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(a joint stock limited company incorporated in the People's Republic of China with limited liability)
 (Stock code: 2899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

Financial results

Revenue	+9.76% to RMB16,322,275,000
Gross profit	+7.48% to RMB5,993,093,000
Gross profit margin	36.72% as compared with 37.49% for Year 2007
Net profit attributable to equity holders of the parent	+20.15% to RMB3,066,201,000

Operating performance

Production of gold	+9.61% to 57,318kg or 1,842,849 ounces
including: mine-produced gold	+14.71% to 28,479kg or 915,647 ounces
Sales of gold	+3% to 54,766kg or 1,760,783 ounces
Average selling price of gold	+16.26% to RMB196.35 /g or USD893.57 /ounce
Production of copper	+29.98% to 61,409 tonnes
Sales of copper	+22.15% to 60,200 tonnes
Production of iron concentrates	+35.14% to 1,182,400 tonnes
Sales of iron concentrates	+6.69% to 978,850 tonnes
Production of zinc	-15.11% to 135,117 tonnes
Sales of zinc	-12.21% to 107,294 tonnes
(1 troy ounce = 31.1035g)	

Highlights

- At the end of 2008, the Group has recorded the following resources reserve (approved): 701.5 tonnes of gold, an increase of 9.9% over the corresponding period last year; 1,700 tonnes of silver, an increase of 150.7% over the corresponding period last year; 9.64 million tonnes of copper, an increase of 3% over the corresponding period last year; 390,000 tonnes of molybdenum, an increase of 25% over the corresponding period last year; 5.28 million tonnes of lead and zinc, an increase of 42% over the corresponding period last year; 100,000 tonnes of tungsten(wo₃), an increase of 60% over the corresponding period last year; 151 tonnes of platinum and palladium; 100,000 tonnes of tin; 667,500 tonnes of nickel; 135 million tonnes of iron sulfate (standard ore); 168 million tonnes of iron ore; 43.97 million tonnes of bauxite, 300 million tonnes of coal. The increase in reserve in main minerals was larger than the consumption.
- In 2008, the Company obtained new resources reserve of (partially not yet approved): 66.59 tonnes of gold, 325,400 tonnes of copper, 969,600 tonnes of lead and zinc, 214,500 tonnes of tungsten(wo₃), 997 tonnes of silver, 6 million tonnes of iron ore, 7.458 million tonnes of pyrite standard ore.

- In 2009, the Group plans to produce gold of approximately 31.2 tonnes from mines, representing 12.7% increase over last year; copper metal of approximately 83,500 tonnes, representing 40% increase over last year; silver of approximately 96.8 tonnes; process gold of approximately 28.6 tonnes; refined zinc of approximately 80,000 tonnes; zinc in concentrate form of approximately 35,000 tonnes; iron concentrates of approximately 1,640,000 tonnes; tungsten in concentrate form of approximately 4,556 tonnes (standard). Please note that the said plan was made on the basis of the current market situation and the existing conditions of the Company. The Board may, pursuant to changes in circumstances, vary the production plan.

The Board of Directors (the “Board”) of Zijin Mining Group Co., Ltd.* (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	16,322,275	14,871,268
Cost of sales	(10,329,182)	(9,295,361)
Gross profit	5,993,093	5,575,907
Other income and gains	522,199	238,991
Selling and distribution costs	(316,948)	(255,000)
Administrative expenses	(826,891)	(607,360)
Other operating costs	(630,942)	(318,248)
Finance costs	(247,326)	(292,683)
Share of profits of:		
Associates	11,370	72,371
Jointly-controlled entities	28,502	18,225
PROFIT BEFORE TAX	4,533,057	4,432,203
Tax	(639,031)	(912,448)
PROFIT FOR THE YEAR	3,894,026	3,519,755
Attributable to:		
Equity holders of the parent	3,066,201	2,552,007
Minority interests	827,825	967,748
	3,894,026	3,519,755
PROPOSED FINAL DIVIDENDS	1,454,131	-
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	RMB0.22	RMB0.19

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	2008 RMB'000	2007 RMB'000
NON-CURRENT ASSETS		(Restated)
Property, plant and equipment	8,259,305	6,003,718
Investment properties	57,211	58,329
Prepaid land lease payments	525,302	156,740
Long-term deferred assets	584,570	483,796
Other assets	2,963,102	1,604,573
Other intangible assets	3,586,823	1,615,470
Goodwill	327,982	339,132
Interests in associates	1,091,590	1,364,378
Interests in jointly-controlled entities	276,195	255,809
Available-for-sale investments	422,238	462,178
Deferred tax assets	71,195	29,917
Total non-current assets	18,165,513	12,374,040
CURRENT ASSETS		
Inventories	1,593,508	1,044,245
Prepayments, deposits and other receivables	801,029	691,182
Trade receivables	322,131	293,870
Bills receivables	266,534	52,346
Equity investments at fair value through profit or loss	23,677	102,439
Derivative financial instruments	5,665	4,440
Pledged deposits	74,833	52,088
Cash and cash equivalents	4,964,659	2,184,510
Total current assets	8,052,036	4,425,120
CURRENT LIABILITIES		
Accrued liabilities and other payables	1,997,203	1,844,215
Trade and bills payables	727,713	590,262
Interest-bearing bank and other loans	2,516,295	3,682,778
Tax payable	418,004	521,191
Total current liabilities	5,659,215	6,638,446
NET CURRENT ASSETS/(LIABILITIES)	2,392,821	(2,213,326)
TOTAL ASSETS LESS CURRENT LIABILITIES	20,558,334	10,160,714
NON-CURRENT LIABILITIES		
Interest-bearing bank and other loans	969,368	2,759,660
Provision for land restoration and environmental costs	59,589	50,856
Deferred tax liabilities	131,328	28,128
Government grants	13,990	17,744
Long-term other payables	204,934	185,713
Total non-current liabilities	1,379,209	3,042,101
Net assets	19,179,125	7,118,613
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	1,454,130	1,314,130
Reserves	14,680,258	4,022,896
	16,134,388	5,337,026
Minority interests	3,044,737	1,781,587
Total equity	19,179,125	7,118,613

Notes:

IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to IFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

IAS 39 and IFRS 7 Amendments	<i>Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
IFRIC-Int 11	<i>IFRS 2 – Group and Treasury Share Transactions</i>
IFRIC-Int 12	<i>Service Concession Arrangements</i>
IFRIC-Int 14	<i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The principal effects of adopting these new and revised IFRSs are as follows:

(a) *Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*

The amendments to IAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if the specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through the profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to IFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) *IFRIC-Int 11 IFRS 2 – Group and Treasury Share Transactions*

IFRIC-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. IFRIC-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(c) IFRIC-Int 12 *Service Concession Arrangements*

IFRIC-Int 12 applies to service concession operators and explains how to account for an obligation undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) IFRIC-Int 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IFRIC-Int 14 addresses how to assess the limit under IAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 <i>First-time Adoption of IFRSs</i> and IAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ¹
IFRS 1 (Revised)	<i>First-time Adoption of International Financial Reporting Standards</i> ²
IFRS 2 Amendments	Amendments to IFRS 2 <i>Share-based Payment-Vesting Conditions and Cancellations</i> ¹
IFRS 3 (Revised)	<i>Business Combinations</i> ²
IFRS 7 Amendments	Amendments to IFRS 7: <i>Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments</i> ¹
IFRS 8	<i>Operating Segments</i> ¹
IAS 1 (Revised)	<i>Presentation of Financial Statements</i> ¹
IAS 23 (Revised)	<i>Borrowing Costs</i> ¹
IAS 27 Revised	<i>Consolidated and Separate Financial Statements</i> ²
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation</i> and IAS 1 <i>Presentation of Financial Statements - Puttable Financial instruments and Obligations Arising on Liquidation</i> ¹
IAS 39 Amendments	Amendment to IAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ²
IFRIC-Int 9 and IAS 39 Amendments	<i>Embedded Derivatives</i> ⁵

IFRIC-Int 13	<i>Customer Loyalty Programmes</i> ³
IFRIC-Int 15	<i>Agreements for the Construction of Real Estate</i> ¹
IFRIC-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> ⁴
IFRIC-Int 17	<i>Distribution of Non-cash Assets to Owners</i> ²
IFRIC-Int 18	<i>Transfers of Assets from Customers</i> ²

Apart from the above, the IASB has also issued Improvements to IFRSs* which sets out amendments to a number of IFRSs primarily with a view to remove inconsistencies and clarify the wordings. Except for the amendment to IFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for annual periods ending on or after 30 June 2009

* Improvements to IFRSs contains amendments to IFRS 5, IFRS 7, IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that, while the adoption of IFRS 8 and IAS 1(Revised) may result in new or amended disclosures and the adoption of IFRS 3 (Revised), and IAS 27 (Revised) may result in changes in accounting policies, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

1. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, net of trade discounts and returns.

