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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zijin Mining Group Co., Ltd.*, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) POSSIBLE DISCLOSEABLE TRANSACTION —
ESTABLISHMENT OF ZIJIN TONGGUAN TOGETHER WITH
A FURTHER CAPITAL COMMITMENT
AND**

**(2) PROPOSED ACQUISITION OF MONTERRICO BY ZIJIN TONGGUAN
BY WAY OF RECOMMENDED CASH OFFER**

* *The English name is for identification purpose only.*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	4
2. Establishment of Zijin Tongguan together with a Further Capital Commitment	5
3. Proposed Acquisition of Monterrico by Zijin Tongguan by way of Recommended Cash Offer	7
4. Information of the Company	12
5. General	12
Appendix — General Information	13

DEFINITIONS

In this circular, except where the context otherwise requires, the following terms shall have the following meanings:

“AIM”	the market of that name operated by the London Stock Exchange plc
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in England and Wales
“City Takeovers Code”	The City Code on Takeovers and Mergers
“Company”	紫金礦業集團股份有限公司 (Zijin Mining Group Co., Ltd.*), a joint stock limited liability company incorporated in the PRC and listed on the Stock Exchange
“Competing Proposal”	a proposal made by a third party, which is not acting in concert with Zijin Tongguan: (a) of an intention to make an offer (whether or not subject to pre-conditions) for Monterrico, pursuant to Rule 2.5 of the City Takeovers Code; or (b) which involves a change of control of Monterrico (other than the acquisition of control by Zijin Tongguan or a member of its group and/or a person acting in concert with Zijin Tongguan) or which involves the disposal of any interest in a substantial part of the business of Monterrico
“Directors”	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 RMB
“Form of Acceptance”	the form of acceptance and authority relating to the Offer which will accompany the Offer Document
“Group”	the Company and its subsidiaries
“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\$
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“in the money” options	the options granted by Monterrico with an exercise price lower than the offer price of 350 pence per Monterrico Share

DEFINITIONS

“Inducement Fee Agreement”	an inducement agreement dated 3 February 2007 and entered into between Monterrico and Zijin Tongguan
“Latest Practicable Date”	14 February 2007, being the latest practicable date before the printing of this circular for ascertaining certain information contained in the circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Monterrico”	Monterrico Metals plc
“Monterrico Share Scheme”	the unapproved share option scheme adopted by Monterrico on 13 June 2002
“Monterrico Shareholders”	holders of Monterrico Shares
“Monterrico Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each in the capital of Monterrico and any further such shares which are unconditionally allotted or issued fully paid or credited as fully paid before the date on which the Offer ceases to be open for acceptance (or such earlier date as Zijin Tongguan may, subject to the City Takeovers Code, decide)
“Offer”	the recommended cash offer to be made by Zijin Tongguan to acquire the entire issued and to be issued ordinary share capital of Monterrico not already held or contracted to be acquired by Zijin Tongguan on the terms and subject to the conditions to be set out in the Offer Document and including, where the context requires, any subsequent revision, variation, extension or renewal of, or election available under, such Offer
“Offer Document”	the document to be despatched to Monterrico Shareholders and, for information only, to participants in the Monterrico Share Schemes, which, together with the Form of Acceptance, will contain the full terms and conditions of the Offer
“Offer Period”	the period commencing on 20 October 2006 and ending on either the first closing date of the Offer, or, if later, the date when the Offer becomes or is declared unconditional as to acceptance, or the date on which the Offer lapse, or such other date as the UK Panel may decide
“PRC”	The People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau SAR and Taiwan

