



LINGJIN

灵 金

Lingbao Gold Company Ltd.

靈寶黃金股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 3330)

**ANNOUNCEMENT
INCREASE IN RESOURCE TAX OF GOLD MINES IN THE PRC**

On 1 June 2006, the Company realized that the State Administration of Taxation of the PRC has issued the Notice namely No.69 of CaiShui for the year 2006 regarding the adjustment on policy of resource tax of gold mines in the PRC through its website. Resource of gold mine of the Company has been classified as grade two and the unit resource tax rate for the Company has been increased to RMB6.0 per tonne.

This announcement is made pursuant to the disclosure requirement under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of Lingbao Gold Company Ltd. (the "Company") announces that on 1 June 2006, the Company realized the State Administration of Taxation of the People's Republic of China (the "PRC") has issued a notice namely No.69 of CaiShui for the year 2006 regarding the adjustment on policy of resource tax of gold mines in the PRC (the "Notice") through its website. Resource of gold mine of the Company has been classified as grade two and the unit resource tax rate has been increased to RMB6.0 per tonne. A subsidiary of the Company, Habahe Huatai Gold Limited Liability Company, its Duolanasayi Gold Mine and Tuokuzibayi Gold Mine which are located in Xinjiang Province were not listed in the Notice and the respective resource tax rate would be determined by the provincial government. Other than the information obtained from the website, the Company has not received any formal written notice of the adjustment on policy of resource tax from the State Administration of Taxation of the PRC as at the date of this announcement.

As at 31 December 2005, the unit resource tax rate for the Company was RMB1.9 per tonne and for the year ended 31 December 2005, the total resource tax of the Company and its subsidiaries amounted to approximately RMB1,110,000 which was less than 1% of total production cost. Effective from 1 May 2006, the unit resource tax rate for the Company has been increased to RMB6.0 per tonne. Pursuant to the Notice, the resource tax will not be levied on the reuse of tailing.

Investors should note that the adjustment on the resource tax would affect the net profit of the Company and its subsidiaries.

For the details of the Notice, please browse www.chinatax.gov.cn.

As at the date of this announcement, the directors of the Company are Xu Gaoming, Wang Jianguo, Lu Xiaozhao, Jin Guangcai, Xu Wanmin, Di Qinghua, Qi Guozhong, Ning Jincheng, Wang Yanwu, Niu Zhongjie and Zheng Jinqiao.

By order of the Board
Lingbao Gold Company Ltd.
Xu Gaoming
Chairman

Henan, China 2 June 2006

“Please also refer to the published version of this announcement in the South China Morning Post”