An analysis of revenue, other income and gains is as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Sale of gold bullion	10,250,853	8,522,689
Sale of gold concentrates	500,818	458,513
Sale of copper concentrates	2,111,774	1,902,139
Sale of copper cathodes	383,659	414,090
Sale of zinc bullion	1,361,947	2,720,151
Sale of zinc concentrates	34,419	88,642
Sale of iron concentrates	966,161	450,136
Others	951,742	490,768
Less: Sales taxes and levies (<i>note (a)</i>)	(239,098)	(175,860)
	16,322,275	14,871,268
Other income		
Bank interest income	141,837	27,176
Rental income	5,063	4,335
Processing income	1,174	2,861
Dividend income	44,934	45,010
Profit from a jointly-controlled operation (<i>note (b)</i>)	-	22,363
Excess over the cost upon acquisition of minority interests	-	4,791
Hotel operating income	22,873	19,780
Gain on sales of scrap materials	65,408	9,915
Government grants	36,354	14,188
Others	68,822	28,987
	386,465	179,406
Gains		
Exchange gains	7,357	16,862
Gains on disposal of equity investments at fair value through profit or loss	-	40,692
Gains on derivative financial instruments	127,020	-
Fair value gains on derivative financial instruments	1,357	-
Fair value gains on equity investments at fair value through profit or loss	-	2,031
	135,734	59,585
	522,199	238,991

Note (a): The sales taxes and levies consisted of resources tax, business tax, education surcharge and city construction tax.

Note (b): Pursuant to the cooperation agreements entered into between a subsidiary of the Group and two independent third parties dated 10 December 2005 and 9 March 2006, respectively, the subsidiary provided raw zinc ores to these two independent third parties for processing into zinc concentrates for sale. The profit derived thereon was shared between the subsidiary and the independent third parties according to the cooperation agreements. The agreements were terminated on 31 December 2007. During the year ended 31 December 2007, the Group shared a profit from this jointly-controlled operation of RMB22,363,000.

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the mine-produced gold segment is the production of gold bullion through the Group's integrated processes, i.e. mining, processing and refining.

(b) the processed gold segment is the production of gold bullion by refining gold ore;

(c) the copper cathodes segment is the production of copper cathodes;

(d) the zinc bullion segment is the production of zinc bullion;

(e) the ore concentrates segment comprises of, principally, the production of gold concentrates, copper concentrates, zinc concentrates and iron concentrates; and

(f) the corporate and others segment comprises of, principally, the production of vitriol, copperplate, silver, etc.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Year ended	Mine-produced	Processed	Copper	Zinc	Ore	Corporate		
31 December 2008	gold	gold	cathodes	bullion	concentrates	and others	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:								
Sales to external customers	4,423,901	5,717,371	357,743	1,357,836	3,631,056	834,368	-	16,322,275
Intersegment sales	129,705	3,130	78,315	4,320	283,193	319,218	(817,881)	-
Other income	-	-	-	-	-	136,588	-	136,588
Total	4,553,606	5,720,501	436,058	1,362,156	3,914,249	1,290,174	(817,881)	16,458,863
Segment results	2,633,249	9,864	270,923	101,279	1,984,982	160,224	-	5,160,521
Interest and dividend income								186,771
Unallocated expenses								(606,781)
Finance costs								(247,326)
Share of profits:								
Associates	-	-	(5,826)	-	23,986	(6,790)	-	11,370
Jointly-controlled entities	-	29,012	-	-	-510	-	-	28,502
Profit before tax								4,533,057
Tax								(639,031)
Profit for the year								3,894,026
Assets and liabilities								
Segment assets	4,110,990	513,867	1,526,864	1,810,336	7,931,559	1,767,092	-	17,660,708
Interests in associates	-	-	113,858	-	646,645	331,087	-	1,091,590
Interests in jointly-controlled entities	-	172,172	-	-	104,023	-	-	276,195
Unallocated assets								7,189,056
Total assets								26,217,549
Segment liabilities	499,167	369,322	65,393	112,564	1,246,362	59,120	-	2,351,928
Unallocated liabilities								4,686,496
Total liabilities								7,038,424
Other segment information:								
Depreciation and amortisation	253,126	14,642	24,256	67,195	250,960	88,467	-	698,646
Unallocated amount								2,573
								701,219
Capital expenditure	987,527	248,736	250,460	419,370	3,201,552	752,137	-	5,859,782
Unallocated amount								207,847
								6,067,629
Non-cash gains/(expenses)	65,905	-	50,110	12,362	-	-	-	128,377
Unallocated amount								(51,556)
								76,821
Impairment losses recognised in the income statement	107,233	9,427	657	12,300	62,401	134,370	-	326,388

Year ended 31 December 2007 (Restated)	Mine-produced gold RMB'000	Processed gold RMB'000	Copper cathodes RMB'000	Zinc bullion RMB'000	Ore concentrates RMB'000	Corporate and others RMB'000	Eliminations RMB'000	Consolidated RMB'000
Segment revenue:								
Sales to external customers	3,895,524	4,541,611	396,545	2,713,895	2,894,954	428,739	-	14,871,268
Intersegment sales	11,317	-	16,340	-	785,802	174,887	(988,346)	-
Other revenue	-	-	-	-	-	73,412	-	73,412
Total	3,906,841	4,541,611	412,885	2,713,895	3,680,756	677,038	(988,346)	14,944,680
Segment results								
	2,369,333	2,961	331,767	634,829	1,646,864	92,331	-	5,078,085
Interest and dividend income								72,186
Unallocated expenses								(515,981)
Finance costs								(292,683)
Share of profits and losses of:								
Associates	-	-	(17,815)	-	84,262	5,924	-	72,371
Jointly-controlled entities	-	18,613	-	-	(388)	-	-	18,225
Profit before tax								4,432,203
Tax								(912,448)
Profit for the year								3,519,755
Assets and liabilities								
Segment assets	2,352,972	236,894	962,448	1,259,598	4,993,896	2,378,785	-	12,184,593
Interests in associates	-	-	119,685	-	1,097,974	146,719	-	1,364,378
Interests in jointly-controlled entities	2,000	172,697	-	-	81,112	-	-	255,809
Unallocated assets								2,994,380
Total assets								16,799,160
Segment liabilities	238,421	49,395	64,102	113,853	1,441,736	781,283	-	2,688,790
Unallocated liabilities								6,991,757
Total liabilities								9,680,547
Other segment information:								
Depreciation and amortisation	233,482	3,102	32,632	40,909	179,007	35,084	-	524,216
Unallocated amount								5,678
								529,894
Capital expenditure	919,104	62,199	156,868	201,147	1,467,269	530,075	-	3,336,662
Unallocated amount								117,823
								3,454,485
Non-cash gains/(expenses)	(117,224)	-	32,277	14,792	-	-	-	(70,155)
Unallocated amount								42,723
								(27,432)
Impairment losses recognised in the income statement	50	-	-	-	-	-	-	50

3 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2008 RMB'000	2007 RMB'000
Cost of inventories sold	10,038,128	9,165,962
Amortisation of prepaid land lease payments	13,069	7,049
Amortisation of long-term deferred assets	91,305	55,595
Amortisation of other intangible assets	59,180	58,022
Provision for land restoration and rehabilitation costs	12,745	8,733
Write down of inventories to net realisable value	114,755	-
	10,329,182	9,295,361
Depreciation of property, plant and equipment (<i>note (a)</i>)	535,671	409,228
Depreciation of investment properties	1,994	-
Research and development expenditures	44,488	43,118
Minimum lease payments under operating leases on land and buildings	3,902	4,335
Auditors' remuneration	4,280	3,720
Staff costs (including directors' remuneration):		
Salaries and other staff costs (<i>note (b)</i>)	826,261	496,274
Retirement benefits - defined contribution fund (<i>note (c)</i>)	45,741	11,665
	872,002	507,939
Reversal of provision for inventory obsolescence*	-	(321)
Provision/(reversal of provision) for impairment of trade and other receivables*	8,498	(22)
Impairment provision for property, plant and equipment*	38,920	393
Impairment provision for other intangible assets*	113,314	-
Impairment provision for available-for-sale investments*	42,243	-
Impairment provision for goodwill*	8,658	-
Loss on disposal of property, plant and equipment*	8,946	4,916
Donations*	270,812	219,034
Losses on derivative financial instruments*	-	70,155
Losses on disposal of equity investments at fair value through profit or loss*	13,566	-
Fair value losses on equity investments at fair value through profit or loss*	36,763	-
Losses on disposal of subsidiaries *	54,168	-

*Items classified under "Other operating costs" in the consolidated income statement.