DEFINITIONS

“PRC Governmental Body”	has the meaning ascribed to it in Chapter 19A of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongling”	銅陵有色金屬(集團)公司(Tongling Nonferrous Metals (Group) Inc.*), a limited liability company incorporated in the PRC
“UK”	United Kingdom of Great Britain and Northern Ireland
“UK Offer Announcement”	the announcement published jointly by Zijin Tongguan and Monterrico on 5 February 2007 in accordance with Rule 2.5 of the City Takeovers Code, containing the principal terms of the Offer and other related matters
“UK Panel”	the Panel on Takeovers and Mergers in London
“Xiamen C&D”	廈門建發股份有限公司 (Xiamen C&D Inc.*), a joint stock limited liability company incorporated in the PRC and listed on the Shanghai Stock Exchange
“Zijin Tongguan”	廈門紫金銅冠投資發展有限公司 (Xiamen Zijin Tongguan Investment Development Co., Ltd*), a limited company established in the PRC by the Company, Tongling and Xiamen C&D
“£” or “GBP”	Great Britain pounds

Note: For the purpose of this circular, unless otherwise specified, amounts denominated in Hong Kong dollars have been translated for the purpose of illustration only into RMB at the exchange rate of HK\$1.00 = RMB1.00 and GBP at the exchange rate of HK\$15.38 = GBP1.00.

No representation is made that any amounts in RMB, GBP or HK\$ can be or could have been at the relevant dates be converted at the above rates or any other rates at all.

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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)

Executive Directors:

Chen Jinghe (the Chairman)

Liu Xiaochu

Luo Yingnan

Lan Fusheng

Huang Xiaodong

Zou Laichang

Non-executive Director:

Ke Xiping

Independent Non-executive Directors:

Chen Yuchuan

Su Congfu

Lin Yongjing

Loong Ping Kwan

Registered Office and

Principal Place of Business:

No.1 Zijin Road

Shanghang County

Fujian Province PRC

Place of Business in Hong Kong:

Suite 1608, West Tower

Shung Tak Centre

168-200 Connaught Road

Central

Hong Kong

21 February 2007

To the Shareholders

Dear Sir or Madam,

**(1) POSSIBLE DISCLOSEABLE TRANSACTION —
ESTABLISHMENT OF ZIJIN TONGGUAN TOGETHER WITH
A FURTHER CAPITAL COMMITMENT**

AND

**(2) PROPOSED ACQUISITION OF MONTERRICO BY ZIJIN TONGGUAN
BY WAY OF RECOMMENDED CASH OFFER**

1. INTRODUCTION

On 5 February 2007, it was announced by the Company that Zijin Tongguan, a limited liability company established in the PRC in August 2006 owned as to 45%, 35% and 20% by the Company,

LETTER FROM THE BOARD

Tongling and Xiamen C&D respectively, has, on 5 February 2007, in accordance with the City Takeovers Code, published a UK Offer Announcement in relation to a recommended cash Offer to be made by Zijin Tongguan for the entire issued and to be issued ordinary share capital of Monterrico, a company incorporated in England and Wales and whose shares are quoted on AIM in London; and that each of the Company, Tongling and Xiamen C&D intends to make further capital contribution to Zijin Tongguan, to fund the total consideration payable under the Offer in proportion to their respective shareholdings if the Offer becomes wholly unconditional.

The establishment of Zijin Tongguan together with a further capital commitment by the Company which would crystallize upon the Offer being wholly unconditional will constitute a discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to provide Shareholders with further information relating to the Offer and the discloseable transaction.

2. ESTABLISHMENT OF ZIJIN TONGGUAN TOGETHER WITH A FURTHER CAPITAL COMMITMENT

(a) Parties:

- (i) The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC;
- (ii) Tongling is a wholly state owned enterprise and an integrated PRC mining conglomerate focusing on copper products and copper production; and
- (iii) Xiamen C&D is a PRC state owned conglomerate listed on the Shanghai Stock Exchange (stock code: 600153 CH) principally engaged in international trade, logistics, real estate, conventions and exhibitions, property leasing and manufacturing.

The ultimate controlling shareholders of each of the Company, Tongling and Xiamen C&D are the PRC Governmental Bodies but under management and supervision of different governmental departments.

To the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, each of Tongling and Xiamen C&D and their respective substantial shareholders is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is not a connected person (as defined in the Listing Rules) of the Company.

