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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 OWNED SUBSIDIARY**

The Board wishes to announce that the Company entered into an equity interest acquisition agreement on 16 January 2007 with a connected person — Longkou Jinxing to acquire in total 39% equity interest of our subsidiary — Jintai Gold.

As at the date of this announcement, Longkou Jinxing holds and owns 49% equity interest in Jintai Gold, a subsidiary of the Company. Longkou Jinxing is a substantial shareholder of Jintai Gold and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Longkou Jinxing and the Company 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 acquisition 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: 16 January 2007

Parties:

1. The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC;
2. Longkou Jinxing currently owns 49% equity interest of Jintai Gold. Longkou Jinxing mainly carries out mining business in Longkou, Shandong, the PRC.

DETAILS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that the Company entered into an equity interest acquisition agreement on 16 January 2007 with a connected person - Longkou Jinxing to acquire in total 39% equity interest of our subsidiary - Jintai Gold. After the completion of the acquisition agreement, the Company will own 90% equity interest of Jintai Gold and Longkou Jinxing will own 10% equity of Jintai Gold.

Jintai Gold's 51% equity interest is currently owned by the Company, and its 49% equity interest is currently owned by Longkou Jinxing. The Company acquired the 51% interest of Jintai Gold in April 2006 for the consideration of RMB102,000,000. Longkou Jinxing holds the 49% interest since March 2003. Longkou Jinxing is considered to be a connected person of the Group (as defined by the Listing Rules).

Jintai Gold was formed in March 2003 and is principally engaged in mining business in Longkou, Shandong the PRC. Its current paid up capital is RMB200,000,000 (HK\$200,000,000 equivalent).

According to unaudited financial statements prepared under the PRC Generally Accepted Accounting Principles, as at 31 December 2006, Jintai Gold's total value of assets is RMB198,871,098 (HK\$198,871,098 equivalent), its net asset value is RMB196,925,578 (HK\$196,925,578 equivalent), and its net loss before and after tax and extraordinary items is RMB5,787,048 (HK\$5,787,048 equivalent). For the year ended 31 December 2005, its net loss before and after tax and extraordinary items is RMB92,693 (HK\$92,693 equivalent).

Consideration

Pursuant to the acquisition agreement, the Company agreed to acquire 39% equity interest of Jintai Gold from Longkou Jinxing with cash consideration of RMB90,000,000 (HK\$90,000,000 equivalent). The Longkou Jinxing's original investment cost of 39% equity interest of Jintai Gold was RMB78,000,000 (HK\$78,000,000 equivalent). It is normal that there is a premium over the net assets value and the original investment costs especially given that it is generally expected to have a growth in the mining section in the near future.

The consideration of the acquisition 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 Jintai Gold's unaudited net asset value, and the original investment cost of the vendor.

In relation to the acquisition of 39% equity interest from Longkou Jinxing, the Company will pay RMB 10,000,000 (HK\$10,000,000 equivalent) from internal sources to Longkou Jinxing within 3 working days after the date of the acquisition agreement. The remaining amount of the consideration RMB80,000,000 (HK\$80,000,000 equivalent) will be paid by the Company from internal sources within 5 working days from completion of such equity interest transfer. The agreement is expected to complete by the end of December 2007. All parties do not have any further financial commitments in this transaction.

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

Connected Transaction

As at the date of this announcement, Longkou Jinxing holds and owns 49% equity interest in Jintai Gold, a subsidiary of the Company. Longkou Jinxing is a substantial shareholder of Jintai Gold and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Longkou Jinxing and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules.

Board of Directors

The board of directors of Jintai Gold will not be changed after the acquisition, the Company will nominate all 5 persons as directors of the board of directors of Jintai Gold.

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 Jintai Gold and will enable the Group to have larger share of return in Jintai Gold. 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 meanings 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
“Jintai Gold”	(龍口市金泰黃金有限公司) Longkou City Jintai Gold Company Limited, a subsidiary of the Company and a company incorporated in the PRC with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Longkou Jinxing”	(龍口市金興黃金有限公司) Longkou City Jinxing Gold Company Limited, a company incorporated in the PRC with limited liability
“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 = RMB1.00.

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

17 January 2007, 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.