Notes:

(a) Depreciation of approximately RMB352,907,000 was included in the cost of sales for the year ended 31 December 2008 (2007: RMB305,461,000).

(b) Staff costs of approximately RMB463,406,000 were included in the cost of sales for the year ended 31 December 2008 (2007: RMB217,260,000).

(c) According to the relevant rules and regulations of the PRC, the Company and its subsidiaries incorporated in the PRC participate in defined contribution retirement plans. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area. The Company and its subsidiaries are required to make contributions to the local social security bureau at rates ranging from 11% to 25% of the prior year's average basic salaries within the geographical area where the employees are under employment with the Company and its subsidiaries. The Company and its subsidiaries have no obligation for the payment of pension benefits beyond the annual contributions to the local social security bureau as set out above.

4. FINANCE COSTS

	Group	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans and other loans	287,428	326,327
Less: Interest capitalised as construction in progress	(40,102)	(33,644)
	247,326	292,683

The interest capitalised represents the cost of capital from raising the related borrowings and the interest capitalisation rate ranges from 4.52% to 7.47% (2007: 5.18% to 7.20%) per annum.

5. TAX

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Group:		
Current		
– Hong Kong	2,561	5,357
– Mainland China	694,894	868,573
Underprovision/(overprovision) in prior years	(8,884)	12,884
Deferred	(49,540)	25,634
	639,031	912,448

Provision for Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Provision for the PRC corporate income tax has been provided at the rate of 25% (2007: 33%) based on the taxable profits except for those related to the following operations in the Group:

Notes:

Pursuant to "Min Gao Ke [2009] No.6" jointly issued by the Fujian Science and Technology Bureau, Fujian General Finance Bureau, Fujian State Tax Bureau, and Fujian Local Tax Bureau of Fujian dated 25 November 2008, the Company was granted the status of the High-Technology Enterprise from 2008 to 2010. Therefore, the Company was granted a preferential tax rate of 15% from 1 January 2008 to 31 December 2010 pursuant to "Guo Shui Fa [2008] No.111" issued by State Administration of Taxation dated 1 December 2008.

Pursuant to "Guo Shui Fa [1996] No.23", "Guo Ban Fa [2001] No.73", "Yun Guo Shui Han [2005] No.120", and "Kun Guo Shui Han [2005] No.191" issued by State Tax Bureau, the Central People's Government, Yunnan State Tax Bureau and Kunmin State Tax Bureau, Yunan Huaxi was exempted from corporate income tax from 2004 to 2006 and granted a preferential tax rate of 16.5% from 1 January 2007 to 31 December 2008.

Pursuant to "A Di Guo Shui Ban [2008] No.42" issued by Fuyun tax bureau, Fuyun Jinshan was exempted from corporate income tax from 1 January 2008 to 31 December 2010.

Pursuant to "Cai Shui [2001] No.202" and "Yun Di Shui Er Zi [2002] No.65" issued by State Tax Bureau and Yunnan tax bureau, Yuanyang Huaxi was granted a preferential tax rate of 15% since 1 January 2003

Pursuant to "Ha Di Shui Han [2005] No.80" issued by the local tax bureau of Habahe County, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") is exempted from corporate income tax for a five-year period

from 1 January 2005 to 31 December 2009. The tax concession was terminated since 1 January 2009 pursuant to Article 4 of "Xin Zheng Fa [2008] No.29".

Pursuant to "Guo Fa [2007] No.39" issued by State Council, Xiamen Zijin Sciences and Technology Company Limited and Xiamen Zijin Mining Technology Company Limited are granted a preferential tax rate of 15% for the year ended 31 December 2008.

Pursuant to "Cai Shui [2001] No.202" jointly issued by the General office of Finance, the State Administration of Taxation, Maritime Customs Administration and "Guo Fa [2007] No.29" issued by State Council, Qinghai West Copper Company Limited was granted a tax concession at a preferential rate of 15% from 1 January 2007 to 31 December 2010.

Pursuant to "Ba Guo Shui Suo Han [2008] No.50" issued by the Bayannaer state tax bureau, Bayannaer Zijin Non-ferrous Metal Company Limited ("Bayannaer Zijin") was granted a tax concession at a preferential rate of 15% from 1 January 2007 to 31 December 2008.

Pursuant to "Ji Guo Shui Fa [2006] No.80" issued by the local tax bureau dated 1 April 2006, Hunchun Zijin Mining Company Limited enjoys a tax concession at a preferential rate of 15%.

Pursuant to "Xin Di Shui Han [2005] No. 522" issued by the provincial tax bureau of Uigur Municipality, Xinjiang Jinbao Mining Company Limited is exempted from corporate income tax from 1 January 2004 to 31 December 2007.

Pursuant to "Guo Shui Fa [2002] No.47" issued by the State Council of the PRC, and "Qian Di Shui Han [2003] No. 317" issued by the local tax bureau of Guizhou Province, Guizhou Zijin Mining Company Limited, located in the western region of Mainland China, was granted a tax concession to pay the PRC income tax at a preferential rate of 15%. The preferential tax rate is applicable to qualified operations in specified regions with retroactive effect from 1 January 2001 to 31 December 2007, as long as the subsidiary continued to engage in qualified operations in its respective region.

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2008		2007	
	RMB'000	%	RMB'000	%
Profit before tax	4,533,057		4,432,203	
At the PRC statutory tax rate	1,133,264	25.00	1,462,630	33.00
Expenses not deductible for tax	72,467	1.60	34,128	0.77
Income not subject to tax	(44,751)	(0.99)	(15,013)	(0.34)
Profits and losses attributable to associates and jointly-controlled entities	(9,968)	(0.22)	(29,897)	(0.67)
Differential tax rate on the profit of the Company and certain subsidiaries	(503,097)	(11.10)	(552,151)	(12.46)
Reduction of income tax in respect of the tax benefit on locally manufactured machinery	-	-	(133)	0.00
Underprovision/(overprovision) in prior year	(8,884)	(0.20)	12,884	0.29
Tax charge at the Group's effective rate	639,031	14.10	912,448	20.59

The share of tax attributable to associates and jointly-controlled entities amounting to RMB22,844,000 (2007:RMB54,942,000) is included in "Share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated income statement.

EFFECTS OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

Effects of significant differences between net profit under CAS and profit attributable to equity holders of the Group under IFRS are analysed as follows:

	For the 12 months ended 31 December	
	2008 RMB'000 (Audited)	2007 RMB'000 (Audited)
Profit attributable to equity holders of the parent under CAS	3,066,201	2,548,322
Difference in depreciation and disposal from restatement of property, plant and equipment	-	3,685
Profit attributable to equity holders of the parent under IFRS	<u>3,066,201</u>	<u>2,552,007</u>

Effects of significant differences between equity attributable to the equity holders of the Group under CAS and IFRS are analysed as follows:

	31 December 2008 RMB'000 (Audited)	31 December 2007 RMB'000 (Audited)
	Equity attributable to equity holders of the parent under CAS	16,134,388
Difference in depreciation and disposal from restatement of property, plant and equipment	-	-
Equity attributable to equity holders of the parent under IFRS	<u>16,134,388</u>	<u>5,337,026</u>

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of earnings per share is based on the profit for the year attributable to equity holders of the parent of RMB3,066,201,000 (2007:RMB2,552,007,000) and the weighted average number of 14,074,642,433 ordinary shares (2007: 13,141,309,100 ordinary shares) in issue during the year.

