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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-INVESTMENT IN AN ASSOCIATE COMPANY
AND
CONTINUING CONNECTED TRANSACTION-SALE OF COPPER CATHODES**

The Board wishes to announce that the Company's wholly-owned subsidiary, Zijin Investment has entered into a capital increase agreement (the "Capital Increase Agreement") dated 17 October 2008 with a connected party, Minxi Xinghang and an independent third party, Master Achieve for an increase of capital of an associate company of the Company in the PRC, Jinyi Copper. Jinyi Copper is mainly engaged in production and sale of copper pipes in Shanghang, Fujian.

Minxi Xinghang is a substantial shareholder and a promoter of the Company and currently holds and owns approximately 28.96% shareholding of the Company. So Minxi Xinghang is a connected person to the Company (as defined in the Listing Rules). Based on the Listing Rules, the transaction constitutes a connected transaction of the Company.

The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transaction 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.

The Board also wishes to announce that the Company has entered into a sale of copper cathodes agreement (the "Sale of Copper Cathodes Agreement") dated 17 October 2008 with Jinyi Copper.

Minxi Xinghang is a substantial shareholder and a promoter of the Company and currently holds and owns approximately 28.96% shareholding of the Company. Minxi Xinghang will also own 42% interest in Jinyi Copper upon completion of the Capital Increase Agreement and Jinyi Copper is an associate of Minxi Xinghang and a connected person to the Company (as defined in the Listing Rules). Under the Listing Rules, the transaction constitutes a continuing connected transaction of the Company.

The continuing connected transaction, which is continuous in nature and was 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 transaction is more than 0.1% but less than 2.5% (except profit percentage), 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.

I. CAPITAL INCREASE AGREEMENT

Date: 17 October 2008

Parties:

1. Master Achieve, is a limited company registered in Hong Kong and is a wholly-owned subsidiary of a Hong Kong Stock Exchange listed company, Hua Yi Copper Holdings Ltd. After the completion of the Capital Increase Agreement, Master Achieve's equity interest in Jinyi Copper will be reduced from 45% to 9%. Master Achieve is solely formed for investment in Jinyi Copper;

2. Zijin Investment, is a wholly-owned subsidiary of the Company. After the completion of the Capital Increase Agreement, Zijin Investment's equity interest in Jinyi Copper will be increased from 40% to 49%. Zijin Investment is mainly engaged in hydro power, logistics, and risk exploration investments in the PRC; and
3. Minxi Xinghang, is a state-owned limited company in the PRC. After completion of the Capital Increase Agreement, Minxi Xinghang's equity interest in Jinyi Copper will be increased from 15% to 42%. Minxi Xinghang mainly carries out investment business in Fujian, PRC.

Zijin Investment currently holds and owns 40% of Jinyi Copper. Zijin Investment is a wholly-owned subsidiary of the Company. Minxi Xinghang currently holds and owns 15% equity interest in Jinyi Copper. Master Achieve currently owns 45% equity interest in Jinyi Copper. After the completion of the Capital Increase Agreement, Zijin Investment will hold 49% equity interest in Jinyi Copper, Minxi Xinghang will hold 42% equity interest in Jinyi Copper, and Master Achieve will own 9% equity interest in Jinyi Copper. Jinyi Copper will remain as an associate company of the Company after completion of the Capital Increase Agreement.

PRINCIPAL TERMS OF THE TRANSACTION

General

The Board wishes to announce that the Company's wholly-owned subsidiary, Zijin Investment has entered into the Capital Increase Agreement dated 17 October 2008 with Minxi Xinghang, a connected person and Master Achieve, an independent third party, for an increase of capital of an associate company of the Company in the PRC, Jinyi Copper. Jinyi Copper's current registered capital is RMB40 million. After completion of the Capital Increase Agreement, Jinyi Copper's registered capital will be increased to RMB200 million. Jinyi Copper intends to use the proceeds to increase its production capacity from 10,000 tonnes copper pipes to 40,000 tonnes copper pipes per year. Jinyi Copper is mainly engaged in production and sale of copper pipes in Shanghang, Fujian.

