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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Financial results

Revenue	+23.85% to RMB20,215,111,000
Gross profit	+9.67% to RMB6,572,684,000
Gross profit margin	32.51% as compared with 36.72% for Year 2008
Net profit attributable to equity holders of the parent	+15.85% to RMB3,552,347,000

Operating performance

Production of gold	+31.5% to 75,373kg or 2,423,287 ounces
including: mine-produced gold	+7.63% to 30,653kg or 985,503 ounces
Sales of gold	+36.15% to 74,564kg or 2,397,277 ounces
Average selling price of gold	+8.00% to RMB212.06/g or US\$965.97/ounce
Production of copper	+38.13% to 84,826 tonnes
Sales of copper	+32.21% to 79,590 tonnes
Production of iron concentrates	+20.25% to 1,421,800 tonnes
Sales of iron concentrates	+53.20% to 1,499,551 tonnes
Production of zinc	+0.91% to 136,346 tonnes
Sales of zinc	+24.18% to 133,242 tonnes
(1 troy ounce = 31.1035g)	

Highlights

- At the end of 2009, the Group has recorded the following resources reserve (approved): 714.652 tonnes of gold, an increase of 1.88%; 1,855.21 tonnes of silver, an increase of 9.1%; 10.6286 million tonnes of copper, an increase of 10.22%; 392,500 tonnes of molybdenum, an increase of 0.46%; 5.23 million tonnes of lead and zinc; 173,400 tonnes of tungsten (W_2O_3); an increase of 70.17%; 185.6 million tonnes of iron ore, an increase of 10.54%; 459.2 million tonnes of coal, an increase of 52.61%; 99,290 tonnes of tin; 607,100 tonnes of nickel; 66.73 million tonnes of sulfur iron (standard ore). The Group achieved the target that the increase in reserve in main minerals was larger than the consumption.
- In 2009, the Company obtained new resources reserve of (partially not yet approved): 31.84 tonnes of gold, 687,700 tonnes of copper, 71,500 tonnes of tungsten (W_2O_3), 123.53 tonnes of silver, 49,600 tonnes of molybdenum, and 11.1 million tonnes of iron ore.
- In 2010, the Group plans to produce gold of approximately 31.1 tonnes from mines, representing 1.5% increase over last year; copper metal of approximately 100,000 tonnes, representing 18% increase over last year; silver of approximately 127 tonnes; process gold of approximately 32.7 tonnes; refined zinc of approximately 170,000 tonnes; zinc in concentrate form of approximately 34,200 tonnes from mines; iron concentrates of approximately 1,300,000 tonnes; tungsten in concentrate form of approximately 6,591 tonnes (standard). Please note that the said plan was made on the basis of the current economic situation, market situation and the existing conditions of the Company. The Board may, pursuant to 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 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	2009 RMB'000	2008 <i>RMB'000</i>
REVENUE	20,215,111	16,322,275
Cost of sales	(13,642,427)	(10,329,182)
Gross profit	6,572,684	5,993,093
Other income and gains	608,982	522,199
Selling and distribution costs	(376,971)	(316,948)
Administrative expenses	(717,709)	(826,891)
Other expenses	(968,942)	(630,942)
Finance costs	(168,425)	(247,326)
Share of profits of:		
Associates	79,050	11,370
Jointly-controlled entities	16,654	28,502
PROFIT BEFORE TAX	5,045,323	4,533,057
Income tax expense	(968,254)	(639,031)
PROFIT FOR THE YEAR	4,077,069	3,894,026
Attributable to:		
Owners of the parent	3,552,347	3,066,201
Minority interests	524,722	827,825
	4,077,069	3,894,026
PROPOSED FINAL DIVIDENDS	1,454,131	1,454,131
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	RMB0.24	RMB0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
PROFIT FOR THE YEAR	<u>4,077,069</u>	<u>3,894,026</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale assets:		
Changes in fair value	342,367	(233,216)
Reclassification adjustments for losses/ (gains) included in the consolidated income statement:		
-Gains on disposal	(114,765)	
-Impairment losses		42,243
Income tax effect		24,519
	<u>227,602</u>	<u>(166,454)</u>
Share of other comprehensive income of associates	(38,796)	(29,012)
Exchange differences on translation of foreign operations	<u>9,887</u>	<u>(75,472)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>198,693</u>	<u>(270,938)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,275,762</u>	<u>3,623,088</u>
Attributable to:		
Owners of the parent	3,747,646	2,807,824
Minority interests	<u>528,116</u>	<u>815,264</u>
	<u>4,275,762</u>	<u>3,623,088</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	10,051,014	8,259,305
Investment properties	55,145	57,211
Prepaid land lease payments	361,939	525,302
Long-term deferred assets	580,381	584,570
Other assets	2,224,008	2,963,102
Other intangible assets	4,815,060	3,586,823
Goodwill	437,397	327,982
Interests in associates	1,423,935	1,091,590
Interests in jointly-controlled entities	76,210	276,195
Available-for-sale investments	571,777	422,238
Deferred tax assets	88,101	71,195
Total non-current assets	20,684,967	18,165,513
CURRENT ASSETS		
Inventories	2,590,404	1,593,508
Prepayments, deposits and other receivables	848,848	801,029
Trade receivables	418,147	322,131
Bills receivables	111,641	266,534
Equity and debt investments at fair value through profit or loss	141,799	23,677
Derivative financial instruments	2,402	5,665
Pledged deposits	543,677	74,833
Cash and cash equivalents	3,594,292	4,964,659
	8,251,210	8,052,036
Assets of a disposal group classified as held for sale	709,960	-
Total current assets	8,961,170	8,052,036
CURRENT LIABILITIES		
Accrued liabilities and other payables	2,085,439	1,997,203
Trade and bills payables	957,287	727,713
Interest-bearing bank borrowings	3,457,655	2,516,295
Tax payable	301,701	418,004
	6,802,082	5,659,215
Liabilities directly associated with the assets classified as held for sale	366,131	-
Total current liabilities	7,168,213	5,659,215
NET CURRENT ASSETS	1,792,957	2,392,821
TOTAL ASSETS LESS CURRENT LIABILITIES	22,477,924	20,558,334
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	407,410	969,368
Provision for land restoration and environmental costs	79,097	59,589
Deferred tax liabilities	143,890	131,328
Government grants	40,678	13,990
Long-term other payables	193,383	204,934
Total non-current liabilities	864,458	1,379,209
Net assets	21,613,466	19,179,125
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	1,454,130	1,454,130
Reserves	16,716,051	14,680,258
	18,170,181	16,134,388
Minority interests	3,443,285	3,044,737
Total equity	21,613,466	19,179,125

