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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)

CONTINUING CONNECTED TRANSACTION

The Board wishes to announce that the Company's subsidiary – Qinghai West entered into a sale agreement on 1 August, 2007 with a connected person – Shaanxi Runlong to sell copper sulfide concentrates.

As at the date of this announcement, Shaanxi Runlong currently holds and owns 33.5% equity interest in Qinghai West, a subsidiary of the Company. Shaanxi Runlong is a substantial shareholder of Qinghai West and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Shaanxi Runlong and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in relation to the transaction are more than 0.1% but less than 2.5%, the transaction constitutes an exempt continuing connected transaction of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47. The Company will also comply with the reporting and annual review requirements under Rule 14A.46 and Rules 14A.37 to 14A.40 of the Listing Rules with respect to such continuing connected transaction.

AGREEMENT

Date: 1 August 2007

Parties:

1. Qinghai West, a subsidiary of the Company and mainly carries out mining business in Qinghai, the PRC; and
2. Shaanxi Runlong currently owns 33.5% equity interest of Qinghai West. Shaanxi Runlong mainly carries out investment and trading in the PRC.

The Agreement is a continuing connected transaction, which is continuous in nature and was entered into in the ordinary course of business of the Company.

DETAILS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that the Company's subsidiary – Qinghai West entered into a sale agreement on 1 August, 2007 with a connected person – Shaanxi Runlong to sell up to 5,000 tonnes

copper metal in copper sulfide concentrates for the year ended 31st December 2007 for the maximum amount of consideration of RMB250,000,000 (HK\$260,416,666 equivalent).

The Company currently holds and owns 60% of Qinghai West. Qinghai West is a subsidiary of the Company. Zijin Labour Union currently holds and owns 6.5% of Qinghai West. Qinghai West and Shaanxi Runlong currently do not have any arrangement for the sales of copper sulfide concentrates for year 2008 and onward.

Consideration and Annual Cap

Pursuant to the sale agreement, the actual price of copper metal per tonne in copper sulfide concentrates to be sold by Qinghai West will base on the market price and normal commercial terms at the date of actual sale from time to time. In calculating the maximum amount of the consideration (“Annual Cap”), it is based on the current market price of copper sulfide concentrates – RMB50,000 per tonne. Hence, the Annual Cap of such continuing connected transaction shall be RMB250,000,000 (HK\$260,416,666 equivalent). The maximum amount of sale is 5,000 tonnes copper metal in copper sulfide concentrates for the year ended 31st December 2007 which is on the basis of the trading plan of Shaanxi Runlong for the year 2007. It should be noted that the trading plan of Shaanxi Runlong may change from time to time according to the market situation.

The consideration was arrived at after arm’s length negotiations between the parties thereto and on normal commercial terms.

The copper sulfide concentrates will be shipped to Shaanxi Runlong monthly and Shaanxi Runlong will settle the payment within 10 working days after the receipt of the shipment.

Connected Transaction

As at the date of this announcement, Shaanxi Runlong currently holds and owns 33.5% equity interest in Qinghai West, a subsidiary of the Company. Shaanxi Runlong is a substantial shareholder of Qinghai West and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Shaanxi Runlong and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

REASONS AND BENEFITS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. As a result of the transaction, the Company is able to secure a stable buyer of the copper sulfide concentrates in Qinghai area for the financial year ended 31 December 2007. Therefore, the Directors including the independent non-executive directors of the Company consider that the transaction and the terms of the agreement are in ordinary course of business and on normal commercial terms and fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL

As the applicable percentage ratios (as defined in the Listing Rules) in relation to the transaction are more than 0.1% but less than 2.5%, the transaction constitutes an exempt continuing connected transaction of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47. The Company will also comply with the reporting and annual review requirements under Rule 14A.46 and Rules 14A.37 to 14A.40 of the Listing Rules with respect to such continuing connected transaction.

DEFINITIONS

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

“Agreement”	the agreement entered into between Qinghai West and Shaanxi Runlong on 1 August 2007 in relation to, inter alia, the sale of copper sulfide concentrates from Qinghai West to Shaanxi Runlong for the period 1 August 2007 to 31 December 2007
“Annual Cap”	the annual maximum amount of the continuing connected transaction for year 2007
“Board”	the board of Directors
“Company”	(紫金礦業集團股份有限公司) Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholder”	any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction
“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
“Qinghai West”	(青海威斯特銅業有限責任公司) Qinghai West Copper Mining Co., Ltd., a subsidiary of the Company and a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Runlong”	(陝西潤龍礦業有限公司) Shaanxi Runlong Mining Company Limited, a company incorporated in the PRC with limited liability
“Shareholder(s)”	the shareholder(s) of the Company
“Zijin Labour Union”	(紫金礦業集團股份有限公司工會) Zijin Labour Union is a labour union of the Company which was formed statutorily in the PRC
“%”	per cent

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of HK\$1.00 = RMB0.96.

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

1 August 2007 Fujian, China.

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