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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)

**PROPOSED SHARE CONSOLIDATION;
PROPOSED APPLICATION FOR ISSUE OF A SHARES IN THE PRC;
PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION;
AND
PROPOSED AMENDMENTS OF THE INDEPENDENT DIRECTORS
RULES AND THE PROCEDURAL RULES**

PROPOSED SHARE CONSOLIDATION

The Board proposes to apply to CSRC and the Relevant Authorities for issue of A Share of RMB0.10. At the same time, the Board also proposes that if required by the relevant law, rules and regulations and the Relevant Authorities, the Company will effect Share Consolidation.

Investors should note that the Share Consolidation, even if approved by the Shareholders, may or may not proceed, depending on the approval of the Relevant Authorities.

PROPOSED APPLICATION FOR ISSUE OF A SHARES

The Board has resolved that the Company would apply to the CSRC for the issue of a maximum of 150,000,000 A Shares of RMB1.00 each or 1,500,000,000 A Shares of RMB0.1 each.

PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION

To accommodate the Proposed A Share Issue, the Company will, when proceeding with the Proposed A Share Issue, make proposed amendments of the Articles of Association in compliance with all relevant and applicable PRC legal and regulatory requirements. It is expected that the proposed amendments will become effective upon completion of the Proposed A Share Issue.

PROPOSED AMENDMENT OF THE INDEPENDENT DIRECTORS RULES AND THE PROCEDURAL RULES

Pursuant to the relevant laws, rules and regulations and the requirements of CSRC, the Company has proposed to amend and streamline the independent directors rules to regulate the appointment, election, powers, duties and responsibilities of the independent directors and to amend and streamline the Procedural Rules for the meeting of the Shareholders, Board and Supervisory Committee of the Company to regulate the functions, powers of, and the procedures for such relevant meetings.

(i) The proposed Share Consolidation and the Proposed A Share Issue are subject to approval by way of special resolutions by the Shareholders at the EGM and the separate Class Meetings, (ii) the proposed amendments of the Articles of Association and the proposed amendment of the Procedural Rules in place of the original rules are subject to approval by way of special resolutions by the Shareholders at the EGM, and (iii) the proposed amendment of the independent directors rules in place of the original rules are subject to approval by way of ordinary resolution by the Shareholders at the EGM, which were proposed to be held on or after Friday, 23 March 2007, and the obtaining of any approval, endorsement or registration (as applicable) from or with the Relevant Authorities.

The notice of the EGM and the separate Class Meetings, its reply slip and the proxy form, together with the Circular, will be issued by the Company and despatched to its Shareholders as soon as practicable.

The Proposed A Share Issue may or may not proceed. Investors should therefore exercise caution when dealing in the H Shares.

SHARE CONSOLIDATION

Background

It is the practice that A shares listed on the Shanghai Stock Exchange are at a par value of RMB 1.00 each. However, the Board proposes to apply to CSRC and the Relevant Authorities for issue of A Share of RMB0.10.

At the same time, the Board also proposes that if required by the relevant law, rules and regulations and the Relevant Authorities, the Company will effect Share Consolidation in order to facilitate the Proposed A Share Issue. The Board proposes to put forward for approval by the Shareholders pursuant to which the Board is authorized to decide (by reference to the relevant law, rules and regulations and the request of the Relevant Authorities) whether to effect the Share Consolidation on the following terms and conditions:

Share Consolidation

(i) Every ten issued H Shares of RMB0.10 each will be consolidated into one Consolidated H Share of RMB1.00 each and (ii) every ten issued Domestic Shares of RMB0.10 each will be consolidated into one Consolidated Domestic Share of RMB1.00 each. As a result, every ten issued Shares of RMB0.10 will be consolidated into one Consolidated Shares of RMB1.00 on the Effective Date. As at the date of this announcement, the registered share capital of the Company is RMB1,051,304,728 comprising 7,308,695,280 Domestic Shares and 3,204,352,000 H Shares of RMB0.10 each, of which all of them are in issue and fully paid.