Notes:

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 and IAS 27	Amendments to IFRS 1 <i>First-time Adoption of IFRSs</i> and IAS 27 <i>Amendments Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
IFRS 2 Amendments	Amendments to IFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
IFRS 8	<i>Operating Segments</i>
IAS 1 (Revised)	<i>Presentation of Financial Statements</i>
IAS 18 Amendment*	Amendment to Appendix to IAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
IAS 23 (Revised)	<i>Borrowing Costs</i>
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>
IFRIC-Int 9 and IAS 39 Amendments	Amendments to IFRIC-Int 9 <i>Reassessment of Embedded Derivatives</i> and IAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
IFRIC-Int 13	<i>Customer Loyalty Programmes</i>
IFRIC-Int 15	<i>Agreements for the Construction of Real Estate</i>
IFRIC-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IFRIC-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to IFRSs (May 2008) **	Amendments to a number of IFRSs

* Included in *Improvements to IFRSs 2009* (as issued in April 2009).

** The Group adopted all the improvements to IFRSs issued in May 2008 except for the amendments to IFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of IFRS 7 Amendments, IFRS 8 and IAS 1 (Revised), the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

- (a) Amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The IFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs

using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) IFRS 8 *Operating Segments*

IFRS 8, which replaces IAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

(c) IAS 1 (Revised) *Presentation of Financial Statements*

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.3 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 (Revised)	<i>First-time Adoption of International Financial Reporting Standards</i> ¹
IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters</i> ²
IFRS 1 Amendment	<i>Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters</i> ⁴
IFRS 2 Amendments	Amendments to IFRS 2 <i>Share-based Payment – Group Cash-settled Share-based Payment Transactions</i> ²
IFRS 3 (Revised)	<i>Business Combinations</i> ¹
IFRS 9	<i>Financial Instruments</i> ⁶
IAS 24 (Revised)	<i>Related Party Disclosures</i> ⁵
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
IAS 32 Amendment	Amendment to IAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i> ³
IAS 39 Amendment	Amendment to IAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ¹
IFRIC-Int 14 Amendments	Amendments to IFRIC-Int 14 <i>Prepayments of a Minimum Funding requirement</i> ⁵
IFRIC-Int 17	<i>Distributions of Non-cash Assets to Owners</i> ¹
IFRIC-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ⁴
Amendments to IFRS 5 included	Amendments to IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i> ¹
In <i>Improvements to IFRSs</i> issued in May 2008	

Apart from the above, the IASB has issued *Improvements to IFRSs 2009* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC-Int 9 and IFRIC-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional

provisions for each standard or interpretation.

