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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)*

**RESUMPTION OF TRADING  
AND  
DISCLOSEABLE TRANSACTION  
ACQUISITION OF CBML**

The Board wishes to announce that on 28 June 2007, Xinjiang Zijin, a wholly owned subsidiary of the Company entered into the Share Sale Agreement with Avocet Mining, a public company incorporated in England and listed on AIM.

Pursuant to the Share Sale Agreement, Avocet Mining has agreed to sell to Xinjiang Zijin and Xinjiang Zijin has agreed to purchase the Sale Shares, being the entire shareholding interest of CBML, and the Assigned Loan (a loan facility of US\$40 million (HK\$312 million equivalent) made available by Avocet Mining to CBML of which approximately US\$12.4 million (HK\$96.72 million equivalent) have been drawn down as at the date of completion) at a total consideration of US\$55,100,000 (HK\$429,780,000 equivalent) of which US\$10,000,000 (HK\$78,000,000 equivalent) is deferred and contingent subject to terms of an escrow arrangement (as described below). CBML is a wholly owned subsidiary of Avocet Mining which holds 75% shareholding in JV Zeravshan LLC, a limited company incorporated in the Republic of Tajikistan to produce gold from certain deposits within the Republic of Tajikistan.

The Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details relating to the Transaction will be dispatched to the shareholders of the Company as soon as practicable.

**At the request of the Company, trading in the H shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 28 June 2007 pending the release of this announcement. An application has been made to the Stock Exchange to resume trading from 9:30 a.m. from 29 June 2007.**

**SALE AND PURCHASE AGREEMENT**

Date: 28 June 2007

Parties:

1. Xinjiang Zijin is a wholly-owned subsidiary of the Company mainly involved in sales of mineral products, technical consulting in mineral, geological exploration and gold mine's

exploitation. After the completion of the Transaction, Xinjiang Zijin will own 100% shareholding interest in CBML; and

2. Avocet Mining is a mining company incorporated in England and listed on AIM. The principal activity of Avocet Mining and its subsidiaries are gold mining and exploration in Malaysia, Tajikistan and Indonesia. It currently wholly owns the entire shareholding of CBML.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Avocet Mining and its 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 TRANSACTION**

### **General**

The Board wishes to announce that on 28 June 2007, Xinjiang Zijin, a wholly-owned subsidiary of the Company entered into the Share Sale Agreement with Avocet Mining, a public company incorporated in England and listed on AIM.

Pursuant to the Share Sale Agreement, Avocet Mining has agreed to sell to Xinjiang Zijin and Xinjiang Zijin has agreed to purchase the Sale Shares, being the entire shareholding interest of CBML, and the Assigned Loan (a loan facility of US\$40 million (HK\$312 million equivalent) made available by Avocet Mining to CBML of which approximately US\$12.4 million (HK\$96.72 million equivalent) have been drawn down as at the date of completion) at a total consideration of US\$55,100,000 (HK\$429,780,000 equivalent) of which US\$10,000,000 (HK\$78,000,000 equivalent) is deferred and contingent subject to terms of an escrow arrangement (as described below).

CBML, a wholly-owned subsidiary of Avocet Mining, holds 75% shareholding (18,186,818 shares of nominal value of US\$1) in JV Zeravshan LLC, a limited liability company incorporated in the Republic of Tajikistan. The other shareholder in JV Zeravshan LLC is the Government of the Republic of Tajikistan. JV Zeravshan LLC was established as a limited company on 26 October 2004 and was the successor entity to a Tajik/ British joint venture formed on 7 April 1994 to produce gold from certain deposits within the Republic of Tajikistan. JV Zeravshan LLC is a gold mining company located in north-west Tajikistan. It is one of the Tajikistan's largest gold producers and its operations are located near the town of Penjikent where it holds gold mining and exploration rights over an area of approximately 300,000 hectares. CBML is an investment holding company and Avocet Mining has informed the Company that CBML is not engaged in any other business.

According to the audited report of CBML for the year ended 31 March 2007 prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, CBML's total value of assets was US\$90,891,421 (HK\$708,953,084 equivalent). As at 31 March 2007, its total net asset value was US\$81,648,428 (HK\$636,857,738 equivalent). For the year ended 31 March 2007, its net profit before tax and extraordinary items was US\$503,934 (HK\$3,930,685 equivalent) and its net profit after tax and extraordinary items was US\$353,723 (HK\$2,759,039 equivalent). For the year ended 31 March 2006, its net loss before and after tax and extraordinary items was US\$3,231 (HK\$25,202 equivalent).