Diluted earnings per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed as there were no potential dilutive ordinary shares outstanding during these years.

7. PROPOSED FINAL DIVIDENDS

The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2008 of RMB0.10 per share (tax included) (the "2008 Final Dividend"). The 2008 Final Dividend is subject to the approval at the coming annual general meeting of the Company.

For the distribution of dividends, dividends for holders of Domestic Shares/A Shares will be distributed and paid in RMB, while dividends for H Shares will be declared in RMB but paid in Hong Kong dollars ("HK\$") (conversion of RMB into HK\$ shall be calculated on the average price of the medium prices of the conversion of RMB into HK\$ announced by the Bank of China one calendar week preceding the Annual General Meeting of the Company).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In 2008, the sub-prime mortgage crisis has spread all over the world and turned into an international financial crisis and global economic downturn, China's economy has suffered and was affected as well, and the national economic growth was slowed down. The economy has suffered a great pressure and mining market might go to a downward trend. The downturn of the mining market and a sharp decrease in the price of basic metals have caused substantial pressure to the operation of mining enterprises.

The sharp fall of crude oil price and the great fluctuation of exchange rates of US dollar and other currencies widened the fluctuation of gold price. In comparison with other metals, gold became a better risk-resistance investment tool in 2008. Gold price moved within a range between US\$700 to US\$1,000 per ounce in 2008. In March it hit the highest point of US\$1,032 per ounce and maintained in a high price by the end of the year. At the end of the year, the international gold price closed at US\$880 per ounce and Shanghai Gold Exchange's gold price (Au9999) closed at RMB190.65 per gram.

In 2008, the average gold selling price of the Group was RMB196.35/gram (approximately US\$893.57/ounce), an increase of 16.26% on the corresponding period last year. (2007: RMB168.89/gram). (as at 31 December 2008, the middle exchange rate: 1 US dollar = RMB6.8346)

In the first three quarters of 2008, the copper price has remained relatively high, on 2 July 2008, the copper price of London Metal Exchange ("LME") made a record high of US\$8,940/tonne. By the end of September, the copper price has dropped rapidly under the financial crisis. By the end of the year, the closing price of copper on the LME was US\$2,996.10/tonne. In 2008, the average copper cathodes selling price of the Group was RMB43,195/tonne, a decrease of 16.24% on the corresponding period last year. (2007: RMB51,569.73/tonne).

Except for the slight rebound at the beginning of 2008, the zinc price on the LME maintained a downward trend by stages throughout the year. In October, it further dropped sharply after the break out of the financial crisis. By the end of the year, the closing price of zinc on the LME was US\$1,177.6/tonne. In 2008, the average zinc bullion selling price of the Group was RMB13,314.31/tonne, a decrease of 43.68% on the corresponding period last year. (2007: RMB23,642/tonne).

In 2008, the price of iron concentrate was in a decreasing trend. Due to the joint raise of iron price by three major suppliers in the price negotiation process, the price has climbed up to RMB1,700/tonne. In the second half of 2008, the price has declined sharply under the impact of economic recession and soft demand in iron and steel industry.

In 2008, the average iron concentrate selling price of the Group was RMB987.04/tonne, representing an increase of 101% on the corresponding period last year. (2007: RMB490.61/tonne).

Industrial Position

According to the statistics of the China Gold Association, the 2008 national gold production in the PRC amounted to 233.42 tonnes of mine-produced gold. In 2008, the Group produced 57.32 tonnes of gold, of which, 28.48 tonnes was mine-produced gold, representing approximately 12.2% of mine-produced gold in the PRC. Gold enterprises in the PRC recorded a total profit of RMB12.4 billion and the Group recorded RMB2.6428 billion (net product profits of gold) profit, representing 21.31% of the total profit generated by gold enterprises in the PRC.

Business Overview

In 2008, the Group achieved a sales income of approximately RMB16.322 billion, representing a growth of 9.76% over last year; and achieved net profit attributable to equity holders of the parent of approximately RMB3.066 billion, representing a growth of 20.15% over last year. As at the end of 2008, the total assets of the Group amounted to approximately RMB26.217 billion, representing a growth of 56.06% over last year; and the equity attributable to equity holders of the parent amounted to RMB16.134 billion, representing a growth of 202% over last year.

I. PRODUCTION AND OPERATION

1. GOLD MINE BUSINESS

The Group produced a total of 28,478.84kg (915,647 ounces) of mine-produced gold in the reporting period, representing a growth of 14.71% over last year; including: 17,428.43kg (560,337 ounces) was produced from Zijinshan Gold Mine; 2,431kg (78,158 ounces) was produced from Guizhou Shuiyindong Gold Mine; 1,785.54kg (57,406 ounces) gold in concentrate form was produced from Hunchun Shuguang Gold and Copper Mine; 908.4kg (29,206 ounces) was produced from Shanxi Yixingzhai Gold Mine; 1,003kg (32,247 ounces) was produced from Hebei Chongli Zijin. The above gold production represented about 82.72% of total mine-produced gold output of the Group, other group entities have produced 4,921.14kg (158,223 ounces) mine-produced gold represent about 17.28% of the Group's total mine-produced gold output.

During the reporting period, the Group produced 28,839.21kg (927,201 ounces) of refined gold, representing a growth of 5% over last year, of which, Henan Luoyang Zijin Yinhui Gold Refinery Company Limited. ("Luoyang Yinhui") produced 26,121 kg of refined gold, the Company's gold refinery plants produced 1,489.28kg, and Xiamen Zijin Mining and Metallurgy Limited produced 780.41kg of refined gold.

Sales income from the gold business of the Group represented about 64.92% of the total annual sales income, and the net profit of the gold business represented about 62.66% of the total net profit attributable to equity holders of the parent.

2. COPPER MINE BUSINESS

During the reporting period, the Group produced 61,408.58 tonnes of copper, representing a growth of 29.98% over last year. Xinjiang Ashele Copper Mine produced 27,102.51 tonnes of copper in concentrate form and it maintained the same production level as last year. Qinghai Deerni Copper Mine produced 15,047 tonnes copper in concentrate form, representing an increase of 10,047 tonnes copper in production and was the mine with the highest growth mine within the Group. Zijinshan Copper Mine produced 10,006.35 tonnes of copper cathodes which represented a growth of 1,974 tonnes. Hunchun Shuguang Gold and Copper Mine produced 5,169.8 tonnes of copper in concentrate form which represented a growth of 1,142 tonnes over last year.

The copper business has grown rapidly but the price has dropped sharply in the fourth quarter. Sales income from the copper mine business represented 14.69% of the annual total sales income, while it represented about 29.63% of the total net profit attributable to equity holders of the parent.

3. ZINC MINE BUSINESS

During the reporting period, zinc price has decreased substantially and the overall performance of zinc mine business was lower in the fourth quarter to break-even point. The Group has reduced the zinc production volume. The Group produced 33,680 tonnes of zinc in concentrate form, representing a decrease of 25.1% over last year, of which 21,259.32 tonnes of zinc was produced in concentrate form by Wulatehouqi Zijin, 3,039.73 tonnes of zinc was produced in concentrate form by Yunnan Huaxi Yunye Jinyuan, 5,983.49 tonnes of zinc from other associated metals was produced in Ashele Copper Mine, 2,585.59 tonnes of zinc from other associated metals was produced in Tongling Zijin, and 812.11 tonnes of zinc from other associated metals was produced in other entities.

Bayannaer Zijin Zinc Refinery Plant produced a total of 101,437 tonnes of zinc bullion in the year, representing a decrease of 11.18% over last year.

Sales income from zinc mine business represented about 8.22% of total annual sales income, while net profit from zinc mine business represented about 1.89% of the total net profit attributable to equity holders of the parent.

4. IRON MINE BUSINESS

During the reporting period, the Group produced 1.1824 million tonnes of iron concentrates (Xinjiang Jinbao Mengku Iron Mine produced 904,800 tonnes, Fuyun Jinshan produced 215,200 tonnes and Hunan Hengyang Shangqing Company produced 62,400 tonnes), representing a growth of 35.14% over last year.