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2010
- ³ Effective for annual periods beginning on or after 1 February 2010
- ⁴ Effective for annual periods beginning on or after 1 July 2010
- ⁵ Effective for annual periods beginning on or after 1 January 2011
- ⁶ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers except for the adoption of IFRS 3 (Revised)) and IAS 27 (Revised) as further explained below, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The Group expects to adopt IFRS 3 (Revised) and IAS 27 (Revised) from 1 January 2010. The changes introduced by these revised standards must be applied prospectively and will affect the accounting of future acquisitions, loss of control and transactions with minority interests.

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:

	2009 RMB'000	2008 RMB'000
Revenue		
Sale of gold bullion	14,114,171	10,250,853
Sale of gold concentrates	1,019,895	500,818
Sale of copper concentrates	2,076,180	2,111,774
Sale of copper cathodes	401,365	383,659
Sale of zinc bullion	1,191,220	1,361,947
Sale of zinc concentrates	60,085	34,419
Sale of iron concentrates	591,912	966,161
Others	1,011,861	951,742
Less: Sales taxes and levies (note (a))	(251,578)	(239,098)
	20,215,111	16,322,275
Other income		
Bank interest income	123,171	141,837
Rental income	7,680	5,063
Processing income	6,738	1,174
Dividend income	3,830	44,934
Hotel operating income	23,630	22,873
Gain on sales of scrap materials	19,161	65,408
Government grants	44,131	36,354
Others	64,891	68,822
	293,232	386,465
Gains		
Exchange gains	729	7,357
Gains on derivative financial instruments	-	127,020
Fair value gains on derivative financial instruments at fair value through profit or loss	2,402	1,357
Fair value gains on equity and debt investments at fair value through profit or loss	26,100	-
Gain on disposal of a mining right	111,306	-
Gain on disposal of subsidiaries	4,820	-
Gain on disposal of certain equity interests in subsidiaries	2,275	-
Gain on disposal of available-for-sales investments	37,793	-
Fair value gains on available-for-sale investments (transfer from equity on disposal)	114,765	-
Excess of consideration over the cost on acquiring further equity interest in an associate	15,560	-
	315,750	135,734
	608,982	522,199

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

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments 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, principally, the production of gold concentrates, copper concentrates, zinc concentrates and iron concentrates; and
- (f) the corporate and others segment comprises, principally, the production of vitriol, copperplate, silver, iron, etc.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments, effects of difference between IFRS and China Accounting Standards ("CAS") as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, equity and debt investments at fair value through profit or loss, derivative financial instruments, available-for-sales instrument and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

The following tables present revenue, profit and asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2009 and 2008.

OPERATING SEGMENT INFORMATION

Year ended 31 December 2009	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	4,812,441	9,513,513	401,364	1,191,220	3,944,226	1,093,061	-	20,955,825
Intersegment sales	218,431	127,479	233,890	-	336,090	291,042	(1,206,932)	-
	<u>5,030,872</u>	<u>9,640,992</u>	<u>635,254</u>	<u>1,191,220</u>	<u>4,280,316</u>	<u>1,384,103</u>	<u>(1,206,932)</u>	<u>20,955,825</u>
Segment results	2,866,889	189,976	191,898	201,060	1,797,406	188,213	-	5,435,442
Reconciliation:								
Interest and dividend income								127,001
Unallocated expenses								(375,110)
Finance costs								(168,425)
Segment profit before tax								<u>5,018,908</u>
Assets and liabilities								
Segment assets:	4,005,200	1,025,227	2,110,446	2,591,089	9,869,546	3,709,889	-	23,311,397
Reconciliation:								
Unallocated assets								5,624,780
Assets classified as held for sale								709,960
Total assets								<u>29,646,137</u>
Segment liabilities:	1,210,684	577,134	189,577	1,271,761	1,520,490	373,481	-	5,143,127
Reconciliation:								
Unallocated liabilities								2,523,413
Liabilities directly associated with the assets classified as held for sale								366,131
Total liabilities								<u>8,032,671</u>

Year ended 31 December 2009	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
Other segment information:								
Share of profits and losses of:								
Associates	(3,642)	-	-	-	53,299	29,393	-	79,050
Jointly-controlled entities	-	-	-	-	-	16,654	-	16,654
Impairment losses recognised in the income statement	347,197	-	-	10,000	18,086	2,658	-	377,941
Impairment losses reversed in the income statement	-	(6,594)	-	-	-	(7,199)	-	(13,793)
Exploration and evaluation cost written off	10,136	-	2,704	3,609	22,234	9,245	-	47,928
Non-cash gains/(losses)	(109,124)	-	(299,840)	1,952	-	73	-	(406,939)
Unallocated non-cash gains/(losses)								<u>227,602</u>
								<u>(179,337)</u>
Depreciation and amortisation	306,815	57,976	10,755	77,769	417,407	122,607	-	993,329
Interest in associates	-	-	107,733	-	903,573	412,629	-	1,423,935
Interest in Jointly-controlled entities	-	-	-	-	76,210	-	-	76,210
Capital expenditure	974,025	45,238	20,643	472,758	2,826,354	443,895	-	4,782,913
Unallocated capital expenditure								<u>39,608</u>
								<u>4,822,521</u>