Jinyi Copper incorporated in November 2005 and its current registered capital is RMB40 million. Master Achieve invested RMB18 million and owns 45% equity interest in Jinyi Copper, Zijin Investment invested RMB16 million and owns 40% equity interest in Jinyi Copper, and Minxi Xinghang invested RMB6 million and owns 15% equity interest in Jinyi Copper.

According to audited financial statements prepared under the PRC generally accepted accounting principles, as at 31 December 2007, Jinyi Copper's total value of assets is RMB106,102,884 (approximately HK\$121,957,337), its net asset value is RMB38,900,131 (approximately HK\$44,712,794), its loss before tax and extraordinary items is RMB1,231,569 (approximately HK\$1,415,596), and its net loss after tax and extraordinary items is RMB1,232,699 (approximately HK\$1,416,895). For the year ended 31 December 2006, it did not record any profit nor loss.

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

After completion of the Capital Increase Agreement, the profit sharing of the company will be based on the respective proportionate shareholding in the company.

Consideration

Zijin Investment has invested RMB16 million and currently owns 40% equity interest in Jinyi Copper. Pursuant to the Capital Increase Agreement, Jinyi Copper will increase its capital from RMB40 million to RMB200 million and Zijin Investment will increase its equity interest in Jinyi Copper from 40% to 49% by contributing an additional amount of RMB82,000,000 (approximately HK\$94,252,873) in cash from its internal source as registered capital of Jinyi Copper.

Master Achieve will not contribute in this capital increase but has a right to buy-back the equity interest proportionally from Zijin Investment and Minxi Xinghang to restore to its ownership of 45% equity

interest in Jinyi Copper within two years from the day that Jinyi achieves its full scale of production. The consideration will be the original cost plus interest with reference to the bank's basic lending rate.

Minxi Xinghang has invested RMB6 million and currently owns 15% equity interest in Jinyi Copper. Pursuant to the Capital Increase Agreement, Jinyi Copper will increase its capital from RMB40 million to RMB200 million and Minxi Xinghang will increase its equity interest in Jinyi Copper from 15% to 42% by contributing an additional amount of RMB78,000,000 (approximately HK\$89,655,172) in cash as registered capital of Jinyi Copper.

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

This agreement is expected to complete not later than 31 October 2008 and the total consideration is expected to be paid not later than 31 October 2008. Except for the increase capital in Jinyi Copper, all parties do not have any further financial commitments in this investment.

Board of directors

The board of Jinyi Copper consists of 7 directors, of which Master Achieve nominates 1 person, and Zijin Investment nominates 3 persons, and Minxi Xinghang nominates 3 persons.

CONNECTED TRANSACTION

Minxi Xinghang is a substantial shareholder and a promoter of the Company and currently holds and owns approximately 28.96% shareholding of the Company. So Minxi Xinghang is a connected person to the Company (as defined in the Listing Rules). Under the Listing Rules, the transaction constitutes a connected transaction of the Company.

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 may have an opportunity to increase its investment in Jinyi Copper and will enable the Group to have larger share of return in Jinyi Copper. Therefore, the Directors including the independent non-executive directors 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

The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transaction constitutes a connected transaction of the Company under Chapter 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.

II. SALE OF COPPER CATHODES AGREEMENT

The Board also wishes to announce that the Company has entered into the Sale of Copper Cathodes Agreement dated 17 October 2008 with a connected party, Jinyi Copper.

PRINCIPAL TERMS OF THE TRANSACTION

Date:	17 October 2008
Parties:	Jinyi Copper and the Company
Sale of product:	Sale of copper cathodes to Jinyi Copper

Pricing: Such transaction will be conducted on terms by reference to:

1. the monthly average spot price of #1 copper cathodes quoted in Shanghai Non-ferrous Metal Website will be used if the product meets the specifications of GB/T467-1997 Cu-Cath-1; and
2. the monthly average spot price of #1 copper cathodes quoted in Shanghai Non-ferrous Metal Website with deduction of RMB50/tonne will be used if the product meets the specifications of GB/T467-1997 Cu-Cath-2.

