hongyang Mine on 18 January 2006 in relation to, inter alia, the provision of exploitation contracting services for gold and non-ferrous metals by Xinhua Engineering to the Company
“Hongyang Mine”	福建省上杭鴻陽礦山工程有限公司 (Fujian Shanghang Hongyang Mine Engineering Company Limited), a domestic company incorporated in the PRC with limited liability
“Hunchun Zijin”	琿春紫金礦業有限公司 (Hunchun Zijin Mining Company Limited), a domestic company incorporated in the PRC with limited liability, and which is beneficially owned by the Company as to 75.375%
“Independent Board Committee”	the independent board committee of the Company constituted for the purpose of the Non-exempt Continuing Connected Transactions, comprising three independent non-executive Directors

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

DEFINITIONS

“Independent Shareholders”	shareholders of the Company other than Xinhua Engineering and Hongyang Mine and their respective associations (as defined in the Listing Rules)
“Latest Practicable Date”	17 February 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Non-exempt Continuing Connected Transactions”	the connected transactions under the Xinhua Contracting Agreement and Hongyang Contracting Agreement which were entered into between the Company, Xinhua Engineering and Hongyang Mine on a continuing basis
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinhua Contracting Agreement”	the agreement entered into between the Company and Xinhua Engineering on 18 January 2006 in relation to, inter alia, the provision of exploitation contracting services for gold and non-ferrous metals by Xinhua Engineering to the Company
“Xinhua Engineering”	福建省新華都工程有限責任公司 (Fujian Xinhua Engineering Company Limited), formerly known as 上杭縣華都建設工程有限公司 (Shanghang County Huadu Construction Engineering Company Limited), a domestic company incorporated in the PRC with limited liability, and which is one of the promoters of the Company
“Zijinshan Gold Mine”	the gold mine of the Group in Shanghang county, Fujian province, the PRC
“%”	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 = RMB1.04.

No representation is made that any amounts in RMB or HK\$ can be or could have been at the relevant dates be converted at the above rates or any other rates at all.



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

Shung Tak Centre

168-200 Connaught Road

Central

Hong Kong

Independent Non-executive Directors:

Yang Dali

Yao Lizhong

Loong Ping Kwan

21 February 2006

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to announcement dated 27 January 2006. On 18 January 2006, the Company entered into (1) the Xinhudu Contracting Agreement with Xinhudu Engineering in relation to the provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine by Xinhudu Engineering for a term from 1 January 2006 to 31 December 2008 subject to the priority of renewal by Xinhudu Engineering upon expiration, which also replaced and superseded a contracting agreement entered into with Xinhudu Engineering on 20 December 2005; and (2) Hongyang Contracting Agreement with Hongyang Mine in relation to the provision of exploitation contracting services for gold and

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LETTER FROM THE BOARD

non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine by Hongyang Mine for a term from 1 January 2006 to 31 December 2008 subject to the priority of renewal by Hongyang Mine upon expiration, which also replaced and superseded a contracting agreement entered into with Hongyang Mine on 20 December 2005.

Xinhuadu Engineering is a promoter of the Company. Xinhuadu Engineering is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the date of this circular, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange. Therefore, any transactions between Xinhuadu Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules.

The Non-exempt Continuing Connected Transactions, which are continuous in nature and were entered into in the ordinary course of business of the Company, constitute continuing connected transactions of the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirement pursuant to Rule 14A.35. The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Non-exempt Continuing Connected Transactions and the New Annual Cap for the three years ended 31 December 2008 at EGM. The New Annual Cap of Hongyang Contracting Agreement for the three years ended 31 December 2008 will be RMB70 million, RMB100 million and RMB120 million respectively. The New Annual Cap of Xinhuadu Contracting Agreement for the three years ended 31 December 2008 will be RMB90 million, RMB120 million and RMB150 million respectively.

The Company has appointed Get Nice Capital Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions.

The purpose of this circular is (i) to give you further details of the Non-exempt Continuing Connected Transactions and the New Annual Cap; (ii) to set out the letter of advice from Get Nice Capital Limited, an independent financial adviser to the Independent Board Committee, to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee; and (iv) to seek your approval at the EGM of the ordinary resolution referred to herein.

2. XINHUADU CONTRACTING AGREEMENT

Date:	18 January 2006
Parties:	Xinhuadu Engineering and the Company
Services to be provided:	Provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine

LETTER FROM THE BOARD

Pricing:	Such transactions will be conducted on terms by reference to the market prices or similar terms available from independent third parties
Term:	From 1 January 2006 to 31 December 2008
Others:	Xinhuadu Engineering has the priority of renewal upon expiration It replaces and supersedes a contracting agreement entered into with Xinhuadu Engineering on 20 December 2005
Conditions Precedent:	The Xinhuadu Contracting Agreement is conditional upon signing and obtaining approval by Independent Shareholders at EGM

3. HONGYANG CONTRACTING AGREEMENT

Date:	18 January 2006
Parties:	Hongyang Mine and the Company
Services to be provided:	Provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine
Pricing:	Such transactions will be conducted on terms by reference to the market prices or similar terms available from independent third parties
Term:	From 1 January 2006 to 31 December 2008
Others:	Hongyang Mine has the priority of renewal upon expiration It replaces and supersedes a contracting agreement entered into with Hongyang Mine on 20 December 2005
Conditions Precedent:	The Hongyang Contracting Agreement is conditional upon signing and obtaining approval by Independent Shareholders at EGM

The terms of the Xinhuadu Contracting Agreement and Hongyang Contracting Agreement were arrived at after arm's length negotiation with Xinhuadu Engineering and Hongyang Mine respectively. Apart from the amendments regarding basis of pricing, the other terms of the Xinhuadu Contracting Agreement and Hongyang Contracting Agreement are substantially the same as the previous contracting agreements entered into between the Company, Xinhuadu Engineering and Hongyang Mine.

LETTER FROM THE BOARD

4. REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Directors believe that the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable and in the best interests of the shareholders as a whole.

By virtue of the Xinhua Contracting Agreement and Hongyang Contracting Agreement, the Company will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation.

As the exploitation works performed by Xinhua Engineering and Hongyang Mine are crucial to the production process at the Zijinshan Gold Mine, the Directors believe that a stable relationship with, and competitive performance by, Xinhua Engineering and Hongyang Mine are important to the Group. With the amicable relationship established between the Company and Xinhua Engineering and Hongyang Mine over the past years, the Directors believe that the entering into the Xinhua Contracting Agreement and Hongyang Contracting Agreement will be able to continue to contract out exploitation works to these two contractors which in turn can ensure the smooth running of the operations of the Company.

