

Report of the Supervisory Committee

MEETINGS OF THE SUPERVISORY COMMITTEE IN THE REPORTING PERIOD

In 2006, the Supervisory Committee held two Supervisory Committee Meetings. The Seventh Meeting of the Second Supervisory Committee was held on 1 April 2006. In the meeting, the "2005 Working Report of the Supervisory Committee" and the "2006 working plan" were considered and approved. On 18 August 2006, the Third Supervisory Committee was reelected with a term of three years at the second extraordinary general meeting of 2006. On the same day, the First Meeting of the Third Supervisory Committee was held and Mr. Zheng Jingxing was elected as the chairman of Supervisory Committee. In the meeting, "Rules of Supervisory Committee of Zijin Mining Group Co., Ltd." was discussed and approved. The working plan for the new supervisory committee was considered and arranged.

INDEPENDENT WORKING REPORT OF THE SUPERVISORY COMMITTEE

During the reporting period, the supervisors attended the Board meetings. The chairman of the Supervisory Committee also participated in the President office meetings, attended to the working reports of the management, and participated in the discussions and issued opinions on the resolutions on major decisions, significant change in appointments of personnel, and the provision of guarantee for funding of the Company. Moreover, supervisors proposed the inquiries and suggestions on the solutions of the Board, inspected the financial status of the Group, and supervised the execution of duties of the Board and senior management.

1. Compliance of the Company's operations during the reporting period

In 2006, the Board has implemented all the resolutions passed in the 2005 Annual General Meeting, the 2005 profit distribution plan, the capitalization of the Company's reserves and the plan for the changes to the Company's registered capital, amendments to the Articles of Association, payment plan of the 2005 remunerations of the Directors and Supervisors, the resolution regarding the re-appointment of Ernst & Young, handling of charity donations within 2% of the taxable profits in 2005, compliance with the Company Law and the Articles of Association in the decision procedures of external investment projects by the Board.

The management has implemented the various resolutions of the Board, and further improved the internal control system according to relevant rules and regulations of Hong Kong Stock Exchange, "general rules of enterprise management", "internal control guidelines for listing company", and "company law" of the PRC. As at 31 December 2006, the Company has established reasonable internal control system and it has been executing smoothly. However, the Company still needs to consummate and supplement the internal control system and enhance its operationalization to accelerate the continuous, stable, and fast development of the Company, based on its internal needs and business development status.

No violation of the laws, regulations, the Articles of Association or actions damaging the Company's interests has been discovered during the discharge of duties by the Company's Directors and senior management.

Report of the Supervisory Committee

2. Financial status of the Company and audits for the year

After the inspection of the annual report of 2005, interim financial report of 2006, use of the proceeds from the listing, connected transactions, external guarantees and donations, no violation of the laws, regulations, the Articles of Association or actions damaging the Company's interests has been found. The supervisory committee made special audit on the Company's remuneration of senior management, special inspection of the payroll, business expenses, parent company's fund used by subsidiaries, and tax calculation and payment, and examined the forward contracts of selling gold and hedging transactions of copper, and accordingly provided its suggestions.

The Group's financial statements for the year 2006 was audited by Ernst & Young, which has issued an audited report with an unqualified opinion. During the year, the Group realized sales income of RMB10,679 million and net profits of RMB1,705 million, an increase of 142.2% over the previous year, and has completed the working plans for the year satisfactorily.

3. Connected transactions

Major connected transactions of the Company include: "Sub-contracting contracts of Zijinshan Gold Mine open pit project". In 2006, the transaction conducted between the Company and Xinhua Engineering was RMB83,164,000 (cap of waiver was RMB90,000,000). The transaction actually conducted by the Company with Hongyang Mine Engineering Company Limited was RMB41,110,000 (cap of waiver was RMB70,000,000). The purchase agreement of Zinc concentrates entered into between Bayannaoer Zijin and Gansu Jianxin referred to a transaction amount of RMB59,774,000 (cap of waiver was RMB75,000,000). Above transactions are non-exempted connected transactions for which waivers have been applied. Upon review and examination, none of the Company's connected transactions has been discovered to be harmful to the Company's interests.

