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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)

ANNOUNCEMENT

A CAPITAL CONTRIBUTION INTENTION AGREEMENT IN A SUBSIDIARY

The Board announces that, the Company's subsidiary - Bayannaer Zijin has entered into a Capital Contribution Intention Agreement with Western Mining to issue 20% equity interest of Bayannaer Zijin to Western Mining.

Pursuant to the Capital Contribution Intention Agreement, Bayannaer Zijin's registered capital will be increased from RMB300,000,000 to RMB375,000,000, Western Mining agreed to pay RMB240,000,000 to acquire 20% newly issued equity interest (RMB75,000,000) of Bayannaer Zijin. After the completion of the capital contribution, the Company will hold 60% equity interest of Bayannaer Zijin, Western Mining will hold 20% equity interest of Bayannaer Zijin, Huaao Mining will hold 8% equity interest of Bayannaer Zijin, Wulatehouqi Mengxin will hold 4.8% equity interest of Bayannaer Zijin, Bayannaer Zijin Labour Union will hold 3.2% equity interest of Bayannaer Zijin, Wulatehouqi Xingya will hold 2.4% equity interest of Bayannaer Zijin, Wancheng Commercial will hold 0.8% equity interest of Bayannaer Zijin, and Xiamen Jinhuang will hold 0.8% equity interest of Bayannaer Zijin. Bayannaer Zijin continues to be a subsidiary of the Company.

This announcement is made on voluntary basis of the Company.

CAPITAL CONTRIBUTION INTENTION AGREEMENT

Date: 13 December 2007

Parties:

1. Bayannaer Zijin is a domestic company incorporated in the PRC with limited liability and mainly carries out mining and zinc refinery business in Inner Mongolia, Bayannaer Zijin is a subsidiary of the Company; and
2. Western Mining is principally engaged in investment in and operation of mineral resources business and energy projects in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Western Mining and its ultimate substantial 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 announces that, the Company's subsidiary - Bayannaer Zijin has entered into a Capital Contribution Intention Agreement with Western Mining to issue 20% equity interest of Bayannaer Zijin to Western Mining.

Pursuant to the Capital Contribution Intention Agreement, Bayannaer Zijin's registered capital will be increased from RMB300,000,000 to RMB375,000,000, Western Mining agreed to pay RMB240,000,000 to acquire 20% newly issued equity interest (RMB75,000,000) of Bayannaer Zijin. Bayannaer Zijin will use this fund to expand the production capacity from 100,000 tonnes/year zinc metal to 200,000 tonnes/year zinc metal. After the completion of the capital contribution, the Company will hold 60% equity interest of Bayannaer Zijin, Western Mining will hold 20% equity interest of Bayannaer Zijin, Huaao Mining will hold 8% equity interest of Bayannaer Zijin, Wulatehouqi Mengxin

will hold 4.8% equity interest of Bayannaer Zijin, Bayannaer Zijin Labour Union will hold 3.2% equity interest of Bayannaer Zijin, Wulatehouqi Xingya will hold 2.4% equity interest of Bayannaer Zijin, Wancheng Commercial will hold 0.8% equity interest of Bayannaer Zijin, and Xiamen Jinhuang will hold 0.8% equity interest of Bayannaer Zijin. Bayannaer Zijin continues to be a subsidiary of the Company.

The Company currently owns 75% equity interest of Bayannaer Zijin, Huaao Mining currently owns 10% equity interest of Bayannaer Zijin, Wulatehouqi Mengxin currently owns 6% equity interest of Bayannaer Zijin, Bayannaer Zijin Labour Union currently owns 4% equity interest of Bayannaer Zijin, Wulatehouqi Xingya currently owns 3% equity interest of Bayannaer Zijin, Wancheng Commercial currently owns 1% equity interest of Bayannaer Zijin, and Xiamen Jinhuang currently owns 1% equity interest of Bayannaer Zijin.