In addition, as the Company is not restricted from conducting transactions with any third parties under the Xinhua Contracting Agreement and Hongyang Contracting Agreement, the Directors consider such term could provide commercial flexibility to the Company as it can enter into similar arrangement with any independent third party which the Company considers to be appropriate, in the event the Company might not be able to agree with Xinhua Engineering and/or Hongyang Mine on terms or pricing consideration.

5. APPROVAL BY INDEPENDENT SHAREHOLDERS

(1) Annual Cap for the Non-exempt Continuing Connected Transactions

The Company proposes that the maximum amounts (“New Annual Cap”) of the Xinhua Contracting Agreement for each of the three years ended 31st December, 2008 will be RMB90 million, RMB120 million and RMB150 million respectively. The New Annual Cap of the Hongyang Contracting Agreement for each of the three years ended 31st December, 2008 will be RMB70 million, RMB100 million and RMB120 million respectively.

The New Annual Cap was determined by reference to historical figures payable under the previous contracting agreements entered into between the Company, Xinhua Engineering and Hongyang Mine and to a possible increase in production scale by the Group. For each of the two years ended 31st December, 2005, the service fees paid to Xinhua Engineering under the previous contracting agreements were RMB86,226,000 (audited) and RMB67,999,927 (unaudited) respectively.

LETTER FROM THE BOARD

The service fees paid to Hongyang Mine under the previous contracting agreements for each of the two years ended 31st December, 2005 were RMB67,526,000 (audited) and RMB59,159,990 (unaudited) respectively. The breakdown of the transaction value is as follows:

	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008
	<i>(audited)</i>	<i>(unaudited)</i>	<i>(Cap)</i>	<i>(Cap)</i>	<i>(Cap)</i>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
1. Provision of exploitation services and mining works by Xinhua Engineering	86,226,000	67,999,927	90,000,000	120,000,000	150,000,000
2. Provision of exploitation services and mining works by Hongyang Mine	67,526,000	59,159,990	70,000,000	100,000,000	120,000,000

For each of the two financial years ended 31 December 2004 and 2005, Hongyang Mine has produced approximately 3,840,000 and 3,560,000 cubic metres ore and Xinhua Engineering has produced approximately 6,410,000 and 5,430,000 cubic metres ore. It is estimated that Hongyang will produce approximately 6,222,222, 8,888,888 and 10,666,666 cubic metres ore for 2006, 2007 and 2008 respectively under Hongyang Contracting Agreement and that Xinhua Engineering will produce approximately 8,000,000, 10,666,666 and 13,333,333 cubic metres ore for 2006, 2007 and 2008 respectively under Xinhua Contracting Agreement. The estimated increase in production volume is due to estimated strong demand for the product of the Company and results in the increase in the New Annual Cap. In anticipation of the increase in the market demand for gold and precious metals in the coming few years, the Directors has planned to increase the Group's production in line with such demand. Accordingly, higher services fee are expected to be payable to Xinhua Engineering and Hongyang Mine.

(2) Approval by Independent Shareholders

Xinhua Engineering is a promoter of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the date of this circular, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange. Therefore, any transactions between Xinhua Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules and all of the Non-exempt Continuing Connected Transactions would constitute connected transactions. Since the annual aggregate consideration of these Non-exempt Continuing Connected Transactions will not be less than HK\$10,000,000 and each of relevant percentage ratios as defined in Rule 14A.10 of the Listing Rules will not be less than 2.5%, pursuant to rule 14A.35 of the Listing Rules, these Non-exempt Continuing Connected Transactions would require disclosure by way of announcement, preparation and dispatch of circulars to shareholders and prior approval by the Independent Shareholders of the Company by poll. The Independent Shareholders will also be asked to consider and, if thought fit, approve by poll the New Annual Cap at EGM.

LETTER FROM THE BOARD

6. CONDITIONS TO THE APPROVAL

The Independent Shareholders' approval regarding the New Annual Cap of Xinhua Contracting Agreement and Hongyang Contracting Agreement and the Non-exempt Continuing Connected Transactions for the three financial years ended 31 December 2008 shall be subject to the following conditions:

1. The Non-exempt Continuing Connected Transactions

- (1) have been entered into in the ordinary and usual course of business of the Company;
 - (2) have been entered into in accordance with the terms of the Xinhua Contracting Agreement and Hongyang Contracting Agreement governing them on terms that are fair and reasonable so far as the Company and its shareholders as a whole are concerned;
 - (3) have been conducted either (A) on normal commercial terms or (B) on terms no less favourable than those available from independent third parties.
2. The annual aggregate amount of the Non-exempt Continuing Connected Transactions for each financial year shall not exceed the New Annual Cap.
 3. The independent non-executive Directors of the Company at the relevant time shall review annually the Non-exempt Continuing Connected Transactions and confirm in the Company's next annual report that the Non-exempt Continuing Connected Transactions are conducted in the manner as stated in (1), (2) and (3) above.
 4. The auditors of the Company shall review the Non-exempt Continuing Connected Transactions annually and provide the Board (a copy of which shall be provided to the Stock Exchange) with a letter (the "Auditors' Letter") stating that:
 - (i) the Non-exempt Continuing Connected Transactions have received the approval of the Board;
 - (ii) the Non-exempt Continuing Connected Transactions are in accordance with the pricing policy of the Company;
 - (iii) the Non-exempt Continuing Connected Transactions have been entered into in accordance with the terms of the agreements governing such Non-exempt Continuing Connected Transactions; and
 - (iv) the New Annual Cap for the Non-exempt Continuing Connected Transactions has not been exceeded.

For the purpose of the above review by the international auditors of the Company, Xinhua Engineering and Hongyang Mine undertake to the Stock Exchange that they will provide the international auditors of the Company with access to their accounting records.

LETTER FROM THE BOARD

Where, for whatever reason, the international auditors of the Company decline to accept the engagement or are not able to provide the Auditors' Letter, the Board shall notify the Stock Exchange and publish an announcement immediately.

5. Details of the Non-exempt Continuing Connected Transactions in each financial year shall be disclosed as required under rule 14A.46 of the Listing Rules in the annual report of the company for that financial year together with a statement of the opinion of the independent non-executive Directors and the international auditors of the Company as referred in paragraphs 3 & 4 above.