## **Consideration**

Pursuant to the Share Sale Agreement, the total consideration payable by Xinjiang Zijin for the Sale Shares and the Assigned Loan is US\$55,100,000 (HK\$429,780,000 equivalent) of which US\$10,000,000 (HK\$78,000,000 equivalent) is deferred subject to terms of the escrow arrangement (as described below). The consideration shall be allocated as follows:

- (a) US\$12,400,000 (HK\$96,720,000 equivalent) for the Assigned Loan; and
- (b) US\$42,700,000 (HK\$333,060,000 equivalent) for the Sale Shares.

The consideration shall be paid as follows:

- (i) US\$45,100,000 (HK\$351,780,000 equivalent) shall be paid to Avocet Mining on completion;
- (ii) US\$10,000,000 (HK\$78,000,000 equivalent) shall be paid to the Escrow Account on completion subject to the escrow arrangement being that the release of such part of the consideration to Avocet Mining shall be contingent on the granting to JV Zeravshan LLC or an entity nominated by Xinjiang Zijin of an exploration or mining licence in relation to certain areas of interest in the Republic of Tajikistan as defined in the Share Sale Agreement.

Xinjiang Zijin will pay the consideration outlined in the preceding paragraphs in cash from internal resources and/or bank borrowings at completion which will take place within five Business Days immediately following the satisfaction of the condition described in the following paragraph, or on such other date as may be agreed between Avocet Mining and Xinjiang Zijin. It is currently expected that completion will take place by the end of July 2007.

The consideration was arrived after arm's length negotiation between the parties thereto by reference to a number of commercial factors (including the net asset value of CBML) and on normal commercial terms.

## **Condition**

The sale and purchase of the Sale Shares and the Assigned Loan shall be conditional upon the receipt by the Xinjiang Zijin of approvals from the State Administration of Foreign Exchange ("SAFE") and the Ministry of Commerce of the People's Republic of China for the payment of the consideration.

## **REASONS FOR THE 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 participate in mining overseas. Therefore, the Directors consider that the transaction and the terms of the agreement are in the 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 Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details relating to the Transaction will be dispatched to the shareholders of the Company as soon as practicable.

The Balloch Group is the financial adviser to Xinjiang Zijin in relation to the Transaction.

**At the request of the Company, trading in the H shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 28 June 2007 pending the release of this announcement. An application has been made to the Stock Exchange to resume trading from 9:30 a.m. from 29 June 2007.**

## **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

“HK\$”	dollars, the lawful currency of Hong Kong
“US\$”	dollars, the lawful currency of the United States of America
“%”	per cent
“AIM”	the AIM Market operated by London Stock Exchange plc
“Assigned Loan”	a loan facility of US\$40 million made available by Avocet Mining to CBML of which approximately US\$12.4 million has been drawn down as at the date of completion
“Avocet Mining”	Avocet Mining PLC, a public company limited by shares incorporated in England with registered number 03036214
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in London and the PRC excluding a Saturday or a Sunday or a public holiday in the United Kingdom and/or the PRC
“CBML”	a private company limited by shares which was incorporated in England as a public company with registered number 02857035 on 27 September 1993 and re-registered as a private company with the name Commonwealth & British Minerals (UK) Limited on 21 February 2006.
“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
“Escrow Account”	an interest-bearing account in the joint name of Avocet Mining and Xinjiang Zijin opened with an escrow agent;
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Share Sale Agreement”	the share sale agreement dated 28 June 2007, entered into between the Company and Avocet Mining
“Sale Shares”	5,032,662 ordinary shares of £0.10 each and 7,499,999 deferred shares of £0.10 each in CBML registered in the name of Avocet Mining PLC
“Transaction”	Avocet Mining to sell and Xinjiang Zijin to purchase the Sale Shares and the Assigned Loan
“Xinjiang Zijin”	Xinjiang Zijin Mining Company Limited, a wholly-owned subsidiary of the Company, a limited liability company incorporated in the People’s Republic of China

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in US dollars have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of US\$1.00 = HK\$7.8.

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*

28 June 2007 Fujian, China.

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