Assuming that the Company does not allot and issue any further Shares prior to the Effective Date, the registered share capital of the Company will remain at RMB1,051,304,728 but will comprise 730,869,528 Consolidated Domestic Shares of RMB1.00 each and 320,435,200 Consolidated H Shares of RMB1.00 each in which all of them are in issue and are fully paid on the Effective Date. Fractional Consolidated Domestic Shares and Consolidated H Shares will not be issued to the Shareholders, but the latter will be aggregated and, if possible, sold for the benefits of the Company.

The estimated number of the Consolidated Shares on the Effective Date is based on the assumption that there is no further issue of Shares before the Effective Date. In the event that the Company may issue further Shares (whether by way of the capitalization issue or other methods) prior to the Effective Date, the estimated number of the Consolidated Shares will be changed and disclosed by way of an announcement in due course.

As at the date of this announcement, the Company has no outstanding options, warrants, convertible notes, derivative or other securities convertible into or exchangeable for the Shares.

Effects of the Share Consolidation

The issued Consolidated Shares will rank pari passu in all respects with each other.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will they alter the underlying assets, business, operation, management or financial position of the Company or the interests and relative rights of the Shareholders, save that the Shareholders will not have any entitlement to fractions of the Consolidated Shares. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

Change of Board Lot

The Board has also resolved that upon the Share Consolidation becoming effective, the board lot size for trading in the H Shares will be changed from 2,000 H Shares to 100 Consolidated H Shares. As a consequence, the Directors expect that there will not be odd lots of H Shares arising in the Share Consolidation so that odd lot matching services will not be provided. The closing price per H Share as at the date of this announcement was HK\$4.89. Based on such closing price and assuming the Share Consolidation had already been effective, the value of each board lot of Consolidated H Shares would be HK\$4,890.

Application for Listing

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consolidated H Shares in issue upon the Share Consolidation taking effect. All necessary arrangements will be made for the Consolidated H Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Reasons for the Share Consolidation

The proposed Share Consolidation is required to facilitate the implementation of the Proposed A Share Issue, because the nominal value for A shares currently listed and traded on the Shanghai Stock Exchange are at a par value of RMB1.00 each. Accordingly, the Directors are of the view that the Share Consolidation if required by the relevant law, rules and regulations and the Relevant Authorities is beneficial to the Company and the Shareholders as a whole.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (1) the Board resolutions approving the implementation of the Share Consolidation as authorized by the Shareholders by way of a special resolution at the EGM and the separate Class Meetings;

- (2) consent obtained from the CSRC regarding the proposed Share Consolidation and the Proposed A Share Issue of A Shares of RMB1.00 each;
- (3) the Listing Committee granting approval for the listing of, and permission to deal in, the Consolidated H Shares.

Expected Effective Date of the Share Consolidation

The Share Consolidation is subject to the above conditions. The Company is unable to ascertain the exact date of satisfying the above conditions (in particular in relation to conditions 2 and 3) at this stage, the actual Effective Date of the Share Consolidation cannot be determined as at the date of this announcement.

Once the details of the arrangement and the expected timetable with regard to the parallel trading arrangements, the free exchange of Consolidated Share certificates and other matters relating to the Share Consolidation are finalized, the Company will make further announcement as soon as practicable.

For indicative purpose, the Company proposes that the Effective Date will be the 7th Trading Day from the grant of the CSRC's approval regarding the Proposed Share Consolidation and the Proposed A Share Issue.

Investors should note that the Share Consolidation, even if approved by the Shareholders, may or may not proceed, depending on the view of the Relevant Authorities. The Company will make further announcement if it becomes clearer whether the Share Consolidation is required to facilitate the Proposed A Share Issue.

PROPOSED APPLICATION TO ISSUE A SHARES IN THE PRC

The Directors hereby announce that on 1 February 2007, the Board resolved that the Company would apply (i) to the CSRC for the issue of a maximum of 150,000,000 A Shares of RMB1.00 each or 1,500,000,000 A Shares of RMB0.1 each to the PRC public and institutional investors, and (ii) to the Shanghai Stock Exchange for the listing of the A Shares on the Shanghai Stock Exchange.