If any terms of the Non-exempt Continuing Connected Transactions as mentioned above are altered or if the Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, the Company will, in respect thereof, comply with the provisions of Chapter 14A of the Listing Rules governing connected transactions.

7. CONNECTION BETWEEN THE PARTIES IN THE TRANSACTIONS

Xinhuadu Engineering is a promoter of the Company. Xinhuadu Engineering is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the date of this circular, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange.

Therefore, any transactions between Xinhuadu Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules. The Non-exempt Continuing Connected Transactions contemplated under this circular constitute continuing connected transactions under Chapter 14A of the Listing Rules. Since each of relevant percentage ratios as defined in Rule 14A.10 of the Listing Rules is not less than 2.5%, the Non-exempt Continuing Connected Transactions are subject to Independent Shareholders' approval requirement pursuant to Rule 14A.35.

8. INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC.

9. INFORMATION ABOUT XINHUADU ENGINEERING AND HONGYANG MINE

Xinhuadu Engineering is a domestic company incorporated in the PRC with limited liability. The principal operations of Xinhuadu Engineering include the carrying out of mining engineering business in Fujian, the PRC.

Hongyang Mine is a domestic company incorporated in the PRC with limited liability and is engaged in mining engineering business in Fujian, the PRC.

LETTER FROM THE BOARD

10. EXTRAORDINARY GENERAL MEETING

The Directors have resolved to convene the EGM to consider and, if thought fit by the Independent Shareholders, to approve the Non-exempt Continuing Connected Transactions and the New Annual Cap. Notice of the EGM is set out on pages 31 to 33 of this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than 24 hours prior to the commencement of the EGM to the Company Secretary's office of the Company at 1 Zijin Road, Shanghang County, Fujian Province, The PRC (Fax: (86) 592 396 9667). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so wish.

11. RECOMMENDATION

The Directors consider that the entering of the Non-exempt Continuing Connected Transactions and the New Annual Cap is in the best interests of the Company and its shareholders as a whole and are fair and reasonable as far as the Independent Shareholders are concerned.

The Independent Board Committee comprising independent non-executive Directors of the Company has been appointed to advise the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions. Get Nice Capital Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the same.

After taking into account the reasons for and benefits of the Non-exempt Continuing Connected Transactions, the relevant terms of the Xinhudu Contracting Agreement and the Hongyang Contracting Agreement, and the opinion of Get Nice Capital Limited, the Independent Board Committee considers that the Non-exempt Continuing Connected Transactions (including the New Annual Cap) are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions and the New Annual Cap.

All connected persons or shareholders with a material interest in the transaction and its Associates shall abstain from voting in approving the Non-exempt Continuing Connected Transactions and the New Annual Cap.

Xinhudu Engineering is the shareholder of the Company directly holding 266,000,000 ordinary shares or about 5.06% of the total issued share capital of the Company.

Xinhudu Industrial Company Limited, being a direct holder of 691,600,000 ordinary shares or about 13.16% of the total issued share capital of the Company, holds 51% in Xinhudu Engineering and is considered as an associate of Xinhudu Engineering for the purpose of the Listing Rules. In addition, Xinhudu Industrial Company Limited holds 64.54% in Fujian Xinhudu Department Store Company Limited, which will also be regarded as an associate of Xinhudu Engineering. Fujian Xinhudu Department Store Company Limited, currently holds directly 57,474,000 ordinary shares or about 1.09% of the total issued share capital of the Company.

LETTER FROM THE BOARD

Xiamen Hengxing Industrial Company Limited, being a direct holder of 190,000,000 ordinary shares or about 3.62% of the total issued share capital of the Company, holds 49% in Xinhua Engineering and is considered as an associate of Xinhua Engineering for the purpose of the Listing Rules.

Pursuant to the Listing Rules, Xinhua Engineering and its associates (including Xinhua Industrial Company Limited, Fujian Xinhua Department Store Company Limited and Xiamen Hengxing Industrial Company Limited) holding 1,205,074,000 ordinary shares or about 22.93% of the total issued share capital of the Company will abstain from voting in the EGM to approve the Non-exempt Continuing Connected Transactions and the New Annual Cap and all matters contemplated thereunder.

The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Non-exempt Continuing Connected Transactions and the New Annual Cap at EGM.

The Company will publish an announcement on the results of the EGM on the business day following the EGM with respect to whether or not the resolution set out in this circular has been passed by the Independent Shareholders.

12. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee and the letter of advice from Get Nice Capital Limited and information set out in the appendix to this circular.

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

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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)

Independent Non-executive Directors:

Yang Dali

Yao Lizhong

Loong Ping Kwan

Registered Office and Principal

Place of Business:

No.1 Zijin Road

Shanghang County

Fujian Province

The PRC

21 February 2006

To the Independent Shareholders

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We refer to this circular dated 21 February, 2006 issued by the Company to its Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in this circular shall have the same meanings when used in this letter.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the entering of the Non-exempt Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. None of the members of the Independent Board Committee have any direct or indirect interest in the Non-exempt Continuing Connected Transactions. In addition, Get Nice Capital Limited has been appointed as independent financial adviser.

We wish to draw your attention to (i) the letters of advice from Get Nice Capital Limited as set out on pages 14 to 23 of this circular; and (ii) the letter from the Board on pages 3 to 11 of this circular, which set out information relating to, and the reasons for and benefits of the Non-exempt Continuing Connected Transactions.

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As the Company's independent non-executive Directors, we have discussed with the management of the Company the reasons for and benefits of the Non-exempt Continuing Connected Transactions and the basis upon which their terms have been determined. We have considered the factors and reasons considered by, and the opinions and recommendations of, Get Nice Capital Limited as set out on pages 14 to 23 of this circular. We concur with the view of Get Nice Capital Limited that the entering into of the Non-exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Non-exempt Continuing Connected Transactions and the New Annual Cap to be proposed at the EGM.

