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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)

CONNECTED TRANSACTION - EQUITY INTEREST ACQUISITION OF A NON WHOLLY-OWNED SUBSIDIARY

The Board wishes to announce that the Company's wholly-owned subsidiary, Zijin International, entered into an equity interest acquisition agreement on 4 June 2008 with a connected person – Mr. Liu Daonan, to acquire in total 13% equity interest of our subsidiary, Wulatehouqi Zijin.

Mr. Liu Daonan currently holds and owns 13% equity interest in Wulatehouqi Zijin, a subsidiary of the Company. Mr. Liu Daonan is a substantial shareholder of Wulatehouqi Zijin and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Mr. Liu Daonan and Zijin International constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as set out in the Listing Rules) for the acquisition is less than 2.5%, the acquisition constitutes a connected transaction of the Company under 14A.32 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.

AGREEMENT

Date: 4 June 2008

Parties:

1. Zijin International, the Company's wholly-owned subsidiary, is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC; and
2. Mr. Liu Daonan currently owns 13% equity interest of Wulatehouqi Zijin. Mr. Liu Daonan is a businessman in the PRC.

PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that the Company's wholly-owned subsidiary, Zijin International entered into an equity interest acquisition agreement on 4 June 2008 with a connected person, Mr. Liu Daonan, to acquire in total 13% equity interest of our non wholly-owned subsidiary, Wulatehouqi Zijin. After the completion of the acquisition agreement, the Company will own 73% equity interest of Wulatehouqi Zijin.

Wulatehouqi Zijin's 60% equity interest is currently owned by the Company's wholly-owned subsidiary, Zijin International, its 13% equity interest is currently owned by Mr. Liu Daonan, its 22%

equity interest is currently owned by Mengxin Investment (a connected person of the Group by virtue of its interest in Wulatehouqi Zijin), and its 5% equity interest is currently owned by Ruiyide Trading (an Independent Third Party other than its interest in Wulatehouqi Zijin). Zijin International obtained the 60% interest of Wulatehouqi Zijin in 2006 for the consideration of RMB6,000,000. Mr. Liu Daonan holds 13% equity interest in Wulatehouqi Zijin and he started the investment on 9 August 2004. Mr. Liu Daonan is considered to be a connected person of the Group (as defined by the Listing Rules).

After completion of this agreement, Zijin International will hold 73% equity interest in Wulatehouqi Zijin, Mengxin Investment will hold 22% equity interest in Wulatehouqi Zijin, and Ruiyide Trading will hold 5% equity interest in Wulatehouqi Zijin.

Wulatehouqi Zijin was incorporated on 9 August 2004 and is principally engaged in mining business in Inner Mongolia, the PRC. Its current paid-up capital is RMB50,000,000 (approximately HK\$56,179,775).

According to audited financial statements prepared under the PRC generally accepted accounting principles, as at 31 December 2007, Wulatehouqi Zijin's total value of assets is RMB421,894,548 (approximately HK\$474,038,818), its net asset value is RMB123,039,306 (approximately HK\$138,246,411), its profit before tax and extraordinary items is RMB434,650,063 (approximately HK\$488,370,857), and its net profit after tax and extraordinary items is RMB290,752,766 (approximately HK\$326,688,501). For the year ended 31 December 2006, its net profit before tax and extraordinary items is RMB381,290,681 (approximately HK\$428,416,495), and its net profit after tax and extraordinary items is RMB266,681,572 (approximately HK\$299,642,215).

Zhong Shen Certified Public Accountants Limited (中審會計師事務所有限公司) was appointed to carry out an valuation on Mr. Liu Daonan's 13% equity interest in Wulatehouqi Zijin. According to valuation report dated on 18 January 2008, Mr. Liu Daonan's 13% equity interest in Wulatehouqi Zijin was appraised to be RMB146,227,500 (approximately HK\$164,300,561). Zhong Shen Certified Public Accountants Limited is a qualified valuer in assets in the PRC and an Independent Third Party.

Consideration

Pursuant to the acquisition agreement, Zijin International agreed to acquire 13% equity interest of Wulatehouqi Zijin from Mr. Liu Daonan with cash consideration of RMB140,000,000 (approximately HK\$157,303,370) by two instalments. Mr. Liu Daonan's total original investment cost of the 13% equity interest in Wulatehouqi Zijin was RMB6,500,000 (approximately HK\$7,303,370).

The consideration of the acquisition was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was agreed by reference to various factors including Wulatehouqi Zijin's audited net asset value, appraised value stated in the valuation report, and the original investment cost of the vendor.

In relation to the acquisition of 13% equity interest from Mr. Liu Daonan, Zijin International will pay RMB70,000,000 (approximately HK\$78,651,685) from internal sources to Mr. Liu Daonan within 6 working days after the date of the acquisition agreement. Within 6 working days after the completion of the transfer procedures and the receipt of Mr. Liu Daonan's taxation payment certificate, Zijin International will pay the remaining balance of RMB70,000,000 (approximately HK\$78,651,685) from internal sources to Mr. Liu Daonan. The agreement is expected to be completed not later than 30 June 2008. All parties do not have any further financial commitments in this transaction.

The profit sharing of Wulatehouqi Zijin will be based on the respective proportionate shareholding interest in Wulatehouqi Zijin.

Connected Transaction

Mr. Liu Daonan currently holds and owns 13% equity interest in Wulatehouqi Zijin, a subsidiary of the Company. Mr. Liu Daonan is a substantial shareholder of Wulatehouqi Zijin and a connected person of the Company pursuant to the Listing Rules. Therefore, any transaction between Mr. Liu Daonan and Zijin International constitutes a connected transaction under Chapter 14A of the Listing Rules.

Board of Directors

There will be 4 directors in the board of directors of Wulatehouqi Zijin after the acquisition. Zijin International will nominate 3 directors to the board of directors of Wulatehouqi Zijin.

REASONS 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 has an opportunity to increase investment in Wulatehouqi Zijin and will enable the Group to have larger share of return in Wulatehouqi Zijin. 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 set out in the Listing Rules) for the acquisition is less than 2.5%, the proposed transaction constitutes connected transaction of the Company under 14A.32 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.

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
“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
“Independent Third Party”	a person(s) or company(ies) which is/are, to the best information, belief and knowledge of the Directors, independent of and not

connected with any member of the Group, the Directors, the chief executives and the substantial shareholders (as defined in the Listing Rules) of the Company and its subsidiaries and their respective associates.

“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Mengxin Investment”	(烏拉特后旗蒙欣投資有限公司) Wulatehouqi Mengxin Investment Limited, a company incorporated in the PRC with limited liability
“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
“Ruiyide Trading”	(巴彥淖爾市睿益德商貿有限公司) Bayannaouer Ruiyide Trading Limited, a company incorporated in the PRC with limited liability
“Shareholder(s)”	the shareholder(s) of the Company
“Wulatehouqi Zijin”	(烏拉特后旗紫金礦業有限公司) Wulatehouqi Zijin Mining Company Limited, a non-wholly owned subsidiary of the Company and a company incorporated in the PRC with limited liability
“Zijin International”	(紫金國際礦業有限公司) Zijin International Mining Company Limited, a wholly-owned subsidiary of the Company and a company incorporated in the PRC with limited liability
“%”	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 = RMB0.89.

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

4 June 2008, Fujian, China.

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