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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 and the accompanying form of proxy 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 established in the People's Republic of China with limited liability)

(Stock code: 2899)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF CBML**

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

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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
“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 liability company incorporated in the PRC and listed on The Stock Exchange of Hong Kong Ltd.
“Directors”	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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	12 July 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 Hong Kong Stock Exchange
“PRC”	The People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau SAR and Taiwan
“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
“Share Sale Agreement”	the share sale agreement dated 28 June 2007, entered into between Xinjiang Zijin and Avocet Mining
“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
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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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.

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

LETTER FROM THE BOARD



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

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

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

Non-executive Director:

Ke Xiping

Independent Non-executive Directors:

Chen Yuchuan

Su Congfu

Lin Yongjing

Loong Ping Kwan

19 July 2007

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF CBML**

1. INTRODUCTION

On 28 June 2007, it was announced by the Company that 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.

The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

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

2. SALE AND PURCHASE AGREEMENT

(a) **Date:** 28 June 2007

(b) **Parties:**

- (i) 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
- (ii) 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.

(c) **Details of the Transaction**

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 Tajikistan's largest gold producers and its operations are located near the town of Penjikent where it holds gold mining and exploration rights

LETTER FROM THE BOARD

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. As disclosed in Avocet Mining's annual reports and accounts for the year ended 31 March 2006, JV Zeravshan LLC's total mineral reserves and resources as of 31 March 2006 were summarised as follows:

(at a cut off grade of 0.3 g/t Au; reserves undiluted; pits generated at US\$450/oz)

Category	Tonnes	Gross		Net Attributable ⁽¹⁾		
		Grade (g/t Au)	Metal (ounces)	Tonnes	Grade (g/t Au)	Metal (ounces)
Ore Reserves						
Jilau						
Proved						
Probable	34,365,000	1.05	1,160,100	25,773,750	1.05	870,075
Khirskhona						
Proved						
Probable	6,906,000	0.73	161,000	5,179,500	0.73	120,750
Olympic						
Proved						
Probable	24,000	0.91	700	18,000	0.91	525
Stockpiles						
Proved						
Probable	398,000	0.58	7,400	298,500	0.58	5,550
Reserves Subtotal	<u>41,693,000</u>	<u>0.99</u>	<u>1,329,200</u>	<u>31,269,750</u>	<u>0.99</u>	<u>996,900</u>
Mineral Resources (excluding reserves)						
Jilau						
Measured						
Indicated	7,743,000	0.99	245,400	5,807,250	0.99	184,050
Inferred	33,153,000	0.83	884,800	24,864,750	0.83	663,600
Khirskhona						
Measured						
Indicated	2,450,000	0.75	59,200	1,837,500	0.75	44,400
Inferred	6,811,000	0.91	198,500	5,108,250	0.91	148,875
Olympic						
Measured						
Indicated	241,000	0.96	7,400	180,750	0.96	5,550
Inferred	1,045,000	0.94	31,700	783,750	0.94	23,775
Taror						
Measured						
Indicated	8,890,000	5.53	1,580,000	6,667,500	5.53	1,185,000
Inferred	1,920,000	4.54	280,000	1,440,000	4.54	210,000
Chore ⁽²⁾						
Measured						
Indicated	6,530,000	4.40	923,000	4,897,500	4.40	692,250
Inferred						
Resources Subtotal	<u>68,783,000</u>	<u>1.90</u>	<u>4,210,000</u>	<u>51,587,250</u>	<u>1.90</u>	<u>3,157,500</u>
Total	<u>110,476,000</u>	<u>1.56</u>	<u>5,539,200</u>	<u>82,857,000</u>	<u>1.56</u>	<u>4,154,400</u>

(1) CBML owns 75% of JV Zeravshan LLC

(2) If mineral resources in certain areas of interest in the Republic of Tajikistan (where JV Zeravshan LLC's application for an exploration or mining licence is still pending) are excluded, JV Zeravshan LLC's total mineral resources and reserves would be: (a) 103,946,000 tonnes of ore; (b) 4,616,200 ounces of metal; and (c) 3,462,150 ounces of metal attributable to CBML's 75% interest.