(b) Details of Zijin Tongguan

Zijin Tongguan is an associate company of the Company and a limited liability company established in the PRC in August 2006 by the Company, Tongling and Xiamen C&D which hold equity interests of 45%, 35% and 20% respectively.

LETTER FROM THE BOARD

The approved scope of businesses of Zijin Tongguan includes investment in, exploration and development of mines. The Company, Tongling and Xiamen C&D intend to explore the opportunity of overseas investment jointly through Zijin Tongguan.

The approved period of operation of Zijin Tongguan is from 8 August 2006 to 7 August 2036.

The profit sharing of Zijin Tongguan is based on the proportional shareholdings of the Company, Tongling and Xiamen C&D.

(c) **Capital Contribution and Capital Commitment**

The current registered capital of Zijin Tongguan is RMB 50 million (equivalent to approximately HK\$50 million) which shall be contributed in cash by the Company, Tongling and Xiamen C&D on a pro rata basis. The initial paid-up registered capital is RMB 10 million (equivalent to approximately HK\$10 million), of which the Company had duly paid RMB4.5 million (equivalent to approximately HK\$4.5 million).

Each of the Company, Tongling and Xiamen C&D intends to make a further capital contribution to fund the total consideration payable under the Offer in proportion to their respective shareholdings if the Offer becomes wholly unconditional.

As set out in section 3 of this circular below, assuming none of the “in the money” options are exercised and only the net difference between the offer price of 350 pence and the exercise price of such options are paid, the total value of the Offer will be approximately £94.6 million (equivalent to approximately HK\$1,454.95 million) if the Offer is fully accepted. Accordingly, the further capital commitment of the Company to Zijin Tongguan which would crystallize upon the Offer becoming wholly unconditional is approximately £42.57 million (equivalent to approximately HK\$654.73 million).

Assuming the “in the money” options are fully exercised, the total value of the Offer will be approximately £98.9 million (equivalent to approximately HK\$1,521.08 million) if the Offer is fully accepted. Accordingly, the further capital commitment of the Company to Zijin Tongguan which would crystallize upon the Offer becoming wholly unconditional is approximately £44.51 million (equivalent to approximately HK\$684.48 million).

Save as disclosed above, the Company has no further capital commitment to Zijin Tongguan as at the Latest Practicable Date.

The Company intends to fund the above capital contribution from its internal cash resources and its existing banking lines of credit.

LETTER FROM THE BOARD

Notwithstanding establishment of Zijin Tongguan together with a further capital commitment, the consolidated net asset of the Group will remain unchanged. However, in relation to the assets of the Group, there will be an increase in the equity interest in Zijin Tongguan to be reflected in the Group's consolidated financial statement and a decrease in cash and bank balances. In relation to the liabilities of the Group, there may be an increase in borrowings and therefore the Group's liabilities may be increased correspondingly. It is anticipated that the establishment of Zijin Tongguan together with a further capital commitment will not have any immediate material impact on the earnings of the Group.

(d) **Reasons of and Benefits for Further Capital Commitment to Zijin Tongguan**

As a result of the establishment of Zijin Tongguan with Tongling and Xiamen C&D, the Directors believe that the Company is able to form a long term strategic relationship with Tongling and Xiamen C&D, which can conduct overseas mining investment together with the Company.

The Directors consider that the terms of the establishment of Zijin Tongguan and the further capital commitment by the Company to be crystallized upon the Offer being wholly unconditional are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(e) **Board of Directors**

The board of directors of Zijin Tongguan comprises 9 directors, among which the Company, Tongling and Xiamen C&D have nominated 4, 3 and 2 directors respectively.

3. PROPOSED ACQUISITION OF MONTERRICO BY ZIJIN TONGGUAN BY WAY OF RECOMMENDED CASH OFFER

On 5 February 2007, Zijin Tongguan, a company owned as to 45% by the Company, has, in accordance with the City Takeovers Code, published a UK Offer Announcement in relation to a recommended cash Offer to be made by Zijin Tongguan for the entire issued and to be issued ordinary share capital of Monterrico, a company incorporated in England and Wales and whose shares are quoted on the AIM in London.