Sales income from iron concentrates represented about 5.69% of total annual sales income, which represented about 2.19% of the total net profit attributable to equity holders of the parent.

5. SILVER AND OTHER BUSINESS

The Group produced silver of 70,001.51kg (of which, 13,502.53kg of silver from other associated metals was produced by Ashele Copper Mine, 18,789.3kg of silver from other associated metals was produced by Shanxi Yixingzhai Gold Mine, and 21,005.69kg of silver was produced by Wuping Zijin).

Sales income from silver and other mineral products represented about 8.09% of total annual sales income, which represented about 3.63% of the total net profit attributable to equity holders of the parent.

II. EXTERNAL INVESTMENTS

In 2008, due to the market deterioration from the global financial crisis and the mining industry entering into a recession period, the Group has adopted a prudent and careful investment strategy in mineral resource acquisition and has successfully avoided investing under risks in the high acquisition cost period.

In the reporting period, the Company has completed the acquisition of the remaining minority interests in Qinghai West Copper Company Limited (Deerni Copper Mine), Luoning Huatai Mining Company Limited (Luyuangou Gold Mine) and Zijin Copper Company Limited. The Company has increased its shareholding in Shangri-la Huaxi Mining Company Limited and Kingbao Mining Limited (Myanmar nickel mine). The Company has also acquired the controlling stake of Gansu Yate Mining Company Limited (Li County Dujiagou Gold Mine) and Fujian Huanmin Company Limited (Lianchenggutian Copper and Molybdenum Mine) through shares exchange.

III. CONSTRUCTION PROJECTS

In 2008, the Group has enhanced the management of subsidiaries' construction projects. 49 projects have been carried out in the year, in part, 31 projects are major projects and total investment of RMB1.8 billion was made. Zijinshan Gold and Copper Mine's joint open pit mining and process project has gradually got its results with the increase in 1,500kg gold production and 1,900 tonnes in copper production. The extension part of Hunchun Shuguang Gold and Copper Mine's technological innovation has been completed. Its operation increased 184kg gold production and 5,000 tonnes copper concentrates production. The construction of Fuyun Mengku Iron Mine Eastern section 2,500t/d mining and process project has been completed and is in operation. These projects have made a great contribution for the growth of the Company in 2008. Jinshan Gold Refinery Plant and Fuyun Jinshan Mining Company Limited's Reduction Iron Project have been completed and in production, but these projects could not reach the production capacity as planned. The following construction projects have made good progress: Phase III technological innovation in Shuiyindong Gold Mine, two process plants in Yuanyang Gold Mine, mining and process project in Shangri-la Langdu Copper Mine, tailing pool project and APT project in Malipo Tungsten Mine, 100,000t/a zinc refinery project in Bayannaer, 1,500t/d project in Ashele Copper Mine, technological innovation in Zijinshan Copper Mine, Wulatehouqi Sanguikou Lead and Zinc Mine, Wuping Yueyang Silver and Multi-metals Mine and Xinyi Yinyan Lead Mine.

IV. GEOLOGICAL EXPLORATION PROJECTS

In 2008, the Company has increased its effort in geological exploration, total investment for geological exploration was RMB318 million.

In 2008, the Company has obtained new resources reserve of (partially not yet approved): 66.59 tonnes of gold, 325,400 tonnes of copper, 969,600 tonnes of lead and zinc, 214,500 tonnes of tungsten(wo_3), 997 tonnes of silver, 6 million tonnes of iron ore, 7.458 million tonnes of pyrite standard ore.

As at the end of 2008, the Group has recorded the following resources reserve (approved): 701.5 tonnes of gold, an increase of 9.9% over the corresponding period last year; 1,700 tonnes of silver, an increase of 150.7% over the corresponding period last year; 9.64 million tonnes of copper, an increase of 3% over the corresponding period last year; 390,000 tonnes of molybdenum, an increase of 25% over the corresponding period last year; 5.28 million tonnes of lead and zinc, an increase of 42% over the corresponding period last year; 100,000 tonnes of tungsten(wo_3), an increase of 60% over the corresponding period last year; 151 tonnes of platinum and palladium; 100,000 tonnes

of tin; 667,500 tonnes of nickel; 135 million tonnes of iron sulfate (standard ore); 168 million tonnes of iron ore; 43.97 million tonnes of bauxite, 300 million tonnes of coal. The increase in reserves of main minerals was larger than the consumption. The Group owns 280 of exploration rights with a total area of 6,732 km², an increase of 28.9% over the corresponding period; the Group also owns 37 mining rights with a total areas of 102.99 km², an increase of 98.6% over the corresponding period last year.

V. MANAGEMENT

The management system of the Company is further optimized

The Company should deny any wrong decision without hesitation and search for any suitable management methods for development of the enterprise. The Company has initially established a regional control system, in 2008, regional companies namely Southwest, Northwest, Northeast, Beijing (including Inner Mongolia) and Hong Kong have been formed, regional companies have been gradually authorized by the Group to manage the subsidiaries in their regions and to act as a management centre, investment centre, service centre, human resources centre and supervisory centre.

The Company has carried out audits in the execution of key internal control systems including the procurement system. The audits have been carried under the principle of the corporate basic internal control requirements and its materialism. Suggestions have been raised and revision of the systems have been implemented. Assessment and identification of risks have become a normal and routine operation in the internal control system.

Greater improvement in human resources management

The Group has applied “People Oriented” as its management principle and recruited more talents by training and recruitment. It has initially formed a collective mechanism in recruitment and training by the Group, regional offices and subsidiaries altogether. The Company will further enhance the total salary management and optimize the performance appraisal system. It was an innovation in staff training and recruitment that the Group can specify the contents of the training for the “pre-employee”, these tailor-made “pre-employee” can meet the needs of the Group in the future. The assigned training classes in Zijin Mining Institute, Fuzhou University and Jiangxi Polytechnic University could be a cradle for reserved talent to the Group in future.

The growth rate of the cost is under control

Since October 2008, the Group has introduced a campaign of “Learn from Jinshan, lower cost”, all subsidiaries have followed the directive of the Group and suggested positive measures to control the cost and lower management cost, and expenses and costs have been controlled effectively.

Technology advancement brings new benefits

In 2008, the Group has been granted 9 patents (in which 2 were inventions); the Group has received one 1st prize, two 2nd prizes and one 3rd prize for technology advancement by the China Gold Association. The Group has received a 2nd prize for national excellence engineering consultation result, a 2nd prize of technology advancement in Fujian Province, a 1st prize for technology advancement in Longyan. The Company has convened the fourth technology meeting to summarise and appraise the actual results from the conversion of scientific research achievements. In 2008, the Company has successfully gained the recognition as a new and high technology enterprise and the profit tax rate of the Company for the following 3 years from 2008 will be levied at 15%.

Advancement to a new platform in information management

The Group has implemented a new electronic working system in its headquarters and 14 subsidiaries, it has improved the level of information management in the subsidiaries. The remote office internet platform contains functions of video conference, telephone conference and internet which will raise the working efficiency and lower the cost of conferences.

VI. WORK SAFETY AND ENVIRONMENTAL PROTECTION

The Company will strengthen its social responsibility and the management of safety and environmental protection towards standardization to a higher standard. The Company has revised and perfected a system to have a clear responsibility in safety, environment protection, security and fire accidents in 2008 and established measures to assess the safety of the contractors and the project owner. The Group has not had a major safety and environmental protection accident this year. Following the safety and environmental audit for A shares listing, the Group has substantially raised its safety and environmental protection standard in the work flow of reporting of large project, co-ordination and supervisory, training, and accident prevention and management. It has also strengthened the safety and environmental protection concept and scope of management in the related departments and subsidiaries. The

Company has put a high priority in using clean production technology and achieved a high standard of pollution prevention at the source, recycle use of waste water, and restoration of ecology of the mines.

There was a remarkable improvement in management in 2008, however, the Company will still strive to achieve a systematic and high efficient management. The Company should advance along with time and change the traditional mindset. The management of enterprises should follow the concepts of market economy to promote efficiency and achieve advancement. The scientific spirit should be adopted in construction and management of projects. The Company will put more effort in the areas of budgetary control and expenses control. The Group's human resources work could not meet the needs in uplifting of management standard and overseas development. Moreover, the Company will manage the relationship at different levels of management and uplift the quality of management in the operation.