LETTER FROM THE BOARD

All references to reserves have been approved for release by Mr. Eric Vesel, *B.Eng. (Mining) MAus IMM*, Chief Operating Officer for Avocet Mining. All references to resources have been approved for release by Mr. Peter Flindell, *BSc (Hons) MAusIMM*, Chief Geologist for Avocet Mining. Both have 20 years experience in the field of activity concerned and are deemed “competent persons” as defined by the JORC Code (2004). Both have consented to the inclusion of the material in the form and context in which it appears.

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).

(d) 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. The consideration shall be allocated as follows:

- (i) US\$12,400,000 (HK\$96,720,000 equivalent) for the Assigned Loan; and
- (ii) 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 paid the consideration outlined in the preceding paragraphs in cash from internal resources at completion which has taken place.

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.

LETTER FROM THE BOARD

(e) 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.

(f) Reasons of and Benefits 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.

Upon completion of the Transaction, CBML will become a wholly-owned subsidiary of the Group and the accounts of CBML will be consolidated into the accounts of the Group. The Directors expect that the Transaction will not have any immediate effect on the earnings and significant effect on the assets and liabilities of the Group.

3. 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.

4. GENERAL

The Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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

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 13,141,309,100 comprising 9,135,869,100 Domestic shares, and 4,005,440,000 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 Hong Kong 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 Hong Kong Stock Exchange are as follows:

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	800,850,000 (Note 1)	Company	Long	8.77%	6.09%
Chen Jinghe	114,594,000	Personal	Long	1.25%	0.87%
Liu Xiaochu	4,828,350	Personal	Long	0.05%	0.04%

Note:

- (1) Xiamen Hengxing Industrial Company Limited holds 475,000,000 Domestic Shares in the Company, Mr. Ke Xiping owns 95.4% interest in Xiamen Hengxing Industrial Company Limited. Under Section 316 of the SFO, Mr. Ke Xiping is regarded as being interested in such shares. Mr. Ke Xiping also holds 325,850,000 Domestic Shares and therefore Mr. Ke Xiping holds 800,850,000 Domestic Shares in total.

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		Long/short positions
				percentage of total number of issued Domestic Shares	percentage of total number of issued H shares	
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	4,210,902,120	32.04%	46.09%	–	Long
Xinhuadu Industrial Company Limited	Domestic Shares	1,729,000,000 (Note 1)	13.16%	18.93%	–	Long
Chen Fashu	Domestic Shares	2,177,601,999 (Note 2)	16.57%	23.84%	–	Long
Xiamen Hengxing Industrial Company Limited	Domestic Shares	475,000,000 (Note 3)	3.61%	5.20%	–	Long
Ke Xiping	Domestic Shares	800,850,000 (Note 4)	6.09%	8.77%	–	Long
Merrill Lynch & Co., Inc.	H Shares	754,291,163 (Note 5)	5.74%	–	18.83%	Long
Merrill Lynch & Co., Inc.	H Shares	2,459,000 (Note 6)	0.02%	–	0.06%	Short

Notes:

- (1) Xinhuadu Industrial Company Limited holds 1,729,000,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 448,601,999 Domestic Shares and 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 1,729,000,000 Domestic Shares. Mr. Chen Fashu therefore is interested in 2,177,601,999 Domestic Shares in total.
- (3) Xiamen Hengxing Industrial Company Limited holds 475,000,000 Domestic Shares in the Company.
- (4) Mr. Ke Xiping holds 325,850,000 Domestic Shares and Mr. Ke Xiping holds 95.4% 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 475,000,000 Domestic Shares. Mr. Ke Xi Ping therefore is interested in 800,850,000 Domestic Shares in total.

- (5) Merrill Lynch & Co., Inc. is interested in 754,291,163 H Shares (Long position) of the Company (representing approximately 18.83% of the total issued H Shares). 734,782,500 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). 19,508,663 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.
- (6) Merrill Lynch & Co., Inc. is interested in 2,459,000 H Shares (Short position) of the Company (representing approximately 0.06 % of the total issued H Shares). 2,459,000 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).

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 2006, 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 2006, 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.