The structure of the Proposed A Share Issue is proposed as follows:

Type of securities to be issued : A Shares

Place of Listing : Shanghai Stock Exchange

Number of A Shares to be issued : A maximum of 150,000,000 A Shares of RMB1.00 each or 1,500,000,000 A Shares of RMB0.1 each . The final number of A Shares to be issued and the structure of the issue is subject to the approval by CSRC and other Relevant Authorities and adjustments (if any) made by the Board as authorized by the Shareholders at the EGM and the Class Meetings.

- Target subscribers : Members of the PRC public (i.e. PRC individuals and institutional investors (including qualified foreign institutional investors recognised in the PRC) having A Share accounts with the Shanghai Stock Exchange), except those prohibited under PRC laws and regulations
- Nominal value : RMB1.00 or RMB0.1 per A Share (depending on the approval of the Relevant Authorities)
- Rights attached to A Share : The A Shares, except as otherwise provided for in the applicable laws, rules and regulations and the Articles of Association, will rank pari passu in all respects with the Domestic Shares and H Shares. Once the Proposed A Share Issue is completed, both new and existing Shareholders will be entitled to share the accumulated retained earnings at the time of the issue of A Share.
- For the avoidance of doubt, the holders of the A Shares will not be entitled to any dividends declared prior to the issue of A Shares.
- Basis for determining the issue price: : The issue price of the Proposed A Share Issue will be determined on the basis of market conditions, the condition prevailing in the PRC securities market at the time of the Proposed A Share Issue by way of customary market consultation and such other ways as approved by CSRC. Thus, the amount of funds to be raised from the Proposed A Share Issue cannot be confirmed at the date of this announcement, but the offer price will not be lower than 90% of the higher of (i) the average closing price of the Company's Consolidated H Shares or H Shares (as the case may be) on the Stock Exchange for the 20 Trading Days preceding to the date of the A Share Prospectus or (ii) the closing price of the Company's Consolidated H Shares or H Shares (as the case may be) on the Stock Exchange on the Trading Day immediately preceding to the date of the A Share Prospectus.
- Method of issue : The issue will be conducted via placement through offline offering to institutional investors as approved by CSRC, and placement through online subscription at issue price, or such other method as approved by CSRC.

Use of proceeds : The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. The net proceeds from the Proposed A Shares Issue will be used to expand its business in relation to the exploration, mining, production, refining and sale of gold and other mineral resources in or outside the PRC. At this stage, the exact amount of the funds raised and the amount of funds allocated to each project cannot be determined. Such use of the proceeds will be subject to the approval by the Relevant Authorities.

Ancillary matters relating to the Proposed A Share Issue

Authorisation to be given to the Board

Subject to approval by the Shareholders at the EGM and separate Class Meetings, the Board shall be authorised to make such decisions, sign such documents, amend Articles of Association and Procedural Rules, carry out such procedures and take such other actions as are in its discretion necessary to effect and complete the Proposed A Share Issue (including the proposed listing of the A Shares on the Shanghai Stock Exchange).

Shareholders' approvals to be sought at the EGM and the separate Class Meetings

The Proposed A Share Issue is subject to approval by way of special resolutions by the Shareholders at the EGM and the separate Class Meetings. Such resolutions will, in compliance with and as legally required under relevant PRC laws and regulations, be effective for a period of 1 year from the date of the EGM and the separate Class Meetings.

The EGM will be held on or after 23 March 2007 to consider and, if thought fit, approve, among other things, the Proposed A Share Issue and to authorise the Board to determine and deal with at its discretion and with full authority, matters relating to the Proposed A Share Issue (including but not limited to the specific timing of the issue, number of A Shares to be issued, offering mechanism, pricing mechanism, issue price and par value, target subscribers and the number and proportion of A Shares to be issued to each subscriber).

Reasons for and the benefits of the Proposed A Share Issue

The Directors believe that the Proposed A Share Issue, if it occurs, will be able to further enhance the Company's financing channels and improve its capital and debt raising capabilities. In addition, the Proposed A Share Issue is expected to provide the Company with financial resources required to fund its intended expansion of business in relation to the exploration, mining, production, refining and sale of gold and other mineral resources in or outside the PRC, thereby improving its ability to further its business pursuits and developments in the industry. The Board believes that the Proposed A Share Issue will be able to promote the Company's position in the PRC and that it is in the interest of the Company and the Shareholders as a whole.