Year ended 31 December 2008	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	4,533,402	5,717,452	383,659	1,361,947	3,711,129	1,276,175	-	16,983,764
Intersegment sales	129,705	3,130	78,315	4,320	283,193	319,218	(817,881)	-
	<u>4,663,107</u>	<u>5,720,582</u>	<u>461,974</u>	<u>1,366,267</u>	<u>3,994,322</u>	<u>1,595,393</u>	<u>(817,881)</u>	<u>16,983,764</u>
Segment results:	2,601,409	9,864	265,097	101,279	2,008,459	153,432	-	5,139,540
Reconciliation:								
Interest and dividend income								186,771
Unallocated expenses								(606,782)
Finance costs								<u>(247,326)</u>
Segment profit before tax								<u>4,472,203</u>
Assets and liabilities								
Segment assets:	4,040,548	783,402	1,640,722	1,810,336	8,682,227	2,098,179	-	19,055,414
Reconciliation:								
Unallocated assets								<u>7,162,135</u>
Total assets								<u>26,217,549</u>
Segment liabilities:	499,167	369,322	65,393	112,564	1,246,361	59,119	-	2,351,926
Reconciliation:								
Unallocated liabilities								<u>4,686,498</u>
Total liabilities								<u>7,038,424</u>

Year ended 31 December 2008	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
Other segment information:								
Share of profits and losses of:								
Associates	-	-	(5,826)	-	23,986	(6,790)	-	11,370
Jointly-controlled entities	29,012	-	-	-	(510)	-	-	28,502
Impairment losses recognised in the income statement	107,233	9,427	658	12,300	62,401	134,369	-	326,388
Non-cash gains/(losses)	65,905	-	50,110	12,362	-	-	-	128,377
Unallocated non-cash gains/(losses)								(51,556)
								<u>76,821</u>
Depreciation and amortization	253,126	14,642	24,256	67,195	250,960	88,466	-	698,645
Unallocated depreciation and amortization								<u>2,576</u>
								<u>701,221</u>
Interest in associates	-	-	113,858	-	646,645	331,087	-	1,091,590
Interest in jointly-controlled entities	199,093	-	-	-	77,102	-	-	276,195
Capital expenditure	987,527	248,736	250,460	419,370	3,201,552	752,137	-	5,859,782*
Unallocated capital expenditure								<u>207,847*</u>
								<u>6,067,629</u>

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, investment properties, long-term deferred assets and other assets.

The following tables present the reconciliations of reportable segment revenue and profit before tax to the Group's consolidated amounts:

	2009 RMB'000	2008 RMB'000
Revenue		
Revenue for reportable segments	20,955,825	16,983,764
Sales taxes and levies not included in segment revenue	(251,578)	(285,803)
Other income included in segment revenue	(489,136)	(375,686)
Revenue for the period	20,215,111	16,322,275
Profit before tax		
Segment results	5,435,442	5,139,540
Interest and dividend income	127,001	186,771
Unallocated expenses	(375,110)	(606,782)
Finance costs	(168,425)	(247,326)
Effects of differences between IFRS and CAS	26,415	60,854
Profit before tax	5,045,323	4,533,057

Geographical information

Over 99% of the Group's revenue is derived from customers based in Mainland China, and over 92% of the Group's assets are located in Mainland China.

Information about a major customer

Revenue of approximately RMB14,114,170,000 (2008: RMB:10,250,853,000) was derived from sales by mine-produced gold segment and processed gold segment to Shanghai Gold Exchange.