Yours faithfully,
The Independent Board Committee of
Zijin Mining Group Co., Ltd.*
Yang Dali
Yao Lizhong
Loong Ping Kwan

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LETTER FROM GET NICE CAPITAL LIMITED

The following is the full text of a letter from Get Nice Capital Limited for the purpose of incorporation in this circular, in connection with its advice to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions:

Get Nice Capital Limited

10 th Floor, Cosco Tower,
Grand Millennium Plaza,
183 Queen's Road, Central
Hong Kong

21 February 2006

*To the Independent Board Committee and the Independent Shareholders of
Zijin Mining Group Co., Ltd.*

Dear Sirs,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, details of which are set out in the "Letter from the Board" (the "Letter") contained in the circular of the Company dated 21 February 2006 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

On 18 January 2006, the Company entered into the Xinhua Contracting Agreement and the Hongyang Contracting Agreement with Xinhua Engineering and Hongyang Mine respectively. Xinhua Engineering is a promoter of the Company and thus is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the Latest Practicable Date, Hongyang Mine held and owned 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange. Therefore, any transactions between Xinhua Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules. The Non-exempt Continuing Connected Transactions, which are continuous in nature and were entered into in the ordinary course of business of the Company, constitute continuing connected transactions of the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirement pursuant to Rule 14A.35. The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Non-exempt Continuing Connected Transactions and the New Annual Cap for the three years ended 31 December 2008 at the EGM at which Xinhua Engineering and Hongyang Mine and their respective associates (as defined in the Listing Rules) will be abstained from voting.

In formulating our recommendation, we have relied on the statements, information, opinions and representations contained in the Circular and the information, facts and representations provided to us by the Directors and management of the Company. We have assumed that all information,

LETTER FROM GET NICE CAPITAL LIMITED

representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors or management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular. We are also not aware that any statements of belief, opinion and intention made by the Directors in the Circular were not reasonably made after due and careful enquiry and not based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred in the Circular.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In arriving at our advice to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions, we have taken the following principal factors and reasons into consideration:

I. Background of the Non-exempt Continuing Connected Transactions

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC.

Xinhuadu Engineering is a domestic company incorporated in the PRC with limited liability. The principal operations of Xinhuadu Engineering include the carrying out of mining engineering business in Fujian, the PRC.

Hongyang Mine is a domestic company incorporated in the PRC with limited liability and is engaged in mining engineering business in Fujian, the PRC.

As disclosed in the prospectus of the Company (the “Prospectus”) dated 11 December 2003, the Company had entered into the following non-exempt continuing connected transactions with Xinhuadu Engineering and Hongyang Mine respectively:

1. under an agreement entered into between the Company and Xinhuadu Engineering on 4 November 2002, Xinhuadu Engineering provided exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine from 26 April 2002 to 25 April 2005 with an entitlement to provide such exploitation contracting services for a further period of one year upon the

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expiry of this agreement. The Directors at the date of the Prospectus confirmed that, in each of the financial years from 1 January 2003 to 31 December 2005, the total value of transaction under the agreement would not be exceed the higher of 20.9% of the total cost of sales of the Group or RMB105,000,000 (“annual cap”);

2. under an agreement entered into between the Company and Hongyang Mine on 26 September 2000, Hongyang Mine provided exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine from 26 September 2000 to 25 April 2002. The term of this agreement was subsequently extended from 26 April 2002 to 25 April 2003 and then renewed for a term of 3 years commencing from 26 April 2003. The Directors at the date of the Prospectus confirmed that, in each of the three financial years ending 31 December 2005, the total value of transaction under the agreement would not be exceed the higher of 15.6% of the total cost of sales of the Group or RMB80,000,000 (“annual cap”).

As stated in the Prospectus, the Stock Exchange had granted a waiver (the “Waiver”) to the Company in respect of the above non-exempt continuing connected transactions for a period of three financial years ending 31 December 2005 (the “Waiver Period”) from strict compliance with the requirements for disclosure and approval by Independent Shareholders under the Listing Rules, subject to the following conditions:

- (a) in each of the three financial years ending 31 December 2005, the aggregate amount relating to the connected transaction will not exceed their respective annual caps;
- (b) the above non-exempt continuing connected transactions under the respective agreements were entered into, and the terms of the agreements governing such transactions were:
 - (i) in the ordinary and usual course of business of the Company ; and
 - (ii) either (1) on normal commercial terms, or (2) on the terms that are no less favourable to (or from) the Company than terms available from (or to) independent third parties or (3) where there is no available comparison for the purpose of determining whether (1) or (2) is satisfied, on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (c) the details of the transactions under the above agreements will be disclosed in the annual report and accounts of the Company pursuant to Rules 14.25(1) (A) to (D) of the Listing Rules;
- (d) the independent non-executive Directors will review the above transactions annually and confirm in the annual report of the Company as to whether the transactions have been entered into in the manner stated in paragraph (a) and (b) above;

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- (e) the auditors of the Company will review the transactions annually and confirm in writing (with a copy provided to the Stock Exchange) to the Board as to whether:
- (i) the transactions have been approved by the Board;
 - (ii) the transactions have been entered into in accordance with the terms of the relevant agreements governing such transactions and in accordance with the pricing policy of the Company; and
 - (iii) the aggregate amount of the transactions have not exceeded their respective annual caps as mentioned in paragraph (a) above;
- (f) the connected persons to the connected transactions shall undertake to the Company and the Stock Exchange to provide sufficient facility for the Company's auditors to inspect their respective accounts and records, thus enabling the auditors to assess the above connected transactions and make the relevant reports; and
- (g) the Company undertakes to the Stock Exchange to promptly notify the Stock Exchange if it comes to its knowledge or has reason to believe that the independent non-executive Directors and/or auditors will be unable to confirm the matters set out in paragraphs (d) and (e) above respectively in which event the Company may have to re-comply with paragraphs (d) and (e) above and any other conditions which the Listing Division of the Stock Exchange considers appropriate in respect of the non-exempt continuing connected transactions.

Set out below is a summary of the above non-exempt continuing connected transactions as disclosed in the relevant annual reports of the Company (with the confirmation from the independent non-executive Directors in accordance with the condition (d) of the Waiver) during the Waiver Period.

For the year ended 31 December,	Audited consolidated cost of sales of the Group RMB'000	Provision of exploitation contracting services by Xinhudu Engineering to the Company		Provision of exploitation contracting services by Hongyang Mine to the Company	
		Total value RMB'000	Percentage of total value to audited consolidated cost of sales of the Group %	Total value RMB'000	Percentage of total value to audited consolidated cost of sales of the Group %
2003	489,770	97,093	19.82	72,290	14.76
2004	683,333	86,226	12.62	67,526	9.88
2005 (<i>Note</i>)	N/A	N/A	N/A	N/A	N/A

Note: The audited accounts for the financial year ended 31 December 2005 has not yet published as at the Latest Practicable Date.

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The above information has revealed that during the two financial years ended 31 December 2004:

1. in respect of the provision of exploitation contracting services by Xinhudu Engineering, the total transaction value for each year had not exceeded the higher of 20.9% of the total cost of sales of the Group or RMB105,000,000;
2. in respect of the provision of exploitation contracting services by Hongyang Mine, the total transaction value for each year had not exceeded the higher of 15.6% of the total cost of sales of the Group or RMB80,000,000.

