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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

**DISCLOSEABLE TRANSACTION
ACQUISITION OF SHARES**

The Board wishes to announce that on 21 June 2006, the Company's wholly-owned subsidiary — Best Ground entered into a sale and purchase agreement to acquire about 70% shareholding interest (57,330,000 shares) of CGD from 4 independent third parties at a total consideration of US\$20,000,000 (HK\$156,000,000 equivalent).

The Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details relating to the Transaction will be dispatched to the Shareholders of the Company as soon as practicable.

SALE AND PURCHASE AGREEMENT

Date: 21 June 2006

Parties:

1. The Company and its wholly-owned subsidiary, Best Ground. After the completion of the Transaction, Best Ground will own 70% shareholding interest (57,330,000 shares) of CGD. Best Ground is mainly involved in investment in mining and smelting businesses in the PRC;
2. GRI currently owns about 25% shareholding interest (20,472,500 shares) of CGD. GRI will sell all the shareholding interest of CGD to Best Ground. The Company was informed that GRI acts as an investment holding company of CGD;
3. SII currently owns about 25% shareholding interest (20,472,500 shares) of CGD. SII will sell all the shareholding interest of CGD to Best Ground. The Company was informed that SII acts as an investment holding company of CGD;
4. GKF currently owns about 19.99% shareholding interest (16,378,000 shares) of CGD. GKF will sell all the shareholding interest of CGD to Best Ground. The Company was informed that GKF acts as an investment holding company of CGD; and

5. CMI currently owns about 30% shareholding interest (24,567,000 shares) of CGD. CMI will sell about 0.01% of the shareholding interest (7,000 shares) of CGD to Best Ground. The Company was informed that CMI acts as an investment holding company of CGD.

CGD currently issues 81,900,000 shares. CGD currently holds 52% equity interest in Guoda Gold. Guoda Gold and its subsidiaries are mainly engaged in gold smelting businesses in Shangdong Province, the PRC. Guoda Gold has smelted about 10 tonnes gold in year 2005.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, GRI, SII, GKF, and CMI and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company and are not connected persons (as defined by the Listing Rules) of the Company.

DETAILS OF THE TRANSACTION

General

The Board wishes to announce that on 21 June 2006, the Company's wholly-owned subsidiary — Best Ground entered into a sale and purchase agreement to acquire about 70% shareholding interest (57,330,000 shares) of CGD from 4 independent third parties at a total consideration of US\$20,000,000 (HK\$156,000,000 equivalent).

According to the audited report prepared under Hong Kong Generally Accepted Accounting Principles and issued by Lee, Sek, Chiu & Hui (Certified Public Accountants — Hong Kong), as at 31 December 2005, CGD's total value of assets is RMB609,522,858 (HK\$591,769,765 equivalent). Its total net asset value is RMB150,720,593 (HK\$146,330,672 equivalent). Its net profit before tax and other business items is RMB30,957,162 (HK\$30,055,497 equivalent) and its net profit after tax and other business items is RMB26,927,293 (HK\$26,143,002 equivalent). For the year ended 31 December 2004, its net profit before tax and other business items is RMB25,155,266 (HK\$24,422,588 equivalent) and its net profit after tax and other business items is RMB25,109,854 (HK\$24,378,499 equivalent).

Consideration

Pursuant to the sale and purchase agreement, Best Ground agreed to acquire about 25% shareholding interest (20,472,500 shares) of CGD from GRI with cash consideration of US\$7,141,985 (HK\$55,707,483 equivalent).

Best Ground also agreed to acquire about 25% shareholding interest (20,472,500 shares) of CGD from SII with cash consideration of US\$7,141,985 (HK\$55,707,483 equivalent).

Best Ground also agreed to acquire about 19.99% shareholding interest (16,378,000 shares) of CGD from GKF with cash consideration of US\$5,713,588 (HK\$44,565,986 equivalent).

Best Ground also agreed to acquire about 0.01% shareholding interest (7,000 shares) of CGD from CMI with cash consideration of US\$2,442 (HK\$19,048 equivalent).

Best Ground will pay the total consideration of US\$20,000,000 (HK\$156,000,000 equivalent) in cash from internal resources at completion which will take place within 3 working days after signing the documents or on such other date as agreed by Best Ground in accordance with the terms and conditions thereof. All parties do not have any further financial commitments after the completion of this Transaction.

The total consideration has been determined after arm's length negotiations between the parties by reference to CGD's year 2005 total net assets and the net profit stated in the audited report, the price to book value ratio is 1.53 times and the price/earning ratio is 7.41 times (based on profit before tax).

The profit sharing of CGD will be based on the respective proportionate shareholding interest in CGD.

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 has an opportunity to increase investment in the gold mines and gold refinery businesses in the PRC. Therefore, the Directors consider that the Transaction and the terms of the sale and purchase 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.

Board of Directors

There will be 3 directors in the board of directors of CGD after the acquisition. Best Ground will nominate 2 directors to the board of directors of CGD. CMI will nominate 1 director to the board of directors of CGD.

GENERAL

The Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details relating to the Transaction will be dispatched to the Shareholders of the Company as soon as practicable.

DEFINITIONS

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

“Best Ground”	Best Ground Group Limited, a wholly-owned subsidiary of the Company, a limited company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“CGD”	China Gold Development Group (H.K.) Limited, a private limited company incorporated in Hong Kong
“CMI”	China Mining Investment Limited, a privately owned limited company incorporated in the British Virgin Islands with limited liability
“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
“GKF”	German Kingston Financial Investment Inc., a privately owned limited company incorporated in the British Virgin Islands with limited liability
“GRI”	Gold Rich International Mining Investment Inc., a privately owned limited company incorporated in the British Virgin Islands with limited liability
“Guoda Gold”	Shandong Guoda Gold Company Limited (山東國大黃金股份有限公司), a joint stock limited company incorporated in the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“SII”	Sonic International Investment Inc., a privately owned limited company incorporated in the British Virgin Islands with limited liability
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the acquisition of about 70% shareholding interest of CGD by Best Ground
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in US dollars and RMB have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of US\$1.00 = HK\$7.8 and RMB1.03=HK\$1 respectively.

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 Rao 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

21 June 2006 Fujian, China.

** For identification purpose only*

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