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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 — SALE OF ZINC SULFIDE CONCENTRATES IN YUNNAN

The Board wishes to announce that the Company's subsidiary — Yunye Jinyuan entered into a sale agreement on 14 November, 2006 with a connected person — Yunnan Yunye to sell zinc sulfide concentrates.

As at the date of this announcement, Yunnan Yunye currently holds and owns 27.5% equity interest in Yunye Jinyuan, a subsidiary of the Company. Yunnan Yunye is a substantial shareholder of Yunye Jinyuan and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Yunnan Yunye and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

The total amount of the consideration of this transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The proposed agreement 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.

AGREEMENT

Date: 14 November 2006

Parties:

1. Yunye Jinyuan, a subsidiary of the Company and mainly carries out mining business in Yunnan, the PRC; and
2. Yunnan Yunye currently owns 27.5% equity interest of Yunye Jinyuan. Yunnan Yunye mainly carries out zinc refinery business in Yunnan, the PRC.

DETAILS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that the Company's subsidiary — Yunye Jinyuan entered into a sale agreement on 14 November, 2006 with a connected person — Yunnan Yunye to sell 940 tonnes zinc metal in zinc sulfide concentrates with the consideration of RMB18,000,000 (HK\$17,821,782 equivalent).

A subsidiary of the Company — Yunnan Huaxi currently holds and owns 40% of Yunye Jinyuan. Yunye Jinyuan is an entity which is accounted for and consolidated in the audited consolidated accounts of the Group as a subsidiary pursuant to International Financial Reporting Standards. So, Yunye Jinyuan is regarded as a subsidiary of the Company.

Consideration

Pursuant to the sale agreement, Yunye Jinyuan agreed to sell 940 tonnes zinc metal in zinc sulfide concentrates to Yunnan Yunye with the consideration of RMB18,000,000 (HK\$17,821,782 equivalent).

The consideration of the sale was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was agreed by reference to market price of the relevant grade of zinc sulfide concentrates to be sold.

The zinc sulfide concentrates will be shipped to Yunnan Yunye not later than 31 December 2006 and the payment will be received by not later than 31 January 2007.

Connected Transaction

As at the date of this announcement, Yunnan Yunye currently holds and owns 27.5% equity interest in Yunye Jinyuan, a subsidiary of the Company. Yunnan Yunye is a substantial shareholder of Yunye Jinyuan and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Yunnan Yunye and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

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 enlarge sale of zinc sulfide concentrates in Yunnan area. 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 this transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The proposed transaction constitutes 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 PRC 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholder”	any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction
“Listing Rules”	The Rules Governing the Listing of Securities on the 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
“Yunnan Huaxi”	(雲南華西礦業有限公司) Yunnan Huaxi Mining Co., Ltd., a subsidiary of the Company, and a company incorporated in the PRC with limited liability
“Yunnan Yunye”	(雲南雲冶鋅業股份有限公司) Yunnan Yunye Zinc Company Limited, and a company incorporated in the PRC with limited liability
“Yunye Jinyuan”	(武定縣雲冶錦源礦業有限公司) Wuding County Yunye Jinyuan Mining Ltd., a subsidiary of the Company and a company incorporated in the PRC with limited liability
“%”	per cent

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of HK\$1.00 = RMB1.01.

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, Huang Xiaodong, and Zou Laichang as executive directors, Mr. Ke Xiping as non-executive director, and Messrs. Chen Yuchuan, Su Congfu, Lin Yongjing, and Loong Ping Kwan as independent non-executive directors.

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

14 November 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.