Bayannaer Zijin's current registered capital is RMB300,000,000. According to an audited report of Bayannaer Zijin as at 31 October 2007 prepared in accordance with the PRC Generally Accepted Accounting Practice, Bayannaer Zijin's total value of assets was RMB1,497,719,106. As at 31 October 2007, its total net asset value was RMB468,247,302. For the period ended 31 October 2007, its net profit before tax and extraordinary items was RMB108,427,936 and its net profit after tax and extraordinary items was RMB91,821,906. According to an audited report of Bayannaer Zijin as at 31 December 2006 prepared in accordance with the PRC Generally Accepted Accounting Practice, Bayannaer Zijin's total value of assets was RMB1,253,255,790. As at 31 December 2006, its total net asset value was RMB376,357,315. For the period ended 31 December 2006, its net profit before tax and extraordinary items was RMB89,832,134 and its net profit after tax and extraordinary items was RMB76,357,314.

Consideration

Pursuant to the Capital Contribution Intention Agreement, the total consideration payable by Western Mining is RMB240,000,000. Western Mining will pay RMB24,000,000 in cash as prepayment within five working days after signing of the Capital Contribution Intention Agreement. Western Mining will pay the remaining balance of the consideration RMB216,000,000 in cash upon the completion of this transaction. The transaction is expected to complete by 6 months from the date of the Capital Contribution Intention 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 Bayannaer Zijin will be based on the respective proportionate shareholding interest in Bayannaer Zijin.

Board of Directors

The board of directors of Bayannaer Zijin will be changed from 5 directors to 9 directors after the transaction, the Company will nominate 5 persons as directors, Western Mining will nominate 2 persons as directors, and other shareholders will jointly nominate 2 persons as directors to form the board of directors of Bayannaer Zijin.

Conditions

This transaction shall be conditional upon the approvals of Western Mining shareholders meeting and Bayannaer Zijin shareholders meeting. With the approvals, a formal capital contribution agreement will be signed by both parties.

REASONS FOR THE 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 has an opportunity to absorb an investment from an investor to accelerate the expansion of Bayannaer Zijin. Also, Western Mining owns mineral resources in Wulatehouqi area and this transaction is meaningful in the supply of raw materials to the refinery plant. Therefore, the Directors consider that the transaction and the terms of the Capital Contribution Intention 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

This announcement is made on voluntary basis of the Company.

DEFINITIONS

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

“Bayannaer Zijin”	(巴彥淖爾紫金有色金屬有限公司)Bayannaer Zijin Non-ferrous Metals Co., Ltd., a subsidiary of the Company, and a company incorporated in the PRC with limited liability
“Bayannaer Zijin Labour Union”	(巴彥淖爾紫金有色金屬有限公司工會)The Labour Union of Bayannaer Zijin Non-ferrous Metals Co., Ltd., a labour union statutorily formed in the PRC
“Board”	the board of Directors
“Capital Contribution Intention Agreement”	the capital contribution intention agreement dated 13 December 2007, entered into between Bayannaer Zijin and Western Mining
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huao Mining”	(巴彥淖爾華澳礦業化工有限公司)Bayannaer Huao Mining Chemical Co., Ltd., a company incorporated in the PRC with limited liability
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wancheng Commercial”	(萬城商務東升廟有限公司)Wancheng Commercial Dongshengmiao Co., Ltd., a company incorporated in the PRC with limited liability
“Western Mining”	(西部礦業股份有限公司) Western Mining Joint Stock Co., Ltd., a joint stock company incorporated in the PRC with limited liability. Its shares are listed on the Shanghai Stock Exchange and its stock code is 601168
“Wulatehouqi Mengxin”	(烏拉特後旗蒙欣投資有限公司)Wulatehouqi Mengxin Investment Ltd., a company incorporated in the PRC with limited liability
“Wulatehouqi Xingya”	(烏拉特後旗興亞商務有限公司)Wulatehouqi Xingya Business Ltd., a company incorporated in the PRC with limited liability
“Xiamen Jinhuang”	(廈門金皇科技諮詢有限公司)Xiamen Jinhuang Technology Consultancy Co., Ltd., a company incorporated in the PRC with limited liability
“%”	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

13 December 2007 Fujian, China.

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