Based on the above, we are of the view that the Company has fulfilled the conditions (a), (c) and (d) of the Waiver.

In reviewing the terms of the above non-exempt continuing connected transactions, we have obtained from the Company samples of the contracts in the Waiver Period for (i) the provision of exploitation contracting services by Xinhudu Engineering and by Hongyang Mine to the Company; and (ii) the provision of exploitation contracting services by other independent third parties to the Company. We have reviewed the above samples and noted from such samples that the principal terms of the non-exempt continuing connected transactions with Xinhudu Engineering and Hongyang Mine are no less favourable than that of the transactions with the independent third parties. We are further advised by the Directors that all the non-exempt continuing connected transactions with Xinhudu Engineering and Hongyang Mine have been conducted in the same manner as that of the samples. On the above basis and on the situation as revealed by the above samples that the terms of the non-exempt continuing connected transactions with Xinhudu Engineering and Hongyang Mine have been carried out on terms no less favourable than those made available by the Group to independent third parties, we consider that there is no preferential treatment to the non-exempt continuing connected transactions with Xinhudu Engineering and Hongyang Mine and that condition (b) of the Waiver has been fulfilled.

Having reviewed the copies of the letters to the Company from its auditors over the relevant financial years applicable to the Waiver in respect of the condition (e) above, we noted that the Company has fulfilled such condition relating to the annual review of and confirmation on the non-exempt continuing connected transactions by the its auditors during all those financial years concerned.

In light of the above, we are of the opinion that the Company has a proven record of demonstrating its capability to fulfill all conditions (a) to (e) stipulated under the Waiver during the Waiver Period.

II. Reasons for and Benefits of the Non-exempt Continuing Connected Transactions

Since the Waiver has expired on 31 December 2005, the Company is required to comply with the Listing Rules currently in force. Accordingly, the Xinhudu Contracting Agreement and Hongyang Contracting Agreement in respect of the Non-exempt Continuing Connected Transactions were entered into on 18 January 2006.

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The Directors (excluding the independent non-executive Directors who will express their view after considering the independent financial adviser's advice letter to be included in the Circular) believe that the terms of the Non-exempt Continuing Connected Transactions and are fair and reasonable and in the best interests of the Shareholders as a whole.

By virtue of the Xinhudu Contracting Agreement and Hongyang Contracting Agreement, the Company will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation.

As advised by the Directors, as the exploitation works performed by Xinhudu Engineering and Hongyang Mine are crucial to the production process at the Zijinshan Gold Mine, they believe that a stable relationship with, and competitive performance by, Xinhudu Engineering and Hongyang Mine are important to the Group. With the amicable relationship established between the Company and Xinhudu Engineering and Hongyang Mine over the past years, we believe that the entering into the Xinhudu Contracting Agreement and Hongyang Contracting Agreement will be able to continue to contract out exploitation works to these two contractors which in turn can ensure the smooth running of the operations of the Company.

In addition, as the Company is not restricted from conducting transactions with any third parties under the Xinhudu Contracting Agreement and Hongyang Contracting Agreement, we consider such term could provide commercial flexibility to the Company as it can enter into similar arrangement with any independent third party which the Company considers to be appropriate, in the event the Company might not be able to agree with Xinhudu Engineering and/or Hongyang Mine on terms or pricing consideration.

Based on the above, we consider that the Non-exempt Continuing Connected Transactions are beneficial to and are in the interest of the Company and the Shareholders as a whole.

III. Annual Cap for the Non-exempt Continuing Connected Transactions

The Company proposes that the maximum amounts ("New Annual Cap") of the Xinhudu Contracting Agreement for each of the three years ended 31 December 2008 will be RMB90 million, RMB120 million and RMB150 million respectively. The New Annual Cap of the Hongyang Contracting Agreement for each of the three years ended 31 December 2008 will be RMB70 million, RMB100 million and RMB120 million respectively.

The New Annual Cap was determined by reference to historical figures payable under the previous contracting agreements entered into between the Company, Xinhudu Engineering and Hongyang Mine and to a possible increase in production scale by the Group. For each of the two years ended 31 December 2005, the service fees paid to Xinhudu Engineering under the previous contracting agreements were RMB86,226,000 (audited) and RMB67,999,927 (unaudited) respectively. The service fees paid to Hongyang Mine under the previous contracting agreements for each of the two years ended 31 December 2005 were RMB67,526,000 (audited) and RMB59,159,990 (unaudited) respectively.

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For each of the two financial years ended 31 December 2004 and 2005, Hongyang Mine has produced approximately 3,840,000 and 3,560,000 cubic metres ore and Xinhua Engineering has produced approximately 6,410,000 and 5,430,000 cubic metres ore. It is estimated that Hongyang will produce approximately 6,222,222, 8,888,888 and 10,666,666 cubic metres ore for 2006, 2007 and 2008 respectively under Hongyang Contracting Agreement and that Xinhua Engineering will produce approximately 8,000,000, 10,666,666 and 13,333,333 cubic metres ore for 2006, 2007 and 2008 respectively under Xinhua Engineering Contracting Agreement. The estimated increase in production volume is due to estimated strong demand for the product of the Company and results in the increase in the New Annual Cap.

The historical and estimated production scale and the services fee payable under the Xinhua Engineering Contracting Agreement and the Hongyang Contracting Agreement can be summarized in the following table.

For the year ended 31 December	Provision of exploitation services and mining works by Xinhua Engineering to the Company					Provision of exploitation services and mining works by Hongyang Mine to the Company				
	Production		Total value/ New Annual Cap			Production		Total value/ New Annual Cap		
	Capacity <i>(cubic metres ore)</i>	Growth/ (declined) over last year <i>(%)</i>	Amount <i>(RMB'000)</i>	Growth/ (declined) over last year <i>(%)</i>	Amount to cost of sales of the Group in 2004 <i>(%)</i> <i>(Note 2)</i>	Capacity <i>(cubic metres ores)</i>	Growth/ (declined) over last year <i>(%)</i>	Amount <i>(RMB'000)</i>	Growth/ (declined) over last year <i>(%)</i>	Amount to cost of sales of the Group in 2004 <i>(%)</i> <i>(Note 2)</i>
2004 <i>(Note 1)</i>	6,410,000	N/A	86,226	N/A	12.62	3,840,000	N/A	67,526	N/A	9.88
2005 <i>(Note 1)</i>	5,430,000	(15.29)	67,999	(21.13)	9.95	3,560,000	(7.29)	59,159	(12.39)	8.66
2006 <i>(Note 1)</i>	8,000,000	47.33	90,000	32.35	13.17	6,222,222	74.78	70,000	18.33	10.24
2007 <i>(Note 1)</i>	10,666,666	33.33	120,000	33.33	17.56	8,888,888	42.86	100,000	42.86	14.63
2008 <i>(Note 1)</i>	13,333,333	25.00	150,000	25.00	21.95	10,666,666	20.00	120,000	20.00	17.56

Notes:

- The figures used in year 2004 are historical and audited; in year 2005 are historical but unaudited; and in year 2006 to 2008 are estimated.
- The cost of sales of the Group is based on the audited figures of RMB683,333,000 for the financial year ended 31 December 2004.