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Group hereby reports the discussion and analysis of 2008 operating results.

Operating Results

In 2008, the Group recorded sales income of RMB16,322,275,000 in the year, representing an increase of RMB1,451,007,000, or 9.76% over the previous year.

The table below sets out the sales by products for the two years ended 31 December 2007 and 2008:

Product	2008			2007		
	Unit price (Excluded tax) RMB	Volume	Amount/ RMB'000	Unit price (Excluded tax) RMB	Volume	Amount/ RMB'000
Gold products	196.35/g	54,765.50kg	10,751,671	168.89/g	53,176.47kg	8,981,202
Copper concentrates	41,150.75/t	51,318.00t	2,111,774	46,106.37/t	41,255.45t	1,902,139
Copper cathodes	43,195.00/t	8,882.00t	383,659	51,569.73/t	8,029.71t	414,090
Zinc bullion	13,314.31/t	102,292.00t	1,361,947	23,642.00/t	115,055.92t	2,720,151
Zinc concentrates (before deduction of internal sales)	7,068.31/t	34,388.00t	243,065	16,029.00/t	46,851.00t	750,990
Zinc concentrates (after deduction of internal sales)	6,880.43/t	5,002.45t	34,419	12,388.26/t	7,155.32t	88,642
Iron concentrates	987.04/t	978,850.00t	966,161	490.61/t	917,504.90t	450,136
Others			951,742			490,768
Less: Sales Tax and levies			(239,098)			(175,860)
Total			<u>16,322,275</u>			<u>14,871,268</u>

Note: (1)The other sales include: RMB197,599,000 income from sulfur contained products, RMB189,935,000 income from silver, RMB376,001,000 income from copper belts, and RMB40,158,000 income from tungsten products.

The Group's revenue in 2008 has increased by 9.76% over 2007, which was mainly attributable to (1) increase in sales volume and production volume caused by (i) increase in gold sales by 5.53%; (ii) increase in copper production in Zijinshan Copper Mine and Qinghai Deerni Copper Mine, increase in sales of copper concentrates by 24.39% and increase in sales of copper cathodes by 8.38%, (iii) gradually achieving the normal production in Zijin Copper Belts and Fuyun Jinshan Reduction Iron and increase in sales volume; (2) increase in selling price factors, the average unit price of gold increased 13.45% and the average unit price of iron concentrates increased 101%; (3) both increase in sales volume and price of gold which increased its percentage in total revenue to 64.92% and pushed up the total revenue.

An Analysis of Gross Profit and Gross Profit Margin

The Group is mainly engaged in mine development. The Group's cost of sales mainly includes mining, processing, and refining costs, ore transportation cost, raw materials consumption, public management expenses, salaries and depreciation of fixed assets employed for production. The table below sets out details of the gross profit margin for the two years ended 31 December 2007 and 2008.

Year	Unit cost of sales		Gross Profit Margin (%)	
	2008	2007	2008	2007
	RMB	RMB		
Mine-produced gold	66.09 /g	55.43 /g	65.50	67.86
Processed gold	197.25 /g	165.14 /g	0.56	0.24
Copper concentrates	10,942.31 /t	10,523.15 /t	73.41	77.18
Copper cathodes	14,215.49 /t	16,865.49 /t	67.09	78.16
Zinc concentrates	3,432.00 /t	2,741.38 /t	51.45	82.93
Zinc bullion	12,555.00 /t	22,239.00 /t	5.72	7.50
Iron concentrates	191.90 /t	156.87 /t	80.56	68.03
Overall (refinery products included)			36.72	39.44
Overall (refinery products excluded)			65.09	66.77

Note: Deduction of the internal sales of zinc concentrates has not been considered in this table.

The Group's overall gross profit margin was 36.72% and it did not change substantially comparing to last year. The overall gross profit margin (excluding processed and refined products) decreased 1.68% over last year and still reached to 65.09%. The slight decrease in gross profit margin was mainly caused by the substantial price drop of zinc and copper in the fourth quarter this year.

In 2008, the Group's unit selling price of gold was RMB196.35 per gram (2007: RMB168.89/gram), representing an increase of 16.26% over last year. The unit selling cost of gold increase 20.82% over last year which was mainly attributable to the increase in price of raw materials, labour cost, lower cut-off grade, and non-full scale production in some gold mines as designed. The growth of cost was slightly higher than the growth of the selling price.

In 2008, the Group's average selling price of copper concentrates was RMB41,150 per tonne (2007: RMB46,106/tonne), representing a decrease of 10.75% over last year. The Group's unit selling cost only increased 3.98% and the gross profit margin decreased 3.77% respectively over last year. It was mainly attributable to the effect of the price increase in raw materials, mining difficulty in different structures of the mines, cost increase in Xinjiang Ashele Copper Mine over last year, and the increase production and the reduction of production cost in Deerni Copper mine.

In 2008, the average selling price of copper cathodes was RMB43,195 per tonne (2007:RMB51,569/tonne) representing a decrease of 16.24% over last year. The execution of joint open pit mining and process in Zijinshan, the production of copper cathodes increase 24.58% and the unit selling cost decreased by 15.7%. Under the effect of all the factors, the gross profit margin of copper cathodes reduced by 11.07%.

In 2008, the unit selling price of zinc concentrates was RMB7,068.31 per tonne (2007: RMB16,029/tonne), it decreased 56% over last year. The gross profit margin of zinc reduced 31.48% over last year with the effect of the great decrease in price and increase of cost in zinc.

In 2008, the unit selling cost of iron concentrates increased 22.33% over last year, and the selling price increased 101% over last year. Its gross profit margin substantially increased 12.53% over last year.

In 2008, the increase of production cost was mainly attributable to an increase in the price of main and associated raw materials (including chemicals, diesel, steel ball and electricity), labour cost, and the lowering of cut-off grade of ores.

Selling and Distribution Costs

The Group's selling and distribution costs have increased by 24.29% over last year to RMB316,948,000 in 2008. The significant increase was mainly attributable to the increase in transportation costs resulting from the increase in the sales of iron concentrates and copper concentrates in 2008 (Qinghai Deerni increased RMB26,320,000, Fuyun Jinshan increased RMB20,640,000 and Shangri-la increased RMB2,030,000). The transportation cost was directly booked into selling cost. Also, the increase in oil price and labour cost caused the transportation costs to increase.

Administration Expenses

The Group's administration expenses in 2008 amounted to RMB826,891,000, which represented an increase of 36.15% over last year. The increase is mainly due to (1) faster growth in salary for staff, the increase in staff benefits, labour union cost, and education cost represented 34.4% of total administration expenses increase; (2) the increase of director's remuneration and expenses of boards of directors which represented 5.9% of total administration expenses increase; (3) substantial increase in taxes and levies caused by larger production which represented 9.9% of total administration expenses increase; (4) increase of depreciation due to increase of expenses in fixed assets (vehicles and etc) which represented 9.21% total administration expenses increase; (5) the increase in office expenses, and traveling expenses owing to enlargement of business operation which represented 7.1% of total administration expenses increase.

Finance Costs

In the reporting period, the Group's total finance costs was RMB247,326,000 representing decrease of 15.5% over last year. It was mainly attributable to the successful listing in the A Shares market and raised net proceed of RMB9,806,960,000 in April 2008, the Company immediately repaid part of the outstanding bank loans.

Assets Impairment Loss

In the reporting period, the Group's assets impairment loss was RMB326,388,000 (2007: RMB50,000), in which, loss in bad debts was RMB8,498,000, the substantial fall of metal price in global financial crisis caused RMB114,755,000 loss in inventory, RMB 42,243,000 loss in available-for-sale investments, RMB38,920,000 loss in property, plant and equipment and construction in progress caused by the change of design of some mines, RMB121,972,000 loss in goodwill and intangible assets of mining rights caused by the decrease of the discounted cash flow in light of the decline of metal price and the reversal change of mineral deposit in some mines.

Fair Value Gains or Losses on Equity Investments at Fair Value Through Profit or Loss

In the reporting period, the Group's loss in fair value was RMB36,763,000. The gain in fair value was RMB2,031,000 last year. It was mainly attributable to the poor economic situation and the fall of fair value of held-for-trading financial assets which were held by Gold Mountains (H.K.) International Mining Co., Ltd. and Xinjiang Ashele Mining Company.

