
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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(a joint stock limited company established in the People's Republic of China with limited liability)
(Stock Code: 2899)

DISCLOSEABLE TRANSACTION

FURTHER CAPITAL CONTRIBUTION IN AN ASSOCIATE

* *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:

“%”	per cent
“Board”	the board of Directors
“Capital Contribution Agreement”	the capital contribution agreement dated 6 November 2007, entered into between the Company, Malipo State-owned, and Malipo Luowei
“Company”	(紫金礦業集團股份有限公司) Zijin Mining Group Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability and listed on The Stock Exchange of Hong Kong Limited
“Directors”	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
“Latest Practicable Date”	19 November, 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
“Malipo Luowei”	(麻栗坡珞璋投資有限公司) Malipo Luowei Investment Company Limited, a limited liability company incorporated in the PRC
“Malipo State-owned”	(麻栗坡縣國有資產(持股)經營有限責任公司) Malipo County Stated-owned Assets (Shareholding) Operation Company Limited, a limited liability company incorporated in the PRC

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

DEFINITIONS

“Malipo Zijin”	(麻栗坡紫金鎢業有限責任公司) Malipo Zijin Tungsten Company Limited, an associate company of the Company, a limited liability company incorporated in the PRC
“PRC”	The People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“WO ₃ ”	Tungsten trioxide



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)

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

Non-executive Director:

Ke Xiping

Place of Business in Hong Kong:

Suite 1608, West Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

Independent Non-executive Directors:

Chen Yuchuan

Su Congfu

Lin Yongjing

Loong Ping Kwan

26 November 2007

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
FURTHER CAPITAL CONTRIBUTION IN AN ASSOCIATE**

1. INTRODUCTION

On 6 November 2007, it was announced by the Company that the Company entered into a Capital Contribution Agreement of Malipo Zijin with Malipo State-owned and Malipo Luowei.

The Capital Contribution Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

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LETTER FROM THE BOARD

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

2. PRINCIPAL TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT

(a) **Date:** 6 November 2007

(b) **Parties:**

1. The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC;
2. Malipo State-owned is a state owned company in Malipo County mainly involved in investment and management of state owned assets in Malipo, the PRC; and
3. Malipo Luowei is mainly engaged in investment and trading in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Malipo State-owned and its ultimate beneficial owners, and Malipo Luowei 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**

On 6 November 2007, it was announced by the Company that the Company entered into a Capital Contribution Agreement of Malipo Zijin with Malipo State-owned and Malipo Luowei.

Malipo Zijin was formed in February 2007. Its registered capital is RMB100,000,000. The Company currently holds 49% equity interest and Malipo State-owned currently holds 51% equity interest. Malipo Zijin is an associate company of the Company. Malipo Zijin is mainly engaged in restructuring the mining business and consolidating tungsten mines and other mineral resources in Malipo County, the PRC. In this project, China Mining Association (中國礦業聯合會) was appointed as a project leader and Beijing Endi Technology Development Limited (北京恩地科技發展有限責任公司) was invited to carry out the valuation. According to valuation reports issued by Beijing Endi Technology Development Limited (北京恩地科技發展有限責任公司) dated 30 June 2007 which was based on the status as at 28 February 2007, about 71,495 tonnes tungsten WO₃ reserve/resource (estimation based on about 80,000 metres tunnel and about 30,000 metres drilling) have been included in a consolidation plan. Its average grade is 0.9% and the resource/reserve in categories 122b, 332, 333, and 334 are 1,925.4 tonnes, 9,518.27 tonnes, 54,593.67 tonnes and 5,457.66 tonnes respectively. Malipo Zijin has acquired 6 mining rights and

LETTER FROM THE BOARD

consolidated about 55,079 tonnes tungsten WO₃ reserve/resource before date of this transaction in Malipo. Beijing Endi Technology Development Limited is a qualified valuer in mining reserve in the PRC.

Pursuant to the Capital Contribution Agreement, Malipo Zijin's registered capital will be increased from RMB100,000,000 to RMB1,000,000,000, the Company agreed to contribute RMB801,000,000 of the increased capital, Malipo State-owned agreed to contribute RMB49,000,000 of the increased capital, and Malipo Luowei agreed to contribute RMB50,000,000 of the increased capital. After the completion of the capital contribution, the Company will hold 85% equity interest of Malipo Zijin, Malipo State-owned will hold 10% equity interest of Malipo Zijin, and Malipo Luowei will hold 5% equity interest of Malipo Zijin. Malipo Zijin will become a subsidiary of the Company. The increased capital will be used to acquire tungsten and other mineral resource.