As advised by the Directors, the mines of the Group in which the exploitation works performed by Xinhua Engineering and Hongyang Mine were in development phase in year 2004. Such mines were more developed in year 2005. Hence, higher exploitation costs resulting in higher service fees were paid to Xinhua Engineering and Hongyang Mine in year 2004 when compared with that of year 2005. This explains for the decline in the services fee payable by the Company in 2005 over that of year 2004 as revealed in the above table.

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In anticipation of the increase in the market demand for gold and precious metals in the coming few years, the Directors has planned to increase the Group's production in line with such demand. Accordingly, higher services fee are expected to be payable to Xinhua Engineering and Hongyang Mine. On this basis, we consider that the New Annual Cap have been prepared on a reasonable basis.

As can be seen from the above table, the New Annual Caps represent:

1. in respect the Xinhua Contracting Agreement for each of three years ended 31 December 2008, 13.17%, 17.56% and 21.95% respectively to the audited consolidated cost of sales of the Group for the financial year ended 31 December 2004;
2. in respect the Hongyang Contracting Agreement for each of three years ended 31 December 2008, 10.24%, 14.63% and 17.56% respectively to the audited consolidated cost of sales of the Group for the financial year ended 31 December 2004;

Based on the above information, we note that the highest ratio of the New Annual Cap to the cost of sales of the Group for Xinhua Contracting Agreement and Hongyang Contracting Agreement are 21.95% and 17.56% respectively. However, as the cost of sales of the Group are expected to be increased in line with the increase in the production scale over the year from 2006 to 2008 when compared with that of the financial year ended 31 December 2004, the above ratio will be decreased accordingly. Therefore we believe that the Company's concentration risk on relying on the Non-exempt Continuing Connected Transactions is acceptable and are of view that the New Annual Caps are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

IV. Conditions to the Approval

The Independent Shareholders' approval regarding the New Annual Cap of Xinhua Contracting Agreement and Hongyang Contracting Agreement and the Non-exempt Continuing Connected Transactions for the three financial years ended 31 December 2008 shall be subject to the following conditions:

1. The Non-exempt Continuing Connected Transactions
 - (1) have been entered into in the ordinary and usual course of business of the Company;
 - (2) have been entered into in accordance with the terms of the Xinhua Contracting Agreement and Hongyang Contracting Agreement governing them on terms that are fair and reasonable so far as the Company and its shareholders as a whole are concerned;
 - (3) have been conducted either (A) on normal commercial terms or (B) on terms no less favourable than those available from independent third parties.
2. The annual aggregate amount of the Non-exempt Continuing Connected Transactions for each financial year shall not exceed the New Annual Cap.

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3. The independent non-executive Directors of the Company at the relevant time shall review annually the Non-exempt Continuing Connected Transactions and confirm in the Company's next annual report that the Non-exempt Continuing Connected Transactions are conducted in the manner as stated in (1), (2) and (3) above.
4. The auditors of the Company shall review the Non-exempt Continuing Connected Transactions annually and provide the Board (a copy of which shall be provided to the Stock Exchange) with a letter (the "Auditors' Letter") stating that:
 - (i) the Non-exempt Continuing Connected Transactions have received the approval of the Board;
 - (ii) the Non-exempt Continuing Connected Transactions are in accordance with the pricing policy of the Company;
 - (iii) the Non-exempt Continuing Connected Transactions have been entered into in accordance with the terms of the agreements governing such Non-exempt Continuing Connected Transactions; and
 - (iv) the New Annual Cap for the Non-exempt Continuing Connected Transactions has not been exceeded.

For the purpose of the above review by the international auditors of the Company, Xinhua Engineering and Hongyang Mine undertake to the Stock Exchange that they will provide the international auditors of the Company with access to their accounting records.

Where, for whatever reason, the international auditors of the Company decline to accept the engagement or are not able to provide the Auditors' Letter, the Board shall notify the Stock Exchange and publish an announcement immediately.

5. Details of the Non-exempt Continuing Connected Transactions in each financial year shall be disclosed as required under rule 14A.46 of the Listing Rules in the annual report of the company for that financial year together with a statement of the opinion of the independent non-executive Directors and the international auditors of the Company as referred in paragraphs 3 & 4 above.

If any terms of the Non-exempt Continuing Connected Transactions as mentioned above are altered or if the Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, the Company will, in respect thereof, comply with the provisions of Chapter 14A of the Listing Rules governing connected transactions.

In light of the above and in view of the existence of the above conditions which are similar to those conditions applicable to the Waiver, we consider that the Company has taken appropriate measures to govern its entering into the Non-exempt Continuing Connected Transactions and the New Annual Caps and hence to safeguard the interests of the Company and the Shareholders as a whole.

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RECOMMENDATION

Based on the information and representations provided and opinions given by the Board and having taken into account the above principal factors and reasons, particularly that:

1. the Company has proven record of demonstrating its capability to fulfill the conditions stipulated under the Waiver;
2. the Non-exempt Continuing Connected Transactions are beneficial to and are in the interest of the Company and its shareholders as a whole;
3. the New Annual Caps have been prepared on a reasonable basis and that the Company's concentration risk on relying on the Non-exempt Continuing Connected Transactions is acceptable; and
4. the Company has taken appropriate measures to govern its entering into the Non-exempt Continuing Connected Transactions and the New Annual Caps and hence to safeguard the interests of the Company and its shareholders as a whole,

we are of the view that the Non-exempt Continuing Connected Transactions and the New Annual Cap are fair and reasonable so far as the Shareholders are concerned and that the conditions of the Non-exempt Continuing Connected Transactions and the New Annual Cap, which offer sufficient safeguards to the Company, are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions in connection with the Non-exempt Continuing Connected Transactions and the New Annual Cap at the EGM.