Effect of the Share Consolidation and the Proposed A Share Issue on the shareholding structure of the Company

Assuming that a total of 150,000,000 A Shares of RMB1.00 each will be issued under the Proposed A Share Issue, that the Share Consolidation will be implemented and that the Company will not issue and allot further Shares prior to the Proposed A Share Issue, the expected shareholding structure of the Company immediately before and after the Share Consolidation and immediately upon completion of the Proposed A Share Issue is set out and summarised as follows:

	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Proposed A Share Issue		Immediately after completion of the Proposed A Share Issue	
	<i>Number of Shares of RMB0.1 each</i>		<i>Number of Consolidated Shares of RMB1.00 each</i>		<i>Number of Consolidated Shares of RMB1.00 each</i>	
		%		%		%
(1) Domestic Shares	7,308,695,280	69.52	730,869,528	69.52	880,869,528	73.33
— Existing Domestic Shares issued	7,308,695,280	69.52	730,869,528	69.52	730,869,528	60.84
— A Shares to be issued	—		—		150,000,000	12.49
(2) H Shares	3,204,352,000	30.48	320,435,200	30.48	320,435,200	26.67
(3) Total number	10,513,047,280	100	1,051,304,728	100	1,201,304,728	100

Assuming that a total of 1,500,000,000 A Shares of RMB0.1 each will be issued under the Proposed A Share Issue, that the Share Consolidation will not be implemented and that the Company will not issue and allot further Shares prior to the Proposed A Share Issue, the expected shareholding structure of the Company immediately before and after completion of the Proposed A Share Issue is set out and summarised as follows:

	As at the date of this announcement		Immediately after completion of the Proposed A Share Issue	
	<i>Number of Shares of RMB0.1 each</i>		<i>Number of Shares of RMB0.1 each</i>	
		%		%
(1) Domestic Shares	7,308,695,280	69.52	8,808,695,280	73.33
— Existing Domestic Shares issued	7,308,695,280	69.52	7,308,695,280	60.84
— A Shares to be issued	—		1,500,000,000	12.49
(2) H Shares	3,204,352,000	30.48	3,204,352,000	26.67
(3) Total number	10,513,047,280	100	12,013,047,280	100

The Proposed A Share Issue may or may not proceed. Investors should therefore exercise caution when dealing in the H Shares.

PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION

To accommodate the Proposed A Share Issue, the Company will, when proceeding with the Proposed A Share Issue, make proposed amendments of the Articles of Association in compliance with all relevant and applicable PRC legal and regulatory requirements.

The proposed amendments to be made to the Articles of Association primarily aim to enhance the corporate governance of the Company and, in accordance with the relevant PRC laws and regulations, deal with matters relating to different areas such as alteration of the Company's registered capital and shareholding structure and other provisions as required by any applicable laws and regulations for companies with A Shares in issue.

Further details regarding such proposed amendments will be set out in the Circular to be despatched to the Shareholders as soon as possible. The proposed amendments of the Articles of Association will become effective upon completion of the Proposed A Share Issue, subject to approval by way of a special resolution by the Company's shareholders at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities.

PROPOSED AMENDMENT OF THE INDEPENDENT DIRECTORS RULES AND THE PROCEDURAL RULES

Pursuant to the relevant laws, rules and regulations and the requirements of CSRC, the Company has proposed to amend and streamline the independent directors rules to regulate the appointment, election, powers, duties and responsibilities of the independent directors and to amend and streamline the Procedural Rules for the meeting of the Shareholders, Board and Supervisory Committee of the Company to regulate the functions, powers of, and the procedures for such relevant meetings.

Further details will be set out in the Circular to be despatched to the Shareholders as soon as possible. The proposed amendment of the independent directors rules in place of the original rules is subject to approval by way of ordinary resolution at the EGM and the proposed amendment of the Procedural Rules in place of the original rules is subject to approval by way of special resolutions at the EGM, and the obtaining of any approval, endorsement or registration (as applicable) from or with the Relevant Authorities.