3 PROFIT BEFORE TAX

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

	2009 RMB'000	2008 RMB'000
Cost of inventories sold	13,364,964	10,038,128
Amortisation of prepaid land lease payments	15,447	13,069
Amortisation of long-term deferred assets	89,953	91,305
Amortisation of other intangible assets	166,346	59,180
Provision for land restoration and rehabilitation costs	19,508	12,745
Write-down/ (write back) of inventories to net realisable value	(13,791)	114,755
	13,642,427	10,329,182
Depreciation of property, plant and equipment (note (a))	719,517	535,671
Depreciation of investment properties	2,066	1,994
Research and development expenditures	38,973	44,488
Minimum lease payments under operating leases on land and buildings	2,138	3,902
Auditors' remuneration	4,400	4,280
Staff costs (including directors' remuneration):		
Salaries and other staff costs (note (b))	837,131	826,261
Retirement benefits - defined contribution fund (note (c))	48,422	45,741
	885,553	872,002
Provision for impairment of trade and other receivables *	1,657	8,498
Impairment provision for property, plant and equipment*^	126,754	38,920
Impairment provision for other intangible assets*^	202,912	113,315
Impairment provision for available-for-sale investments*	-	42,243
Impairment provision for goodwill*	14,290	8,658
Impairment provision for interest in a jointly-controlled entity*	20,571	-
Impairment provision for other assets*	10,007	-
Impairment provision for interest in an associate*	1,750	-
Donations*	140,210	270,812
Loss on disposal of property, plant and equipment*	12,894	8,945
Losses on disposal of other assets*	1,028	-
Losses on disposal of subsidiaries *	-	54,168
Losses on derivative financial instruments*	409,341	-
Fair value losses on equity investments at fair value through profit or loss *	-	50,329
Exploration and evaluation costs written off	47,928	-

*Classified under "Other expenses" in the Group's consolidated income statement.

^Impairment provision was recognised because the actual ore reserve turned out to be lower than the expectation.

Notes:

- Depreciation of approximately RMB412,226,000 was included in the cost of sales for the year ended 31 December 2009 (2008: RMB352,907,000).
- Staff costs of approximately RMB538,925,000 were included in the cost of sales for the year ended 31 December 2009 (2008: RMB463,406,000). Retirement benefits of approximately RMB30,366,000 were included in the cost of sales for the year ended 31 December 2009 (2008:RMB25,356,000).

- (c) According to the relevant rules and regulations of the PRC, the Company and its subsidiaries established 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	
	2009	2008
	RMB'000	RMB'000
Interest on bank loans wholly repayable within five years	211,892	287,428
Less: Interest capitalised as construction in progress	(43,467)	(40,102)
	168,425	247,326

The interest capitalised represents the cost of capital from raising the related borrowings and the interest capitalisation rate ranges from 5.13% to 5.41% (2008: 4.52% to 7.47%) per annum.

5. TAX

	2009	2008
	RMB'000	RMB'000
Group:		
Current		
– Hong Kong	-	2,561
– Mainland China	893,897	694,894
Underprovision/(overprovision) in prior years	94,661	(8,884)
Deferred tax	(20,304)	(49,540)
	968,254	639,031

Provision for Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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.

Provision for the PRC corporate income tax has been provided at the rate of 25% (2008: 25%) 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 High-New 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 the State Administration of Taxation dated 1 December 2008 and Hang Di Shui [2009] No.8001 issued by Shanghang Local Tax Bureau.

Pursuant to A Di Guo Shui Ban [2008] No.421 issued by Fuyun tax bureau, Fuyun Jinshan Mining Company Limited ("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 Mining Company Limited ("Yuanyang Huaxi") was granted a preferential tax rate

of 15% from 1 January 2003 to 31 December 2010.

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 Xin Zheng Fa [2008] No.29. Pursuant to Xin Zheng Fa [2001] No.202, Xinjiang Ashele is granted a preferential tax rate of 15% from 1 January 2009 to 31 December 2010.

Pursuant to Guo Fa [2007] No.39 issued by the State Council, Zijin Mining Group (Xiamen) Investment Co., Ltd. and Xiamen Zijin Mining Technology Company Limited are granted a tax concession at a preferential tax rate of 20% for the year ended 31 December 2009, 22% for 2010, 24% for 2011, and 25% for 2012.

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 the State Council, Qinghai West Copper Company Limited ("Qinghai West") was granted a tax concession at a preferential rate of 15% from 1 January 2007 to 31 December 2010.

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 Shui Han [2002] No.47 and Ba Guo Shui Han [2008] No.50 issued by State Council, Bayannaoer Zijin Non-ferrous Metal Company Limited ("Bayannaoer Zijin") was granted a tax concession at a preferential rate of 15% for the year ended 31 December 2009.

Pursuant to Ji Guo Shui Fa [2006] No.80 issued by the State Tax Bureau dated 11 April 2006, Hunchun Zijin Mining Company Limited enjoys a tax concession at a preferential rate of 15% from 1 January 2006 to 31 December 2010.

Pursuant to Fu Di Shui Zi [2009] No.003 issued by Xinjiang tax bureau dated 4 August 2009, the tax concession at a preferential rate of 15% of Xinjiang Jinbao Mining Limited ("Xinjiang Jinbao") was terminated since 1 January 2008 and the concession of tax expenses of RMB47,976,000 for 2008 was levied in 2009.

