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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 TRANSACTIONS

The Board announces that, on 16 October 2007, the Company has entered into the following agreements:

- (1) Zijinshan Agreement in relation to the provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine by Xinhuada Engineering for a term from 1 January 2007 to 31 December 2007 subject to the priority of renewal by Xinhuada Engineering upon expiration, which also replaced and superseded a contracting agreement entered into with Xinhuada Engineering on 18 January 2006; and
- (2) Deerni Agreement in relation to the provision of exploitation contracting services for copper and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for Deerni Copper Mine by Xinhuada Engineering for a term from 16 October 2007 to 31 December 2007 subject to the priority of renewal by Xinhuada Engineering upon expiration.

Xinhuada Engineering is a promoter of the Company. Xinhuada Engineering is a connected person of the Company pursuant to the Listing Rules. Therefore, any transactions between Xinhuada Engineering and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

The Continuing Connected Transactions, which are continuous in nature and were entered into in the ordinary course of business of the Company. As the applicable percentage ratios (as defined in the Listing Rules) in relation to the transactions are more than 0.1% but less than 2.5% (except profit percentage), the transactions constitute exempt connected transactions of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and are subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

1. ZIJINSHAN AGREEMENT

Date:	16 October 2007
Parties:	Xinhuada Engineering and the Company
Services to be provided:	Provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine
Pricing:	Such transaction will be conducted on terms by reference to the market prices or similar terms available from independent third parties
Term:	From 1 January 2007 to 31 December 2007
Payment Term:	With confirmation by both parties on the monthly production volume, the Company will pay 60% service fee to Xinhuada Engineering in next month and the remaining balance will

be paid in the sixth month

Others: Xinhua Engineering has the priority of renewal upon expiration

It replaced and superseded a contracting agreement entered into with Xinhua Engineering on 18 January 2006. The contract signed on 18 January 2006 covered 3 years period from 1 January 2006 to 31 December 2008 and its annual caps were RMB90m, RMB120m and RMB150m respectively. Since the increase of production cost and production volume caused that the actual service fee exceeded the original cap in year 2007, the Company and Xinhua Engineering agreed to sign a new contract to replace the contract signed on 18 January 2006

The terms of the Zijinshan Agreement were arrived at after arm's length negotiation between the Company and Xinhua Engineering. Apart from the amendments regarding basis of pricing, the other terms of Zijinshan Agreement are substantially the same as the previous contracting agreements entered into between the Company and Xinhua Engineering.

2. DEERNI AGREEMENT

Date: 16 October 2007

Parties: Xinhua Engineering and Qinghai West, Qinghai West is a subsidiary of the Group and is principally engaged in the mining, production, refining and sale of copper and other mineral resources in the PRC

Services to be provided: Provision of exploitation contracting services for copper and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Deerni Copper Mine

Pricing: Such transaction will be conducted on terms by reference to the market prices or similar terms available from independent third parties

Term: From 16 October 2007 to 31 December 2007

Payment Term: With confirmation by both parties on the monthly production volume, Qinghai West will pay 90% service fee to Xinhua Engineering in next month and the remaining balance will be paid in the seventh month

Others: Xinhua Engineering has the priority of renewal upon expiration

The terms of the Deerni Agreement were arrived at after arm's length negotiation between Qinghai West and Xinhua Engineering.

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. Shaanxi Runlong currently owns 33.5% equity interest of Qinghai West.

The Company proposes that the maximum amounts ("New Annual Cap") of the Zijinshan Agreement and Deerni Agreement for the year ended 31 December 2007 will be RMB170 million, and RMB22.5 million respectively.

The New Annual Cap of Zijinshan Agreement was determined by reference to historical figures payable under the previous contracting agreements entered into between the Company, and Xinhua Engineering and to a possible increase in production scale by the Group. For each of the two years ended 31st December, 2006, the service fees paid to Xinhua Engineering under the previous contracting agreements were RMB87,434,297(audited) and RMB83,164,434 (audited) respectively. The breakdown of the transaction value is as follows:

		Year 2005 (audited) RMB	Year 2006 (audited) RMB	Year 2007 (Cap) RMB
1.	Provision of exploitation services and mining works by Xinhua Engineering at Zijinshan Gold Mine	87,434,297	83,164,434	170,000,000
2.	Provision of exploitation services and mining works by Xinhua Engineering at Deerni Copper Mine	N/A	N/A	22,500,000

For each of the two financial years ended 31 December 2005 and 2006, Xinhua Engineering has produced approximately 5,596,270 and 6,486,945 cubic metres ore in Zijinshan. It is estimated that Xinhua Engineering will produce approximately 11,997,177 cubic metres ore in Zijinshan Gold Mine and 1,000,000 cubic metres ore in Deerni Copper Mine for 2007 respectively under Zijinshan Agreement and Deerni Agreement. The estimated increase in production volume in Zijinshan Gold Mine is due to estimated strong demand for the product of the Company and results in the increase in the New Annual Cap. The estimated production volume in Deerni Copper Mine is due to the production plan of Qinghai West.

CONNECTION BETWEEN THE PARTIES IN THE TRANSACTIONS

Xinhua Engineering is a promoter of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in relation to the transactions are more than 0.1% but less than 2.5% (except profit percentage), the transactions constitute exempt connected transactions of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and are subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

REASONS FOR THE PROPOSED TRANSACTIONS

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. By virtue of the Zijinshan Agreement and Deerni Agreement, the Group will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation. Therefore, the Directors including the independent non-executive directors of the Company consider that the transactions and the terms of the agreements 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 transactions are more than 0.1% but less than 2.5% (except profit percentage), the transactions constitute exempt connected transactions of the Company under 14A.34 of the Listing Rules with exemption on the approval from Independent Shareholders and are subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

DEFINITIONS

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

“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

“Continuing Connected Transactions”	the connected transactions under the Zijinshan Agreement and Deerni Agreement which were entered into between the Company, Qinghai West and Xinhua Engineering on a continuing basis
“Deerni Agreement”	the agreement entered into between Qinghai West and Xinhua Engineering on 16 October 2007 in relation to, <i>inter alia</i> , the provision of exploitation contracting services for copper and non-ferrous metals by Xinhua Engineering to the Group
“Deerni Copper Mine”	the copper mine of the Group in Qinghai province, the PRC
“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
“Independent Shareholders”	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 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinhua Engineering”	(福建省新華都工程有限責任公司) Fujian Xinhua Engineering Company Limited, formerly known as (上杭縣華都建設工程有限公司) Shanghang County Huadu Construction Engineering Company Limited, a domestic company incorporated in the PRC with limited liability, and which is one of the promoters of the Company, Xinhua Engineering is mainly engaged in investment and mining business in the PRC
“Zijinshan Agreement”	the agreement entered into between the Company and Xinhua Engineering on 16 October 2007 in relation to, <i>inter alia</i> , the provision of exploitation contracting services for gold and non-ferrous metals by Xinhua Engineering to the Company
“Zijinshan Gold Mine”	the gold mine of the Group in Shanghang county, Fujian province, the PRC

“%”

per cent

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

17 October 2007 Fujian, China.

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