GENERAL INFORMATION

(i) The proposed Share Consolidation and the Proposed A Share Issue are subject to approval by way of special resolutions by the Shareholders at the EGM and the separate Class Meetings, (ii) the proposed amendments of the Articles of Association and the proposed amendment of the Procedural Rules in place of the original rules are subject to approval by way of special resolutions by the Shareholders at the EGM, and (iii) the proposed amendment

of the independent directors rules in place of the original rules is subject to approval by way of ordinary resolution by the Shareholders at the EGM, which were proposed to be held on or after Friday, 23 March 2007, and the obtaining of any approval, endorsement or registration (as applicable) from or with the Relevant Authorities.

The notice of the EGM and the separate Class Meetings, its reply slip and the proxy form, together with the Circular, will be issued by the Company and despatched to its Shareholders as soon as practicable.

This announcement is issued in compliance with the disclosure requirements under the Listing Rules, and does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase the A Shares.

DEFINITIONS

The following words and phrases used in this announcement have the same meaning assigned:

“A Share(s)”	ordinary domestic shares of the Company, with a nominal value of RMB1.00 or RMB 0.1 each, to be issued by the Company pursuant to the Proposed A Share Issue
“A Share Prospectus”	the prospectus to be issued by the Company in connection with the Proposed A Share Issue
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Circular”	the circular to be despatched to the Shareholders in relation to the proposed Share Consolidation, the Proposed A Share Issue, the proposed amendments of the Articles of Association, proposed amendment of the independent directors rules and the Procedural Rules together with the notice of the EGM and separate Class Meetings (as the case may be) to approve the relevant resolutions
“Class Meetings”	the class shareholders’ meeting of the Company for each of the holders of the H Shares and holders of the Domestic Shares to be convened on the same date as the EGM to consider and, if though fit, approve the Proposed A Share Issue and the proposed Share Consolidation
“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

“Consolidated Share(s)”	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company after the Share Consolidation becoming effective, including Consolidated Domestic Share(s) and Consolidated H Share(s)
“Consolidated Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company after the Share Consolidation becoming effective
“Consolidated H Share(s)”	ordinary H Share(s) of nominal value of RMB1.00 each in the share capital of the Company after the Share Consolidation becoming effective
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in Renminbi
“Effective Date”	the effective date of the proposed Share Consolidation;
“EGM”	the extraordinary general meeting of the holders of Domestic Shares and holders of H Shares of the Company to be convened and held for the purpose of approving, among other things, the Proposed Share Consolidation, the Proposed A Share Issue, amendments of the Articles of Association, the amendment to independent directors rules and the amendment of the Procedural Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK\$
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“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

“Procedural Rules”	collectively, (i) the Rules and Procedures of the Board, (ii) the Rules and Procedures of Shareholders’ General Meetings and (iii) the Rules and Procedures of the Supervisory Committee adopted by the Company from time to time
“Proposed A Share Issue”	the proposed issue of a maximum of 150,000,000 A Shares of RMB1.00 each or 1,500,000,000 A Shares of RMB0.1 each to the PRC public, and the proposed listing of the A Shares on the Shanghai Stock Exchange
“Relevant Authorities”	CSRC and such other PRC authorities having power to regulate, among other things, the proposed Share Consolidation, the Proposed A Share Issue and amendments of the Articles of Association
“RMB”	Renminbi, the lawful currency of the PRC
“the Rules and Procedures of the Board”	the rules governing the procedures for the meeting of the Board
“the Rules and Procedures of Shareholders’ General Meetings”	the rules governing the procedures for the meeting of the Shareholders
“the Rules and Procedures of the Supervisory Committee”	the rules governing the procedures for the meeting of the Supervisory Committee
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Share Consolidation”	the consolidation of every ten Shares in the issued share capital of the Company into one Consolidated Share in the issued share capital of the Company
“Shareholders”	holders of the Domestic Shares and the H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Trading Day”	a day on which the Stock Exchange is open for trading
“%”	per cent.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinhe (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
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

Fujian, the PRC, 1 February 2007

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

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