Derivative Financial Instruments

In the reporting period, the Group has benefited from the fluctuation of metal price and actively carried out some metal forward contracts for the purpose of locking up the profit at certain reasonable prices and recorded RMB127,020,000 settlement gain (2007: loss of RMB74,595,000).

As at 31 December 2008, the Group has entered and held 471kg of gold and 5,500 tonnes of zinc bullion forward contracts. The Group recorded unrealised gain of RMB1,357,000 (2007: unrealised gain of RMB4,440,000).

Donation and Social Responsibility

As at 31 December 2008, the Group donated RMB270,812,000 representing RMB51,778,000 increase over last year, which included the Company's donation of RMB101,100,000, Xinjiang Ashele's donation of RMB98,430,000, Guizhou Zijin's donation of RMB17,100,000, and ZGC's donation of RMB5,360,000. The Board considered that it is their corporate responsibility to increase donations to build schools and improve the infrastructure and environment of the community especially in the time of high metal prices and great support from the local governments and people.

Working Capital and Capital Resources

As at 31 December 2008, the Group's cash and cash equivalents (excluding Non-pledged time deposits with original maturity of three months or more when acquired) amounted to RMB2,719,868,000 representing an increase of RMB561,391,000, or 26% over the previous year.

During the year, net cash inflow generated from the Group's operating activities amounted to RMB3,933,927,000, a decrease of RMB504,151,000 or 11.36% below the previous year. The main reasons for the decrease in the cash-flow generated from the Group's operating activities were (i) the increase in price of services received and raw materials over last year; (ii) the increase in staff salary and benefits; (iii) the increase in resources tax derived from larger production volume and other levies; and (iv) the increase in inventory at the end of the year.

During the year, the net cash outflow from the Group's investing activities amounted to RMB8,559,954,000, an increase of RMB3,912,973,000 or 84.2% over the previous year. The main reasons for the increase in investment activities were (i) the increase of the Group's external investment, acquisition of some minority interests of some subsidiaries, setting up of regional management companies, and increase of paid-up capital of some subsidiaries; (ii) the Company's technology upgrade in gold and copper mines and the increase of input for the subsidiaries infrastructure; and (iii) the increase of exploration rights acquisition.

During the year, net cash inflow from the Group's financing activities amounted to RMB5,207,230,000, an increase of RMB4,779,258,000 over the previous year, which was mainly due to the issue of 1,400,000,000 A shares (face value RMB0.10) at RMB7.13 per share and raised net proceed of RMB9,806,960,000.

As at 31 December 2008, the Group's total borrowings amounted to RMB3,485,663,000 (31 December 2007: RMB6,442,438,000) of which the amount repayable within one year was approximately RMB2,516,295,000, the amount repayable within two to five years was approximately RMB286,942,000, and the amount repayable in over five years was RMB682,426,000. All the bank borrowings bore interest rates between 2.25% to 7.47% (2007: 2.25% to 7.49%).

The Group's daily capital requirements and capital expenditures were expected to be financed from its internal cash-flow. The Group also possessed a substantial amount of uncommitted short-term loan facilities provided by its major banks.

Gearing Ratio

Gearing ratio is defined the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2008, the Group's consolidated total liabilities was RMB7,038,424,000 (it was RMB9,680,547,000 as at 31 December 2007), and the Group's consolidated total equity was RMB19,179,125,000 (it was RMB7,118,613,000 as at 31 December 2007). As at 31 December 2008, the Group's gearing ratio was 0.37 (it was 1.36 as at 31 December 2007).

Profits Attributable to Shareholders of the Parent and Earnings per Share

The Group's profits attributable to shareholders of the parent as at 31 December 2008 was approximately RMB3,066,201,000, representing an increase of 20.15% over approximately RMB2,552,007,000 in 2007.

For the year ended 31 December 2008, the Group's basic earnings per share (basic) was RMB0.22, representing an increase of 15.8% over the previous year. The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB3,066,201,000 (2007: RMB2,552,007,000) and the weighted average number of 14,074,642,433 ordinary shares (2007: 13,141,309,100 shares) in issue during the year.

Investment Status

1. Use of proceeds

The Company's IPO raised the net proceeds of RMB9,806,960,200 in April 2008 in the PRC. As at 31 December 2008, the accumulated use of the proceeds is RMB7,736,923,400 and the details are set out below:

RMB'000

Total proceeds raised		9,806,960.20	Total use of proceed in 2008		7,736,923.40
			Accumulated use of proceeds		7,736,923.40
Items	Project Name	Project amended	Proposed investment	Total invested amount as at the period end	On schedule
1	Zijinshan Gold and Copper Mine joint open pit mining project	No	1,521,040.80	798,130.10	Yes
2	Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500.00	230,000.00	No
3	200 tonnes daily gold processing and refining project	No	198,380.00	198,380.00	Yes
4	Mining resources exploration project	No	357,000.00	207,253.30	Yes
5	Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu sectopm exploration	No	198,000.00	175,000.00	No
6	Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals plc	No	603,000.00	603,000.00	Yes
7	Acquisition and development of the ZGC Gold Mine in Tajikistan	No	1,305,345.00	560,000.00	No
8	Acquisition of 70% interest in Zijin Longxing which owns the mining right in the Tuva Lead Zinc Mine - the Republic of Tuva	No	271,600.00	197,160.00	Yes
9	Supplemental working captial		4,891,094.40	4,768,000.00	
Grand Total			9,806,960.20	7,736,923.40	

PROSPECTS

Business Environment

It is expected that the global economic crisis will further deteriorate and persistently hit the lowest point in 2009. The international currency system has been adjusting in a risky situation. In the light of the unstable geographical politics and the change and the uncertainty of US dollar position will affect the price of crude oil and staple commodities. However, it is expected that the risk-resistance function and the intrinsic value of gold will allow its price to stay at a high level in 2009.

From September 2008, the price of copper has dropped significantly which caused a decrease in production of the refinery plants while the production of mines remained unchanged. The supply of the copper will maintain a steady growth. The copper market may have a substantial surplus in year 2009. The surplus may suppress the copper price staying in the lower level.

In 2009, the demand of zinc will deteriorate substantially. In 2009, zinc's demand and supply will hardly reach a balance point. The rebound of zinc price will be suppressed by its excess supply and the price will stay at a lower level.

Business Objectives

In year 2009, the Group plans to produce gold of approximately 31.2 tonnes from mines, representing 12.7% increase over last year; copper metal of approximately 83,500 tonnes, representing 40% increase over last year; silver of approximately 96.8 tonnes; process gold of approximately 28.6 tonnes; refined zinc of approximately 80,000 tonnes; zinc in concentrate form of approximately 35,000 tonnes; iron concentrates of approximately 1,640,000 tonnes; tungsten in concentrate form of approximately 4,556 tonnes (standard). Please note that the said

plan was made on the basis of the current market situation and the existing conditions of the Company. The Board may, pursuant to changes in circumstances, vary the production plan.

Business Strategies

The Group aims to lower the operation cost in order to sustain and survive the economic downturn. The Group will seize the opportunities during the low season of the mining industry, as well as plan its future development. The Group will strengthen the fundamental management, tighten the controllable expenses; supervise the non-value-added investment closely, expand the effective production capacity, standardise the project construction management, build a modern logistics system, break the bottle-neck of talent recruitment and seize the chance of recruitment in the low personnel market, strive for a breakthrough in making substantial acquisitions to significantly increase its resources significantly, capture the market opportunities and strive for continuing growth.

1. Production and operation

Zijinshan Gold and Copper Mine will continue to act as the Group's production and profit centre and ensure the implementation of the whole year production plan. Other gold production enterprises should catch the high price opportunity to increase their production capacity. Copper production entities should control their cost and increase their production. Other mining entities should watch the change of the economy and enlarge their production under the condition of having positive net cash in-flow. For those enterprises that cannot generate profits or operating cash inflow, they can make the decision as to commence production, limit the production volume, or suspend production according to the market condition and their situation. Each entity should closely watch the market and the change of price and enter into some metal forward contracts to promote the profitability under the direction of the Group.