4. Donations during the year

The Company's total donations in 2006 amounted to RMB148,423,000.

5. Guarantees to external parties

Total utilised guarantees to external parties as at the end of 2006 amounted to RMB1,137,867,000, of which, RMB11,250,000 was provided for Makeng Iron Mine, RMB127,000,000 was provided for Xinjiang Ashele Copper Mine, RMB10,000,000 was provided for Guizhou Zijin, RMB43,000,000 was provided for Zijin Investment, RMB7,000,000 was provided for Xiamen Zijin, RMB170,617,000 was provided for Zijin Copper Mine, RMB40 million was provided for Yunnan Huaxi, RMB50 million was provided for Zijin International, RMB40 million was provided for Fujian Shanghang Zijin Hydro Power Company Limited, RMB110 million was provided for Qinghai West, RMB380 million was provided for Bayannaer Zijin, RMB50 million was provided for Xinjiang Zijin, RMB79 million was provided for Xinjiang Fuyunjinshan, and RMB20 million was provided for Tongling Zijin. Save as disclosed above, the Supervisory Committee was not aware of any other guarantees taken out.

6. Future transactions

As to the future contracts of selling gold and hedging transactions of copper products, the confirmed investment loss was RMB494.577 million, of which RMB347.465 million loss was on the settlements.

7. Innovation and construction of systems

- (1) Emphasis on the innovation of supervisory system. Internal inspecting and auditing department of the Group is reallocated to be the daily office of and under the management of supervisory committee. The management of inspecting and auditing system is much clearer and the function of supervisory committee is strengthened.
- (2) Actively consummate the supervisory system. According to the requirement of the supervision work of enterprise operation and management in the modern times, the serial supervision documents are amended and dispatched to regulate the supervision work and expand the supervision channels.
- (3) Develop efficient supervisory format. Reporting system of major events is established. A newspaper, called "inspecting and auditing briefings", is published. They play an important role in communication and supervision of the inspecting and auditing work of the Group.

Report of the Supervisory Committee

2007 WORKING PLAN

In 2007, according to the development strategy and the core business of the Group, the supervisory committee will start off serving the development of the Group, fully execute resolutions of the Board, continuously improve the working methods, and dedicate to improve the management of the Group to a new level.

1. To strengthen the organizational management, inaugurate the management system, and urge the systematic and standardized development of inspection and audit work.
2. To enhance the management of subsidiaries and supervisors assigned to subsidiaries by establishing working formula, setting job objectives and evaluating their performance, so that the vision and decision of the Group can be effectively executed.
3. To further improve the management system of the Group's supervisory committee and inspecting & auditing office to the subsidiaries' counterparts. To form an effective system of appointment, supervision and performance evaluation of the subsidiaries' supervisory committee and inspecting & auditing office's staff.
4. Based on the Group's development strategy, continue to explore new and efficient supervisory methods, establish the trial project and find the breakthrough point. To realize the objective of serving and propelling the development of the Group by efficient supervision.
5. Mainly work on the management auditing. Pay close attention to decision making, execution and management of the major investment projects and other major matters as connected transactions, guarantees to external parties, financial statements and safety management.
6. Improve the supervisory methods and evaluation of performance. Highly emphasize the execution of reorganization by internal audit report. Strengthen the effective supervision of enterprise system, working system, fulfillment of responsibly and performance evaluation.
7. To promote the image and function of the supervisory committee, so that senior management and employees can know better and deeper of the nature of supervisory committee. To create a good environment for the supervision.

By Order of the Supervisory Committee

Zheng Jingxing

Chairman of the Supervisory Committee

Shanghang, Fujian, the PRC

8 March 2007