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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)

**CONNECTED TRANSACTION
EQUITY INTEREST ACQUISITION OF A NON-WHOLLY-OWN SUBSIDIARY**

The Board wishes to announce that the Company has entered into an equity interest acquisition agreement on 26 July, 2006 with two connected parties — Hongyang Mine and Hengxing Mining to acquire about 7.875% equity interest of our subsidiary - Hunchun Zijin, and five independent third parties to acquire about 10% equity interest of our subsidiary — Hunchun Zijin.

As at the date of this announcement, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is a promoter of Hunchun Zijin. Hongyang Mine is considered to be a connected person of the Group by the Hong Kong Stock Exchange. Mr. Ke Xiping is the owner of Hengxing Mining and he is currently a Director of the Company. Hengxing Mining is a connected person of the Company pursuant to the Listing Rules. Therefore, any transactions between Hengxing Mining, Hongyang Mine and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules.

The total amount of the consideration of the transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The transaction constitutes a connected transaction of the Company under 14A.32 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.

ACQUISITION AGREEMENT

Date: 26 July 2006

Parties:

1. The Company, is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. The Group currently owns about 82.125% equity interest of Hunchun Zijin. The Company will additionally acquire about 7.875% equity interest of Hunchun Zijin from Hongyang Mine and Hengxing

Mining. The Company will also acquire about 10% equity interest of Hunchun Zijin from Wang Chongya, Yang Fugang, Duan Zhan, Wu Zaijiu, and Huang Jingyuan. After the completion of this contract, the Group will own 100% equity interest of Hunchun Zijin;

2. Hongyang Mine currently owns about 6.75% equity interest of Hunchun Zijin. Hongyang Mine mainly carries out mine investment and mine operation business in the PRC;
3. Hengxing Mining currently owns about 1.125% equity interest of Hunchun Zijin. Hengxing Mining mainly carries out gold mining business in the PRC;
4. Wang Chongya currently owns about 1.023% equity interest of Hunchun Zijin. Wang Chongya is an individual private investor domiciles in the PRC;
5. Yang Fugang currently owns about 1.3554% equity interest of Hunchun Zijin. Yang Fugang is an individual private investor domiciles in the PRC;
6. Duan Zhan currently owns about 0.8026% equity interest of Hunchun Zijin. Duan Zhan is an individual private investor domiciles in the PRC;
7. Wu Zaijiu currently owns about 3.3024% equity interest of Hunchun Zijin. Wu Zaijiu is an individual private investor domiciles in the PRC; and
8. Huang Jingyuan currently owns about 3.5166% equity interest of Hunchun Zijin. Huang Jingyuan is an individual private investor domiciles in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wang Chongya, Yang Fugang, Duan Zhan, Wu Zaijiu, and Huang Jingyuan 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 PROPOSED TRANSACTION

General

The Board wishes to announce that the Company entered into an equity interest acquisition agreement on 26 July, 2006 with two connected parties — Hongyang Mine and Hengxing Mining to acquire total 7.875% equity interest of our subsidiary - Hunchun Zijin. The Company will also acquire about 10% equity interest of Hunchun Zijin from five individual third parties - Wang Chongya, Yang Fugang, Duan Zhan, Wu Zaijiu, and Huang Jingyuan. After the completion of this contract, the Group will own 100% equity interest of Hunchun Zijin.

Hunchun Zijin's about 82.125% equity interest is currently owned by the Group, its about 6.75% equity interest is currently owned by Hongyang Mining which is considered to be a connected person of the Group by the Stock Exchange, its about 1.125% equity is currently owned by Hengxing Mining which is a connected person of the Company, its about 1.023%

equity interest is currently owned by Wang Chongya, its about 1.3554% equity interest is currently owned by Yang Fugang, its about 0.8026% equity interest is currently owned by Duan Zhan, its about 3.3024% equity interest is currently owned by Wu Zaijiu, and its remaining about 3.5166% equity interest is currently owned by Huang Jingyuan.

Hunchun Zijin was formed in January 2003 and is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in Hunchun, Jilin Province, the PRC. Its current paid up capital is RMB50,000,000 (HK\$48,543,689 equivalent).