Pursuant to Xin Di Shui Han [2008] No.464 issued by Xinjiang tax bureau dated 24 November 2008, the tax exemption of Xinjiang Jinbao is terminated since 1 January 2007 and the exemption of tax expenses of RMB24,198,000 for the year 2007 was levied in 2009.

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the location in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2009		2008	
	RMB'000	%	RMB'000	%
Profit before tax	5,045,323		4,533,057	
At the PRC applicable tax rate	756,798	15.00	679,959	15.00
Expenses not deductible for tax	25,969	0.51	8,028	0.18
Income not subject to tax	(7,902)	(0.16)	(26,850)	(0.59)
Profits and losses attributable to associates and jointly-controlled entities	(14,356)	(0.28)	(5,981)	(0.13)
Differential tax rate on the profit of the Company and certain subsidiaries	58,286	1.15	(55,482)	(1.22)
Underprovision/(overprovision) in prior year	94,661	1.88	(8,884)	(0.20)
Tax losses not recognised	15,591	0.31	19,069	0.42
Deductible temporary differences not recognised	39,207	0.78	29,172	0.64
Tax charge at the Group's effective rate	968,254	19.19	639,031	14.10

The share of tax attributable to associates and jointly-controlled entities amounting to RMB31,909,000 (2008: RMB22,844,000) is included in "Share of profits and losses of associates and jointly-controlled entities" in 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	
	2009	2008
	RMB'000	RMB'000
	(Audited)	(Audited)
Profit attributable to equity holders of the parent under CAS	3,541,447	3,005,348
Adjustment in work safety fund and future development fund (note 1)	<u>10,900</u>	<u>60,853</u>
Profit attributable to equity holders of the parent under IFRS	<u>3,552,347</u>	<u>3,066,201</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 2009	31 December 2008
	RMB'000	RMB'000
	(Audited)	(Audited)
Equity attributable to equity holders of the parent under CAS	18,170,181	16,134,388
	<u>-</u>	<u>-</u>
Equity attributable to equity holders of the parent under IFRS	<u>18,170,181</u>	<u>16,134,388</u>

Note 1:

Pursuant to relevant PRC regulations, the Group is required to set aside an amount to provide for safety and Weijianfei based on the quantity of mining. The accrual expenses will be transferred to a special reserve account under equity attributable to the holders for the year. When the non-current asset is recognized and its cost is being measured, within the special use conditions, full amount of relevant incurred fund recorded as special reserve will be credited to the accumulated depreciation simultaneously. Pursuant to the IFRS, these expenditures should be recognised when incurred, relevant capital expenditures are recognized as part of cost of the non-current asset when they are incurred and depreciated according to the respective depreciation policy.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the parent of RMB3,552,347,000 (2008: RMB3,066,201,000) and the weighted average number of 14,541,309,100 ordinary shares (2008: 14,074,642,433 ordinary shares) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those 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 2009 of RMB0.10 per share (tax included) (the "2009 Final Dividend"). The 2009 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 People’s Bank of China one calendar week preceding the Annual General Meeting of the Company).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In the reporting period, under the shadow of global financial crisis, governments of various countries have carried out mass economic stimulation policies. The Chinese government adopted “guarantee the growth, guarantee the livelihood of the people, and guarantee the stability” policy. The national economy recorded a remarkable progress and realized a “V” shape bounce back in the economy. Precious metals such as gold, kept swinging in the high trend, and the non-ferrous metals quickly reversed the falling trend in its growth rate.

In the reporting period, the demand for the risk resistance due to the global crisis widened the fluctuation of gold price. Gold became a better risk-resistance investment tool in 2009. In 2009, gold price sharply increased from the lowest of US\$801.5 per ounce in January to the record highest of US\$1,226.60 per ounce in early December. At the end of 2009, international gold price closed at approximately US\$1,096 per ounce (2008: US\$881 per ounce). The average gold selling price of the Company was RMB212.06 per gram (approximately US\$965.97 per ounce), representing an increase of 9.41% when compared with the same period last year. (2008: RMB193.82 per gram) (as at 31 December 2009, the middle exchange rate: 1 US dollar = RMB6.8282)

In reporting period, leading by the PRC factors, the copper market started to recover first, the copper price almost showed an unilateral increase. The lowest price US\$3,035 per tonne was recorded at the 1st day of 2009 and the highest price US\$7,425 per tonne was recorded on the last day of the year. In 2009, the average copper cathodes selling price of the Company was RMB35,672 per tonne, representing a decrease of 22.11% when compared with same period last year. (2008: RMB45,799/tonne).