(a) **Parties**

The offeror is Zijin Tongguan.

Monterrico is a London based resource development group which operates exclusively in Peru. It is a company incorporated in England and Wales whose shares are quoted on the AIM in London. The Offer is made by Zijin Tongguan to all shareholders of Monterrico.

To the best of knowledge, information and belief of the Directors and after making all reasonable enquiries, each of Monterrico and the substantial shareholders of Monterrico is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is not a connected person (as defined in the Listing Rules) of the Company.

LETTER FROM THE BOARD

(b) **The Offer**

The Offer, which will be subject to the further terms set out in full in the Offer Document and the accompanying Form of Acceptance, will be made on the terms set out below:

Cash Offer

The Offer price for each Monterrico Share is 350 pence in cash. The board of directors of Monterrico intends to recommend unanimously the Offer.

Loan Note Alternative

As an alternative to all or some of the cash consideration of 350 pence for each Monterrico Share, eligible Monterrico Shareholders who validly accept the Offer will be able to elect to receive the loan note on the basis of £1.00 nominal of the loan note for every £1.00 of cash consideration, up to a maximum aggregate amount of £7.5 million (equivalent to approximately HK\$115.35 million) in accordance with the terms and conditions set out in the UK Offer Announcement and the Offer Document.

Monterrico Shares

The Offer is for the entire issued and to be issued ordinary share capital of Monterrico. The Monterrico Shares will be acquired by Zijin Tongguan pursuant to the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, pre-emptive rights and other third party rights and interests of any nature whatsoever and together with all rights attaching to them, including (without limitation) voting rights and the right to receive and retain all dividends and other distributions (if any) declared, made or paid on or after the date of the UK Offer Announcement.

A maximum of 1,937,500 Monterrico Shares may fall to be issued upon exercise of the “in the money” options granted under the Monterrico Share Scheme and other similar share option plans.

To allow Monterrico Shareholders the opportunity to participate in the future of Monterrico and benefit from the involvement of Zijin Tongguan, Zijin Tongguan agreed to introduce a mechanism to allow Monterrico Shareholders to retain an interest in Monterrico following completion of the Offer. This will be achieved by way of a scale-back election, which will allow Monterrico Shareholders who validly accept the Offer to elect to have their acceptance scaled back by between 0 per cent. and 100 per cent. in exchange for retaining some or all of their holding in Monterrico in accordance with the terms and conditions as set out in the UK Offer Announcement. Monterrico Shareholders may elect to have their individual acceptances of the Offer scaled back by between 0 per cent. and 100 per cent., subject to Zijin Tongguan continuing to hold greater than 50 per cent. of the Monterrico Shares. To the extent that Zijin Tongguan is unable to satisfy both all valid scale-back elections and continue to hold greater than 50 per cent. of the Monterrico Shares, the scale-back elections will be reduced pro-rata to ensure that Zijin Tongguan maintains a holding of greater than 50 per cent. of the Monterrico Shares.

LETTER FROM THE BOARD

Valuation of the Offer

The offer price of 350 pence per Monterrico Share represents:

- a premium of 78.6 per cent. to the closing mid-market price of Monterrico Shares of 196 pence per share on 13 October 2006, the last Business Day prior to the significant increase in the share price of Monterrico which subsequently led to the announcement by Monterrico on 20 October 2006; and
- a premium of approximately 34.1 per cent. to the closing mid-market price of Monterrico Shares of 261 pence per share on 19 October 2006, the last Business Day before the commencement of the Offer Period.

Total consideration

On the basis of the offer price of 350 pence per Monterrico Share, the Offer values the existing issued and to be issued share capital of Monterrico at approximately £94.6 million (equivalent to approximately HK\$1,454.95 million), which will be the total consideration if the Offer is fully accepted. The total consideration is calculated on the basis that the ‘in the money’ options will not be exercised and hence Zijin Tongguan needs to pay the holders of the ‘in the money’ options the difference between the offer price of 350 pence and the exercise price of the “in the money” options.