2. Project construction and initial works

The Group will regulate the construction of projects and uplift the management standard of projects. The Group will optimize the project construction system to form a three-level management including the Group, regional companies and its subsidiaries. The Group will have an overall review of constructing projects and proposed to construct projects to identify the speed and priority of construction and impose effective supervision.

The Group will speed up the use of proceed to invest the qualified projects, of which, the Group will strive to accelerate the progress in the following projects: joint open pit mining and process project in Zijinshan Gold and Copper Mine, the development in the deep part of the mine and other associated construction, Hunchun Copper Gold Mine technological innovation and expansion project, mining and process technological innovation project in Talao Gold Mine in Tajikistan, the phase one construction of integrated use of tailing in Qinghai Deerni Copper Mine, Guizhou Zijin's integrated project, the independent mining and process systems in Ashele Copper Mine, steady construction of Malipo Nanwenhe Tungsten Mine, Chongli Zijin's 2,500 t/d technological innovation project and its associated constructions, and the construction of Shanghang 200,000t/y copper refinery plant. The Group will also speed up the reporting process and design perfection for Duobaoshan Copper Mine, Tangjiaping Molybdenum Mine, Bojitian Gold Mine, and Taipingdong Gold Mine and target to start construction in this year.

3. Geological Exploration

Geological exploration is still an important method to increase the Group's resources. The Group will reinforce the exploration and strategically put gold and copper as its priority. The exploration will be mainly conducted in the surrounding area of the large scale mines. The Group will mainly conduct exploration research for gold, copper and molybdenum in Zijinshan Gold Mine and its surrounding area as well as the surrounding area of Guizhou Shuiyindong Gold Mine, Yunnan Malipo Tungsten Mine, Gansu Li County Gold Mine, Henan Luoning Luyuangou Gold Mine, Yunnan Yuanyang Gold Mine, Shangri-la Langdu, Lannitang Copper Mine, Shanxi Yixingzhai Gold Mine and Hebei Dongping Gold Mine.

The Company has initially built an exploration system that Xiamen Exploration Centre acts as a conduit, Zijinshan Gold and Copper Mine General Project Department, the exploration branches in South-west, North-west, and North-east Asia will lead the projects. An internal market mechanism will be carried out during the Group's geological explorations. An exploration fee will be fixed and exploration risk will be controlled. An effective reward system should be executed for the projects with good results. The Group will control the projects involving heavy engineering works. The Group will carry out a system to track the quality management and push standardization and structured work in exploration. The Group will unify the

management of mining rights in category. The Group will study and review each mining and exploration right to locate any prospective area for substantial investment in exploration and discontinue those areas with no potential. The Group will speed up the development and application of “Digital Mine” software to improve the standard of information in the geological resource management.

4. *External Investments*

The Group will continue to put more effort in control of resources and look for an opportunity to achieve a significant breakthrough in the control of resources. The Group will capture the chance during this risky period with low prices of mineral products. The Group will mainly study the domestic or overseas projects with large gold or copper resource which are in the stage of production, under construction or completion of pre-phase work. The Group will try to acquire one or two big companies or projects to increase the controlled resource and production capacity significantly that will build a foundation for a new phase development of the Company.

5. *Production Safety and Environmental Protection*

Responsibility in production safety and environmental protection should be fully implemented and the “rejection policy in safety production” (failure in safety and environmental protection means failure even achieved the production target) should be firmly executed. The supervisory of contracted unites’ work safety will be reinforced. The Group will perfect the systems of job safety and occupational health and actively apply scientific measures to solve problems in safety and environmental protection, especially the construction and management of tailings depot. “Carrying out 3 types of work in the same time”(execution of project design, construction, and certify completed construction in the same time) in construction and environmental evaluation will be carried out. Realisation of “Save energy and reduce emission” will be carried out by using clean and advanced technology, techniques and equipment. The Group will carry out clean production to achieve zero emission in waste water and enhance the management of “wastes, waste water and pollution air”. The Group will develop a recycle economy. The Group will mainly focus on the integrated utilization of low grade copper ore and tailings. The Group seriously takes its social and environmental responsibility to build an environment for sustainable development by restoration of ecology and rebuild of environment.

6. *Human Resources*

Zijinshan Gold Copper Mine, Hunchun Gold Copper Mine, Ashele Copper Mine and other entities have been established as talent training centres for the Group. The Group will put full efforts in the building of Zijin Mining College, Fuzhou University and the co-operations of training in process mining, electric and etc., and specific topics with other universities. The Group has a firm decision in the design and execution of a multi-level talent training plan.

In order to solve the need of high caliber personnel for the future development, the Group has developed good measures in discovery, training, and use of talents which allow the formation of a reasonable talent team. The Group will attract high caliber personnel in mining and management specializations to join in the low season of mining industry. The Group will also put a great effort to train and recruit talents for international business. These talents should be able to adopt Zijin’s culture and have a sound ability in both of foreign languages and professional knowledge.

The Group will establish a scientific personnel appraisal system to enable a sharing of personnel information.

7. *Management*

The Group will review the existing internal control systems and reform it into clear-cut, standardized, efficient and orderly internal control systems. With integration with the district control systems, the Group will focus on the perfection of the internal control systems such as equity ownership representative system, financial control, business control, and basic management systems. The Group will enhance the strengths in supervision and audit and standardize the project construction management. The Group will substantially enhance the supervisory and development of logistic system, execute comprehensive budgetary management in finance and build a complete financial control system.

2008 was a critical year in the development history of the Group. It has a significant meaning to the future development of the Group especially in the realization of A shares listing. The Group has entered into a new phase of development. Given that the global economic recession and the sharp fall of prices of non-ferrous metals, 2009 will be full of challenges and opportunities. The Group will follow the “Three-Step-Walk” strategic arrangement and grasp a chance to reduce costs, maintain a growth, reinforce management, and realize a major breakthrough in resources control in 2009. The Group has to seize the important development opportunities and achieve substantial growth in the risky environment and build a foundation for a leap-forward development in the future.

SUPPLEMENTAL INFORMATION

Post Balance Sheet Event

Pursuant to the agreement between the Company and Minxi Xinghang State-owned Assets Investment Company Limited (“Minxi Xinghang”), a shareholder of the Company, dated on 8 January 2009, both parties will set up a joint venture named Zijin Copper Company Limited. The registered capital of Zijin Copper Company Limited is RMB1,000,000,000 and both Minxi Xinghang and the Company will inject RMB500,000,000 and hold 50% equity interests respectively in Zijin Copper Company Limited. In addition, the Company is authorised to provide financial guarantee to Zijin Copper Company Limited according to its interest in the joint venture with the yearly maximum amount of RMB900,000,000 for three years (2009-2011). The transactions have been passed and approved in an extraordinary general meeting dated 9 March 2009.

Purchase, Redemption or Sale of Listed Securities of the Company

A Shares Listing

Under the approval document “ZhengJianXuKe[2008]417” from China Securities Regulatory Commission and the approval document “ShangZhengShangZi[2008]29” from Shanghai Stock Exchange, the Company issued 1,400,000,000 A shares at RMB7.13 per share (face value RMB0.1) and listed on Shanghai Stock Exchange on 25 April 2008. Tian Jian Hua Zheng Zhong Zhou (Beijing) CPA Limited carried out an audit on 22 April 2008 for the fund raised in the IPO and issued “TianJianHuaZhengZhongZhouYan(2008)GF020005” capital verification report. The net proceeds of this A Shares IPO is RMB9,806,960,200. The details of the issue of new shares have been set out in the note 37 to the financial statements of the 2008 annual report.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company’s listed securities as at 31 December 2008.

Corporate Governance

The Corporate Governance Report of the Company has been set out in its 2008 Annual Report. The Audit Committee of the Board held a meeting on 19 March 2009 for the purpose of reviewing the annual report of the Group and giving advice and recommendations to the Board. Save as disclosed below, the Board acknowledges that as at 31 December 2008, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) without deviations.

Mr. Chen Jinghe is both the Chairman of the Board and President of the Company. The Board considers that although such structure deviates from Rule A.2.1 of the CG Code, the effective operation of the Group will not be impaired as Mr. Chen is responsible for the effective operation of the Board as Chairman of the Board and has made sufficient delegation in the daily business operation of the Group as the President.

By order of the Board
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

Fujian, the PRC, 20 March 2009

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.

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