Yours faithfully,

For and on behalf of

Get Nice Capital Limited

Louis Yiu

Gary Hung

Director

Director

1. 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 enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued shares of the Company is 5,256,523,640, comprising 3,654,347,640 Domestic shares, and 1,602,176,000 H shares listed on the Stock Exchange.

3. DISCLOSURE OF INTERESTS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests of the Directors, Supervisors or the chief executive of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed companies, to be notified to the Company and the Hong Kong Stock Exchange are as follows:

(1) Shareholding in the Company:

Director	Number of Domestic Shares/ amount of Equity interest held	Nature of Interest	Long/ short positions	Approximate percentage of the total number of issued Domestic Shares	Approximate percentage of the total number of issued shares
Ke Xiping	456,000,000 (Note 1)	Company	Long	12.48%	8.67%
Chen Jinghe	30,000,000	Personal	Long	0.82%	0.57%

(2) Shareholding in the Company's subsidiaries:

Directors/ Supervisors/ Chief Executive	Name of subsidiaries	Amount of equity interests held	Nature of interest	Long/ short positions	Approximate percentage of the total registered capital
Chen Jinghe	Jiuzhaigou Zijin (Note 2)	50,000 (Note 3)	Personal	Long	0.13%
Liu Xiaochu	Jiuzhaigou Zijin	50,000 (Note 3)	Personal	Long	0.13%
Luo Yingnan	Jiuzhaigou Zijin	50,000 (Note 3)	Personal	Long	0.13%
Lan Fusheng	Jiuzhaigou Zijin	50,000 (Note 3)	Personal	Long	0.13%
Rao Yimin	Jiuzhaigou Zijin	50,000 (Note 3)	Personal	Long	0.13%
Zeng Qingxiang	Jiuzhaigou Zijin	50,000 (Note 3)	Personal	Long	0.13%
Lan Liying	Jiuzhaigou Zijin	25,000 (Note 4)	Personal	Long	0.06%

Notes:

- (1) Xiamen Hengxing Industrial Company Limited holds 190,000,000 Domestic Shares in the Company, and holds 49% shareholding in Fujian Xinhua Engineering Company Limited (which is holding 266,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 456,000,000 Domestic Shares in the Company. Mr. Ke Xiping owns 73.21% interest in Xiamen Hengxing Industrial Company Limited. Under Section 316 of the SFO, Mr. Ke Xiping is regarded as being interested in such shares.
- (2) Sichuan Jiuzhaigou Zijin Mining Company Limited ("Jiuzhaigou Zijin") is subsidiary in which the Company beneficially owns 60%.
- (3) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB50,000 as an agent for and on behalf of each of Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Rao Yimin and Mr. Zeng Qingxiang.
- (4) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB25,000 as an agent for and on behalf of Ms. Lan Liying.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company (within the meaning of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Hong Kong Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the directors and chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares	Approximate	Approximate percentage of total number of issued H shares	Long/short positions
				percentage of total number of issued Domestic shares		
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	1,684,360,848	32.04%	46.09%	—	Long
Xinhua Industrial Company Limited	Domestic Shares	1,015,074,000 (Note 1)	19.31%	27.78%	—	Long
Chen Fashu	Domestic Shares	1,015,074,000 (Note 2)	19.31%	27.78%	—	Long
Shanghai County Jinshan Trading Co., Ltd.	Domestic Shares	662,380,000	12.60%	18.13%	—	Long
Xiamen Hengxing Industrial Company Limited	Domestic Shares	456,000,000 (Note 3)	8.67%	12.48%	—	Long
Ke Xiping	Domestic Shares	456,000,000 (Note 4)	8.67%	12.48%	—	Long

Name of Shareholder	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares	Approximate		Long/short positions
				percentage of total number of issued Domestic shares	percentage of total number of issued H shares	
Fujian Xinhua Engineering Company Limited	Domestic Shares	266,000,000	5.06%	7.28%	—	Long
Merrill Lynch & Co., Inc.	H Shares	452,147,076 (Note 5)	8.60%	—	28.22%	Long
Baring Asset Management	H Shares	80,256,000 (Note 6)	1.53%	—	5.01%	Long

Notes:

- (1) Xinhua Industrial Company Limited holds 691,600,000 Domestic Shares in the Company, and holds 51% in Fujian Xinhua Engineering Company Limited (which holds 266,000,000 Domestic Shares in the Company), and holds 64.54% in Fujian Xinhua Department Store Company Limited (which holds 57,474,000 Domestic Shares in the Company). Therefore, under Section 316 of the SFO, Xinhua Industrial Company Limited is interested in 1,015,074,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 73.56% interests in the issued share capital of Xinhua Industrial Company Limited, therefore, under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 1,015,074,000 Domestic Shares in the Company.
- (3) Xiamen Hengxing Industrial Company Limited holds 190,000,000 Domestic Shares in the Company, and holds 49% in Fujian Xinhua Engineering Company Limited (which holds 266,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 456,000,000 Domestic Shares in the Company.
- (4) Mr. Ke Xiping holds 73.21% interests in the issued share capital of Xiamen Hengxing Industry Company Limited. Under Section 316 of the SFO, Mr. Ke Xi Ping is deemed to be interested in 456,000,000 Domestic Shares in the Company.
- (5) Merrill Lynch & Co., Inc. is interested in 452,147,076 H Shares (Long position) of the Company (representing approximately 28.22% of the total issued H Shares). 450,865,080 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporations including Merrill Lynch Group, Inc., ML Invest. Inc., ML Invest Holdings Ltd., and Merrill Lynch Investment Managers Group Ltd. 1,281,996 H shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporations including Merrill Lynch Investment Managers Ltd., Merrill Lynch Int'l Incorporated, Merrill Lynch Int'l Holdings Inc., Merrill Lynch Europe Plc., Merrill Lynch Europe Intermediate Holdings, Merrill Lynch Holdings Limited, ML UK Capital Holdings and Merrill Lynch International.
- (6) Baring Asset Management is interested in 80,256,000 H Shares (Long position) of the Company (representing approximately 5.01% of the total issued H Shares). 80,256,000 H Shares were held through Baring Asset Management's controlled corporations including Baring International Investment Management Limited, Baring Asset Management UK Holdings Limited, Baring Asset Management (Asia) Holdings Limited and Baring Asset Management (Asia) Limited.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2004, the date to which the latest audited financial statements of the Group were made up.