Assuming that all ‘in the money’ options are fully exercised, the total consideration payable under the Offer is approximately £98.9 million (equivalent to approximately HK\$1,521.08 million).

The Offer would be financed from the internal cash resources and existing banking lines of credit of the owners of Zijin Tongguan.

Listing Status of Monterrico

Zijin Tongguan intends to retain the AIM quotation of Monterrico Shares following the Offer becoming or being declared wholly unconditional. Zijin Tongguan has undertaken (subject to the terms and conditions as set out in the UK Offer Announcement) to maintain a shareholding of not more than 70 per cent. of the total issued share capital of Monterrico for a period of 12 months following the Offer becoming or being declared wholly unconditional. In the event that the minimum 30 per cent. in the hands of persons independent of Zijin Tongguan has not been achieved through the scale-back election, Zijin Tongguan intends to place the relevant number of securities to places independent of Zijin Tongguan within a reasonable period of the closing of the Offer.

(c) Conditions Precedent

Subject to terms and conditions set out in the UK Offer Announcement and Offer Document, the Offer is conditional upon, amongst other things, valid acceptances being received (and not, where permitted, withdrawn) by 1:00 p.m. (UK time) on the first closing date of the Offer (or such later time(s) and/or date(s) as Zijin Tongguan may, with the consent of the UK Panel or in accordance with the City Takeovers Code, decide) in respect of not less than 70 per cent. in nominal value (or such

LETTER FROM THE BOARD

lesser percentage as Zijin Tongguan may decide) of the Monterrico Shares to which the Offer relates and not less than 70 per cent. of the voting rights carried by such Monterrico Shares (or such lesser percentage as Zijin Tongguan may decide), provided that, unless agreed with the UK Panel, this condition will not be satisfied unless Zijin Tongguan and/or its wholly-owned subsidiaries shall have acquired, or agreed to acquire, pursuant to the Offer or otherwise, Monterrico Shares carrying in aggregate more than 50 per cent. of the voting rights normally exercisable at a general meeting of Monterrico.

(d) **Irrevocable Undertakings**

Zijin Tongguan has received irrevocable undertakings to accept (or procure the acceptance of), in accordance with the terms and conditions of such undertakings, the Offer from certain directors of Monterrico (who are also Monterrico Shareholders) in respect of, in aggregate, 2,606,960 Monterrico Shares, representing approximately 9.91 per cent. of the existing issued ordinary share capital of Monterrico and in respect of 1,150,000 options over Monterrico Shares of which 1,050,000 are “in the money” representing approximately 54.19 per cent. of the existing “in the money” options over Monterrico Shares.

(e) **Inducement Fee Agreement**

Monterrico has entered into the Inducement Fee Agreement with Zijin Tongguan under which Monterrico has given various undertakings to Zijin Tongguan relating to, amongst other things, non-solicitation of Competing Proposal and an inducement fee (an amount by way of compensation) of one per cent. of the value of the Offer in certain circumstances.

(f) **Reasons for and Benefits of the Offer**

As disclosed in the UK Offer Announcement, Monterrico is a London-based resource development group which operates exclusively in Peru and Monterrico will shortly publish a detailed technical feasibility study on one major copper-molybdenum project in northern Peru, being one of the few major greenfield copper-molybdenum projects in the world that can be developed in near term.

It is also stated in the UK Offer Announcement that Monterrico has additional base and precious metal projects in Peru, one of which is subject to a farm-out agreement and is earning into the Monarc gold projects in northern Peru.

For the financial year ended 31 December 2005, Monterrico reported a loss before taxation of £0.2 million. For the six months ended 30 June 2006, Monterrico reported a loss before taxation of £2.2 million. As at 31 December 2005 and 30 June 2006, Monterrico’s net assets were £19.3 million and £27.3 million respectively. The financial statements of Monterrico for the year ended 31 December 2005 and the six months ended 30 June 2006 were prepared under the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

LETTER FROM THE BOARD

Subject to the Offer becoming wholly unconditional, Monterrico will become a subsidiary of Zijin Tongguan and hence, an associate company of the Company.