Term: From 17 October 2008 to 31 December 2008

Payment Term: The Company will issue value added tax invoice to Jinyi Copper on 15th of each month and at the end of each month respectively. Jinyi Copper will settle the invoice issued on 15th of the month by the end of that month and the invoice issued at end of month by 15th of next month. An interest will be charged based on the basic bank lending rate for any delay payment

The Company sold 2,293 tonnes copper cathodes (RMB140,000,000) to Jinyi Copper for the period from 1 January 2008 to 30 September 2008. Since Jinyi Copper is not a connected person before the completion of the Capital Increase Agreement, the sale of 2,293 tonnes copper cathodes (RMB140,000,000) did not constitute a connected transaction to the Company before the Capital Increase Agreement.

The terms of the Sale of Copper Cathodes Agreement were arrived at after arm's length negotiation between the Company and Jinyi Copper.

Zijin Investment currently holds and owns 40% of Jinyi Copper. Zijin Investment is a wholly-owned subsidiary of the Company. Minxi Xinghang currently holds and owns 15% equity interest in Jinyi Copper. Master Achieve currently owns 45% equity interest in Jinyi Copper. After the completion of the Capital Increase Agreement, Zijin Investment will hold 49% of Jinyi Copper, Minxi Xinghang will hold 42% equity interest in Jinyi Copper, and Master Achieve will own 9% equity interest in Jinyi Copper.

The Company proposes that the maximum amounts (“**Annual Cap**”) of the Sale of Copper Cathodes Agreement for the year ended 31 December 2008 will be RMB60 million.

The Annul Cap of the Sale of Copper Cathodes Agreement was determined by reference to historical figures payable under the previous contracting agreement entered into between the Company and Jinyi Copper and to a possible increase in production scale by Jinyi Copper. The breakdown of the transaction value is as follows:

		Year 2008 (Cap) RMB
1.	Sale of copper cathodes to Jinyi Copper	60,000,000

It is estimated that the Company will sell approximately 1,200 tonnes to Jinyi Copper for 2008 under Sale of Copper Cathodes Agreement. The estimated sale is due to estimated strong demand for the product and increase of production of capacity in Jinyi Copper. Since Jinyi Copper is gradually increasing its production capacity in coming years, both parties would like to sign the sale contract annually.

CONTINUING CONNECTED TRANSACTION

Minxi Xinghang is a substantial shareholder and a promoter of the Company and currently holds and owns approximately 28.96% shareholding of the Company. Minxi Xinghang will also own 42%

interest in Jinyi Copper upon completion of the Capital Increase Agreement and Jinyi Copper is an associate of Minxi Xinghang and a connected person to the Company (as defined in the Listing Rules). Under the Listing Rules, the transaction constitutes a continuing connected transaction of the Company.

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. Jinyi Copper is mainly engaged in production and sale of copper pipes in Shanghang, Fujian. As a result of the transaction, the Company may sell the copper cathodes locally to Jinyi Copper which will benefit the both parties. Therefore, the Directors including the independent non-executive directors 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

The continuing connected transaction, which is continuous in nature and was 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 transaction is more than 0.1% but less than 2.5% (except profit percentage), 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 setting out in Listing Rules 14A.45 to 14A.47.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	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
“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 Shareholders”	Any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction pursuant to the Listing Rules
“Jinyi Copper”	Fujian Jinyi Copper Products Company Limited (福建金藝銅業有限公司), a company formed in the PRC with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Master Achieve”	Master Achieve Enterprise Ltd. (高遠企業有限公司), a limited company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Hua Yi Copper Holdings Ltd., Hua Yi Copper Holdings Ltd. is a listed company in Hong Kong Stock Exchange

“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Co., Ltd. (閩西興杭國有資產投資經營有限公司), a state-owned limited company incorporated in the PRC with limited liability, a promoter and a substantial shareholder of the Company and currently owns and holds approximately 28.96% shareholding of the Company
“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
“Zijin Investment”	Fujian Zijin Investment Co., Ltd.(福建紫金投資有限公司), a wholly-owned subsidiary of the Company and a limited 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 = RMB0.87.

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. Peng Jiaqing 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 2008 Fujian, China.

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