All the parties also agreed to change the name of Malipo Zijin into (文山麻栗坡紫金鋳業集團有限公司) Wenshan Malipo Zijin Tungsten Group Company Limited.

According to an unaudited report of Malipo Zijin as at 30 September 2007 in accordance with the PRC Generally Accepted Accounting Practice, Malipo Zijin's total value of assets was RMB254,832,704. As at 30 September 2007, its total net asset value was RMB17,788,194. For the period ended 30 September 2007, its net loss before tax and extraordinary items and its net loss after tax and extraordinary items was RMB2,211,805.

(d) Consideration

Pursuant to the Capital Contribution Agreement, the total consideration payable by the Company is RMB801,000,000.

The Company will pay the consideration of RMB801,000,000 in cash from internal resources. Malipo State-owned will pay the consideration of RMB49,000,000 by injection of evaluated assets. Malipo Luowei will pay the consideration of RMB50,000,000 in cash. All the parties should complete the capital contribution by 6 months from the date of the Capital Contribution Agreement.

The consideration was arrived at arm's length negotiation between the parties thereto and on normal commercial terms.

All parties do not have any further financial commitments in this transaction. The profit sharing of Malipo Zijin will be based on the respective proportionate shareholding interest in Malipo Zijin.

(e) Further Contribution

All the parties agreed that if Malipo Zijin needs a further capital contribution, the parties will contribute proportionally based on the shareholding. If any party fails to contribute proportionally based on its shareholding, its shareholding will be diluted by the other parties.

LETTER FROM THE BOARD

(f) Board of Directors

The board of directors of Malipo Zijin will be changed from 3 directors to 5 directors after the transaction, the Company will nominate 3 persons as directors, Malipo State-owned will nominate 1 person as director, and Malipo Luowei will nominate 1 person as director to form the board of directors of Malipo Zijin.

3. REASONS OF AND BENEFITS FOR THE CAPITAL CONTRIBUTION AGREEMENT

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 has an opportunity to participate in mining of tungsten and other mineral resource in Yunnan area. 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.

4. FINANCIAL EFFECTS ON THE GROUP

Upon completion of the Capital Contribution Agreement, Malipo Zijin will become a subsidiary of the Group and the accounts of Malipo Zijin will be consolidated into the accounts of the Group. The Directors expect that the Capital Contribution Agreement will not have any immediate effect on the earnings and significant effect on the assets and liabilities of the Group.

5. INFORMATION ABOUT THE COMPANY

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

6. GENERAL

The Capital Contribution Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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

(1) Directors' interest in the securities of the Company and its associated corporations

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 Securities and Futures Ordinance ("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 and Personal	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.

(2) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

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 Group 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	517,891,131 (Note 5)	3.94%	-	12.93%	Long
Merrill Lynch & Co., Inc.	H Shares	3,081,919 (Note 6)	0.02%	-	0.07%	Short

Notes:

- (1) Xinhua Industrial Group 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 Xinhua Industrial Group 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 517,891,131 H Shares (Long position) of the Company (representing approximately 12.93% of the total issued H Shares). 498,869,594 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporations including Merrill Lynch Group, Inc., Princeton Services, Inc., Princeton Administrators, L.P., Merrill Lynch Investment Managers, L.P., Fund Asset Management, L.P., and Blackrock, Inc. , (on behalf of discretionary clients). 19,020,537 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporation Merrill Lynch International Incorporated. 1,000 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporation Merrill Lynch, Pierce, Fenner & Smith Incorporated.
- (6) Merrill Lynch & Co., Inc. is interested in 3,081,919 H Shares (Short position) of the Company (representing approximately 0.07 % of the total issued H Shares). 3,081,919 H Shares of which were held through Merrill Lynch & Co., Inc.'s controlled corporation Merrill Lynch International 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.

4. 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.

5. LITIGATION

As at the Latest Practicable Date, 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.

6. 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.

7. 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.

8. 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).

9. CONSENT OF EXPERT

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of reference to its name in the form and context in which it appears:

Name	Qualification
Beijing Endi Technology Development Limited (北京恩地科技發展有限責任公司)	Exploration Rights and Mining Rights Valuation

The above expert is not beneficially interested in the share capital of any member of the Group nor do it has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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) The registered office of the Company is at No.1 Zijin Road, Shanghang County, Fujian Province, the PRC.
- (d) In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.