The proposed acquisition of Monterrico would represent an important increase in the Company's resources and production base overseas (through its 45% interest in Zijin Tongguan), which is consistent with its long-term strategy.

The Directors believe the terms of the Offer are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(g) UK Dealing Disclosure Requirement

Section 3 of this circular relates to an Offer governed by the City Takeovers Code and has to comply with the following UK dealing disclosure requirements in the UK:

Under the provisions of Rule 8.3 of the City Takeovers Code, if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Monterrico, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a "derivative" referenced to, any such "relevant securities") must be publicly disclosed by no later than 3:30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Monterrico, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Takeovers Code, all "dealings" in "relevant securities" of Monterrico by Zijin Tongguan, the Company, Tongling or Xiamen C&D, or by any of their respective "associates", must be disclosed by no later than 12:00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the UK Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Takeovers Code, which can also be found on the UK Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8 of the City Takeovers Code, you should consult the UK Panel.

LETTER FROM THE BOARD

4. INFORMATION OF THE COMPANY

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC.

5. GENERAL

The establishment of Zijin Tongguan together with a further capital commitment by the Company to be crystallized upon the Offer being wholly unconditional will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The proposed acquisition of Monterrico by Zijin Tongguan does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The disclosure in relation to such proposed acquisition is made pursuant to Rule 13.09 of the Listing Rules. BNP Paribas is acting as the lead financial advisor to Zijin Tongguan.

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

* *The English name is for identification purpose only.*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued shares of the Company is 10,513,047,280, comprising 7,308,695,280 Domestic shares, and 3,204,352,000 H Shares listed on the Stock Exchange.

3. DISCLOSURE OF INTERESTS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests of the Directors, Supervisors or the chief executive of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed companies, to be notified to the Company and the Stock Exchange are as follows:

(1) Shareholding in the Company:

Director	Number of Domestic Shares/amount of Equity interest held	Nature of Interest	Long/short positions	Approximate percentage of the total number of issued Domestic Shares	Approximate percentage of the total number of issued shares
Ke Xiping	912,000,000 (Note 1)	Company	Long	12.48%	8.67%
Chen Jinghe	91,675,200	Personal	Long	1.25%	0.87%

(2) Shareholding in the Company's subsidiaries:

Directors/ Supervisors/ Chief Executive	Name of subsidiaries	Amount of equity interests held	Nature of interest	Long/short positions	Approximate percentage of the total registered capital
Chen Jinghe	Guizhou Zijin (Note 2)	1,404,000 (Note 3)	Company	Long	2.34%
Chen Jinghe	Bayannaer Zijin (Note 4)	3,000,000 (Note 5)	Company	Long	1%

Notes:

- (1) Xiamen Hengxing Industrial Company Limited holds 380,000,000 Domestic Shares in the Company, and holds 49% shareholding in Fujian Xinhuadu Engineering Company Limited (which is holding 532,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 912,000,000 Domestic Shares in the Company. Mr. Ke Xiping owns 73.21% interest in Xiamen Hengxing Industrial Company Limited. Under Section 316 of the SFO, Mr. Ke Xiping is regarded as being interested in such shares.
- (2) Guizhou Zijin Mining Company Limited ("Guizhou Zijin") is a subsidiary in which the Company beneficially owns 51%.
- (3) On 15 March 2006, Xiamen Hengxing Mining Company Limited, a shareholder of Guizhou Zijin Mining Company Limited (being a subsidiary of the Company) transferred 1,404,000 shares it held in Guizhou Zijin to Xiamen Jinhuang Technology Consultant Company Limited which is held as to 34% by Mr. Chen Jinghe, a Director, and as to 32.7% by his wife Mrs. Lai Jinlian. Mr. Chen Jinghe is accordingly deemed as being interested in such shares under Rule 316 of the SFO. The relevant share transfer has been registered with the Domestic Shares Trust, and also filed with the Stock Exchange.
- (4) Bayannaer Zijin Non-ferrous Metal Company Limited ("Bayannaer Zijin") is a subsidiary in which the Company beneficially owns 77.92%.
- (5) On 12 September 2006, 3,000,000 shares in Bayannaer Zijin were transferred to Xiamen Jinhuang Technology Consultant Company Limited, which is held as to 34% by Mr. Chen Jinghe, a Director, and as to 32.7% by his wife Mrs. Lai Jinlian. Mr. Chen Jinghe is accordingly deemed as being interested in such shares under Rule 316 of the SFO. The relevant share transfer has been registered with the Domestic Shares Trust, and also filed with the Stock Exchange.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director is taken or deemed to have