According to the audited report prepared under the PRC Generally Accepted Accounting Principles and issued by Yanbian Jingwei Accounting Co., Ltd. (Certified Public Accountants — the PRC), as at 31 December 2005, Hunchun Zijin's total value of assets is RMB264,895,717 (HK\$257,180,307 equivalent), its total net asset value is RMB131,841,397 (HK\$128,001,356 equivalent), its net profit before tax is RMB77,425,156 (HK\$75,170,054 equivalent) and its net profit after tax is RMB50,390,906 (HK\$48,923,209 equivalent). For the year ended 31 December 2004, Hunchun Zijin's net profit before tax is RMB28,499,808 (HK\$27,669,716 equivalent) and its net profit after tax is RMB17,923,199 (HK\$17,401,164 equivalent).

Consideration

Pursuant to the acquisition agreement, the Company agreed to acquire about 6.75% equity interest of Hunchun Zijin from Hongyang Mine with cash consideration of RMB33,750,000 (HK\$32,766,990 equivalent). The original investment cost of the vendor was RMB3,375,000 (HK\$3,276,699 equivalent).

The Company also agreed to acquire about 1.125% equity interest of Hunchun Zijin from Hengxing Mining with cash consideration of RMB5,625,000 (HK\$5,461,165 equivalent). The original investment cost of the vendor was RMB562,500 (HK\$546,116 equivalent).

The Company agreed to acquire about 1.023% equity interest of Hunchun Zijin from Wang Chongya with cash consideration of RMB5,115,000 (HK\$4,966,019 equivalent).

The Company agreed to acquire about 1.3554% equity interest of Hunchun Zijin from Yang Fugang with cash consideration of RMB6,777,000 (HK\$6,579,611 equivalent).

The Company agreed to acquire about 0.8026% equity interest of Hunchun Zijin from Duan Zhan with cash consideration of RMB4,013,000 (HK\$3,896,116 equivalent).

The Company agreed to acquire about 3.3024% equity interest of Hunchun Zijin from Wu Zaijiu with cash consideration of RMB16,512,000 (HK\$16,031,067 equivalent).

The Company agreed to acquire about 3.5166% equity interest of Hunchun Zijin from Huang Jingyuan with cash consideration of RMB17,583,000 (HK\$17,070,873 equivalent).

In total, the Company agreed to acquire about 17.875% equity interest of Hunchun Zijin from the parties with cash consideration of RMB89,375,000 (HK\$86,771,841 equivalent), and it

was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was agreed by reference to various factors including Hunchun's audited net asset value, Hunchun's audited net profit, and the original investment cost of the vendors.

The Company will pay the total consideration RMB89,375,000 (HK\$86,771,841 equivalent) in cash from internal resources not later than 31 August 2006. All parties do not have any further financial commitments in this transaction.

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

Connected Transaction

As at the date of this announcement, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is a promoter of Hunchun Zijin. Hongyang Mine is considered to be a connected person of the Group by the Hong Kong Stock Exchange. Mr. Ke Xiping is the owner of Hengxing Mining and he is currently a Director of the Company. Hengxing Mining is a connected person of the Company pursuant to the Listing Rules. Therefore, any transactions between Hengxing Mining, Hongyang Mine and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules.

Board of Directors

There will be no change in the Board of Directors of Hunchun Zijin after the acquisition.

REASONS FOR THE PROPOSED 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 Hunchun Zijin and will enable the Group to have larger share of return in Hunchun Zijin. Therefore, the Directors including the independent non-executive directors of the Company 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 consideration of the transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The proposed transaction constitutes a connected transaction of the Company under 14A.32 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”	(紫金礦業集團股份有限公司) 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hengxing Mining”	Xiamen Hengxing Mining Co., Ltd., a domestic company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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”	Hunchun Zijin Mining Co., Ltd., a limited company incorporated in the PRC, and it is a 82.125% subsidiary of the Group
“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 Hong Kong 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
“%”	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 = RMB1.03.

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

27 July 2006 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.