6. LITIGATION

No member of the Group is engaged in any litigation or arbitration or claim of material importance and there is no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. CONSENTS OF EXPERTS

The following experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they respectively appear:

Names	Qualifications
Get Nice Capital Limited	Independent financial adviser and a licensed corporation to carry out type 6 regulated activities under the SFO

To the best knowledge of the Directors, the above expert is not beneficially interested in the share capital of any member of the Group nor do they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge of the Directors, as at the Latest Practicable Date, Get Nice Capital Limited was not interested, directly or indirectly, in any assets which had since 31 December 2004, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

9. MATERIAL INTEREST

As at the Latest Practicable Date, save that Mr. Ke Xiping, the non-executive director of the Company, and Mr. Liu Xiaochu, the executive director, has material interests in the Xinhuadu Contracting Agreement, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2004, being the date to which the latest published audited accounts of the Group were made up, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

10. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

11. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 71 of the Articles of Association of the Company, voting at shareholders' general meeting shall be taken on a poll.

12. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Fan Cheung Man. Mr. Fan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of ACCA- the UK.
- (b) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the case of any discrepancy, the English text of this circular and form of proxy shall prevail over the Chinese text.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Hong Kong office of the Company, at Suite 1608, West Tower, Shung Tak Centre, 168-200 Connaught Road, Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 8 March 2006 and at the EGM:

- (a) the Xinhudu Contracting Agreement and a contracting agreement with Xinhudu Engineering dated 20 December 2005;
- (b) the Hongyang Contracting Agreement and a contracting agreement with Hongyang Mine dated 20 December 2005;
- (c) the letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders as set out in this circular;
- (d) the letter of advice from Get Nice Capital Limited as set out in this circular;
- (e) the written consent from Get Nice Capital Limited referred to in paragraph of this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Zijin Mining Group Co., Ltd.* (“the Company”) will be held at the Company’s conference room at the 1st floor of the Company’s office building at Shanghang County, Fujian Province The People’s Republic of China (the “PRC”) on 7th April 2006 (Friday) at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT:

- (1) the agreement entered into between the Company and 福建省新華都工程有限責任公司 (Fujian Xinhudu Engineering Company Limited) on 18 January, 2006 (the “Xinhudu Contracting Agreement”) (copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose), the terms thereof and the non-exempt continuing connected transactions (the “Non-exempt Continuing Connected Transactions”) contemplated thereunder be and are hereby approved, ratified and confirmed;
- (2) the proposed new annual cap of the Xinhudu Contracting Agreement for each of the three years ended 31st December, 2008 being RMB90,000,000, RMB120,000,000 and RMB150,000,000 respectively be and are hereby approved;
- (3) the agreement entered into between the Company and 福建省上杭鴻陽礦山工程有限公司 (Fujian Shanghang Hongyang Mine Engineering Company Limited) on 18 January, 2006 (the “Hongyang Contracting Agreement”) (copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose), the terms thereof and the non-exempt continuing connected transactions (the “Non-exempt Continuing Connected Transactions”) contemplated thereunder be and are hereby approved, ratified and confirmed;
- (4) the proposed new annual cap of the Hongyang Contracting Agreement for each of the three years ended 31st December, 2008 being RMB70,000,000, RMB100,000,000 and RMB120,000,000 respectively be and are hereby approved; and

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (5) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the Non-exempt Continuing Connected Transactions.”

Zijin Mining Group Co., Ltd.*

The Board of Directors

21 February 2006

Notes:

1. The register of members of the Company will be closed from 8 March 2006 (Wednesday) to 7 April 2006 (Friday) (both days inclusive), during which period no H share transfers will be effected. Shareholders of the Company whose names appear on the register of members of the Company before 4:00 p.m. on 8 March 2006 (Wednesday) (and the Directors, the Supervisors and the senior officers of the Company are entitled to attend the EGM or any adjournment thereof and to vote in the meeting, their instruments of transfer must be delivered to the Registrar of H Shares of the Company no later than 4:00 p.m. on 7 March 2006 (Tuesday).

The address of the Hong Kong Registrar of H Shares of the Company is:

Computershare Hong Kong Investor Services Limited
Room 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

2. Shareholders of the Company who intend to attend the EGM are asked to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with the circular dated 21 February 2006 to the Board Secretariat of the Company at least 20 days before the EGM, being 17 March 2006 (Friday), by hand, by post or by facsimile. The written reply will not affect the right of the shareholders (see Note 1 above) to attend and vote at the EGM. The completion and deposit of a form of proxy will not preclude any shareholder from attending and voting in person at the EGM or any adjournment thereof.

Details of the Office for the Secretary to the Board of the Company is as follows:

1 Zijin Road
Shanghang County
Fujian Province
The PRC
Tel: (86) 597 385 1468 (86) 592 396 9662
Fax: (86) 592 396 9667

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NOTICE OF EXTRAORDINARY GENERAL MEETING

3. A shareholder of the Company entitled to attend and vote at the EGM may appoint one or more proxies (whether the person is a shareholder of the Company or not) to attend and vote on his/her behalf at the EGM. When a shareholder appoints more than one proxy, such proxies may only vote on a poll. Each shareholder (or his/her proxy or proxies) shall be entitled to one vote for each share held.
4. Shareholders of the Company must appoint a proxy or proxies in writing i.e. the original proxy form dispatched to the Company's shareholders together with the circular dated 21 February 2006 or a copy of it, which shall be signed by the person appointing the proxy or proxies or by his/her duly authorised attorney. If the form of proxy is signed by an attorney, the document appointing the attorney must be certified by a notary public. If the appointing shareholder is a legal person, the legal person's seal or the signature of its director(s) or representative(s) duly authorised in writing is required. To be valid, a notarially certified power of attorney or other authority (if any) and the form of proxy must be received by the Company's Registrar of H Shares — Computershare Hong Kong Investor Services Limited 24 hours prior to the commencement of the EGM. The address is: 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. A form of proxy for use at the EGM is dispatched to the Company's shareholders together with the circular dated 21 February 2006.
5. Shareholders of the Company or their proxies shall present proof of identity upon attending the EGM. Should a proxy be appointed, the proxy shall also present his/her form of proxy.
6. The EGM is expected to last half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.

As at the date of this notice, the Board of Directors comprises:

Executive Directors:

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

Independent Non-executive Directors:

Yang Dali
Yao Lizhong
Loong Ping Kwan

Non-executive Director:

Ke Xiping