under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the directors and chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares	Approximate percentage of total number of issued Domestic shares	Approximate percentage of total number of issued H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	3,368,721,696	32.04%	46.09%	—	Long
Xinhuadu Industrial Company Limited	Domestic Shares	2,030,148,000 (Note 1)	19.31%	27.78%	—	Long
Chen Fashu	Domestic Shares	2,030,148,000 (Note 2)	19.31%	27.78%	—	Long
Shanghang County Jinshan Trading Co., Ltd.	Domestic Shares	1,293,084,800	12.30%	17.69%	—	Long
Xiamen Hengxing Industrial Company Limited	Domestic Shares	912,000,000 (Note 3)	8.67%	12.48%	—	Long
Ke Xiping	Domestic Shares	912,000,000 (Note 4)	8.67%	12.48%	—	Long
Fujian Xinhuadu Engineering Company Limited	Domestic Shares	532,000,000	5.06%	7.28%	—	Long
Merrill Lynch & Co., Inc.	H Shares	632,233,635 (Note 5)	6.01%	—	19.73%	Long

Notes:

- (1) Xinhuadu Industrial Company Limited holds 1,383,200,000 Domestic Shares in the Company, and holds 51% in Fujian Xinhuadu Engineering Company Limited (which holds 532,000,000 Domestic Shares in the Company), and holds 64.54% in Fujian Xinhuadu Department Store Company Limited (which holds 114,948,000 Domestic Shares in the Company). Therefore, under Section 316 of the SFO, Xinhuadu Industrial Company Limited is interested in 2,030,148,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 73.56% interests in the issued share capital of Xinhuadu Industrial Company Limited, therefore, under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 2,030,148,000 Domestic Shares in the Company.

- (3) Xiamen Hengxing Industrial Company Limited holds 380,000,000 Domestic Shares in the Company, and holds 49% in Fujian Xinhua Engineering Company Limited (which holds 532,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 912,000,000 Domestic Shares in the Company.
- (4) Mr. Ke Xiping holds 73.21% interests in the issued share capital of Xiamen Hengxing Industry Company Limited. Under Section 316 of the SFO, Mr. Ke Xi Ping is deemed to be interested in 912,000,000 Domestic Shares in the Company.
- (5) Merrill Lynch & Co., Inc. is interested in 632,233,635 H Shares (Long position) of the Company (representing approximately 19.73% of the total issued H Shares). 618,163,000 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporations including Merrill Lynch Group, Inc., ML Invest. Inc., ML Invest Holdings Ltd., Merrill Lynch Investment Managers Group Ltd. and Merrill Lynch Investment Managers Ltd. (on behalf of discretionary clients). 14,066,926 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporations including Merrill Lynch International Incorporated, Merrill Lynch International Holdings Inc., Merrill Lynch Europe PLC., Merrill Lynch Europe Intermediate Holdings, Merrill Lynch Holdings Limited, ML UK Capital Holdings, and Merrill Lynch International. 3,709 H Shares were held through Merrill Lynch & Co., Inc.'s controlled corporation Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, the date to which the latest audited financial statements of the Group were made up.

6. LITIGATION

No member of the Group is engaged in any litigation or arbitration or claim of material importance and there is no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

8. MATERIAL INTEREST

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Group were made up, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

9. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

10. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Fan Cheung Man. Mr Fan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of ACCA- the UK.
- (b) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.