In the reporting period, the national and international price of zinc recognized a “V” shape bounce back, the zinc price on the LME maintained at the high trend, recorded an increase of 150%. The LME 3-month forward price of zinc stayed at highest of US\$2,615 per tonne by the year end and it was the highest price of the year. Its lowest price was US\$1,067 per tonne (the closing price of LME in 2008 was US\$1,177.6 per tonne), and its average price of zinc was US\$1,680 per tonne. In 2009, the average zinc bullion selling price of the Company was RMB11,913.53 per tonne, representing a decrease of 10.54% when compared with same period last year. (2008: RMB13,317.08 per tonne).

Industrial Position

According to the statistics of the China Gold Association, the 2009 national gold production in the PRC amounted to 313.98 tonne in which 261.051 tonnes was mine-produced gold. In 2009, the Group produced 75.37 tonnes of gold, of which, 30.65 tonnes was mine-produced gold, representing approximately 11.74% of mine-produced gold in the PRC. Gold enterprises in the PRC recorded a profit of RMB13.9589 billion (included non-gold profit) and the Group recorded RMB5.018 billion profit, representing 35.95% of the profit (included non-gold profit) generated by gold enterprises in the PRC.

The Group is the second large mine-produced copper producer (by volume) and the sixth large mine-produced zinc producer (by volume) in the country.

Business Overview

In 2009, the Group achieved a sales income of approximately RMB20.215 billion, representing a growth of 23.85% when compared with same period last year (2008: RMB16.322 billion); and achieved net profit attributable to equity holders of the parent of approximately RMB3.552 billion, representing a growth of 15.85% when compared with same period last year (2008: RMB3.066 billion). As at the end of 2009, the total assets of the Group amounted to approximately RMB29.646 billion, representing a growth of 13.08% when compared with same period last year (2008: RMB26.218 billion); and the equity attributable to equity holders of the parent amounted to RMB18.17 billion, representing a growth of 12.62% when compared with same period last year (2008: RMB16.134 billion).

I. PRODUCTION AND OPERATION

1. GOLD MINE BUSINESS

In the reporting period, the Group produced a total of 75,372.67kg (2,423,286 ounces) of gold, representing an increase of 31.50% when compared with same period last year (2008: 57,318.05kg).

The Group produced 30,652.59kg (985,503 ounces) of mine-produced gold, representing an increase of 7.63% when compared with same period last year (2008: 28,478.84kg); in which 18,001.53kg (578,762.20 ounces) was produced from Zijinshan Gold Mine; 2,300.34kg (73,957.59 ounces) was produced from Hunchun Shuguang Gold and Copper Mine; 2,689.38kg (86,465.51 ounces) was produced from Guizhou Shuiyindong Gold Mine; 7,661.34kg (246,317.62 ounces) was produced from other gold mines.

The Group produced 44,720.08kg (1,437,783 ounces) of refinery gold, representing a growth of 55.07% over last year (2008: 28,839.21kg), of which, Henan Luoyang Zijin Yinhui Gold Refinery Company Limited produced 40,584kg (1,304,804.93 ounces) of refinery gold, Fujian Jinshan Gold Refinery Plant produced 1,933.41kg (62,160.53 ounces), and other entities in the Group produced 2,202.67kg (70,817.43 ounces) refinery gold.

Sales income from the gold business of the Group represented about 73.23% (after elimination) of the total annual sales income, and the net profit of the gold business represented about 73.57% of the total net profit attributable to equity holders of the parent.

(1 troy ounce = 31.1035g)

2. COPPER MINE BUSINESS

In the reporting period, the Group produced a total of 84,826.34 tonnes copper, representing an increase of 38.13% over last year (2008: 61,408.58 tonnes), in which 12,840.80 tonnes was mine-produced copper cathodes, representing an increase of 25.39% (2008: 10,240.50 tonnes); the Group produced copper concentrates containing copper of 70,914.39 tonnes, representing an increase of 39.08% (2008: 50,987.83 tonnes), copper refinery produced 1,071.15 tonnes copper, Ashele Copper Mine produced copper concentrate containing copper of 30,058.16 tonnes, representing an increase of 10.91% (2008: 27,102.51 tonnes); Qinghai Deerni Copper Mine produced copper concentrate containing copper of 24,529.41 tonnes, representing an increase of 63.02% (2008: 15,047 tonnes); Zijinshan Copper Mine produced 12,840.80 tonnes of copper cathodes which represented a growth of 28.33% (2008: 10,006.35 tonnes), the newly increased production of copper metal was 1,362.64 tonnes in concentrate form. Hunchun Shuguang Gold and Copper Mine produced copper concentrate containing copper of 8,634.40 tonnes which represented a growth of 67.02% over last year (2008: 5,169.80 tonnes)

Sales income from the copper mine business represented 10.75% (after elimination) of the annual total sales income, while it represented about 21.52% of the total net profit attributable to equity holders of the parent.

3. LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 136,346 tonnes, representing an increase of 0.91% (2008: 135,117 tonnes). In which 103,472 tonnes was zinc bullion, representing an increase of 2.01% (2008: 101,437 tonnes); the Group produced zinc concentrates containing zinc of 32,874 tonnes, representing a decrease of 2.39% (2008: 33,680 tonnes). Bayannaoer Zijin Zinc Refinery Plant produced 103,014.88 tonnes, representing an increase of 1.56% (2008: 101,437 tonnes), and Wuding Yunye newly produced mine-produced zinc bullion of 456.82 tonnes. Wulatehouqi Zijin produced zinc concentrates containing zinc of 22,474.60 tonnes, representing an increase of 5.72% (2008: 21,259.32 tonnes); Ashele Copper Mine produced 6,800.01 tonnes of zinc from other associated metals, other mines produced 3,599.39 tonnes of zinc from other associated metals.

In the reporting period, the Group produced lead concentrates containing lead of 5,073.11 tonnes, representing an increase of 38.02%.

Sales income from lead and zinc mine business represented about 6.20% (after elimination) of total annual sales income, while net profit from zinc mine business represented about 2.64% of the total net profit attributable to equity holders of the parent.

4. IRON MINE, SILVER AND OTHER BUSINESS

In the reporting period, the Group produced silver of 125,401.71kg, Wuping Zijin produced 26,042.02kg of silver, Wuhou Zijin produced 10,750.88kg of silver, and Ashele Copper Mine produced 14,193.96kg silver from other associated metals.

In the reporting period the Group produced processed refinery silver of 26,956.36kg.

In the reporting period, the Group produced iron concentrates of 1,421,800 tonnes, representing an increase of 20.25% (2008: 1,182,400 tonnes).

Sales income from iron mine, silver and other mineral products represented about 9.82% (after elimination) of total annual sales income, which represented about 2.27% of the total net profit attributable to equity holders of the parent.

II. EXTERNAL INVESTMENTS

In 2009, in accordance with the thought of “Acquisition of large project, put gold as priority, and the acceleration of internationalization process”, the Company seriously captured the investment opportunities in mining industry during financial crisis, by widening the collection of project information, screening, investigating and verifying, the Group realized a new achievement in resources acquisition.

In domestic market, the Company has completed the acquisition of the minority interests in Jinjishan Gold Mine, Yuanyang Huaxi Gold Company Limited (Daping Gold Mine), Wancheng Commercial Company Limited (Lead-Zinc Mine), and share subscription in Xiamen Modern Terminals, basically completed restructuring of Fuyun Jinshan Mining. The Group entered into the strategic cooperation agreements with China State Geological Bureau, Qinghai Geological Exploration Bureau, and Guizhou Wengfu Group for the arrangement of business extension and development of recycle economy. The Group also transferred (withdrawal) the investment in Yunnan Pulang Copper Mine, Hunan Shangqing Iron Ore Mine, Guizhou Wuchuan Bauxite Mine, etc.

In overseas, the Company successfully subscribed shares in a Canadian company, Continental Minerals Corporation, and became the major shareholder in the development of Tibet Xietongmen Gold and Copper Mine. The Company started a cash offer for all of the ordinary shares in an Australian company, Indophil (which holds 37.5% share of Philippines Tampakan Large scale Gold and Copper Mine). At present stage, the takeover bid is in progress. The Group has also collected a number of key projects for further investigation and implementation.

III. CONSTRUCTION PROJECTS

In reporting period, the construction of following projects have been successfully completed and put in operation or in trial operation stage: the perfection of Zijinshan Gold Mine third process plant, construction of Zijinshan Copper Mine 45,000 tonnes/day crushing system and 8,000 tonnes/day floatation process system, expansion of Bayannor Zinc Smelter Plant to 200,000 tonnes/year, Hunchun Shuguang Gold and Copper Mine “2+1” technological innovation, Ashele Copper Mine newly set up 1,500 tonnes/day independent mining and processing system, Malipo Nanwenhe Tungsten Mine 1,500 tonnes/day floatation process technological innovation, Jinwei Company Bazi 2,400 tonnes/day mining and process construction, Xinyi Zijin Yinyan Tin Mine 3,000 tonnes/day mining and processing construction, etc. The following construction have been carried out: 200,000 tonnes Copper Refinery project, Wuping Yueyang Silver Mine technological innovation project, Qinghai Deerni Copper Mine 10,000 tonnes/day sulfur process project, Qinghai Company tailings comprehensive utilization and economy circulation project, expansion of Jinyi Copper 30,000 tonnes high quality copper pipes project, etc. The initial construction stage of Russia Tuva project and Heilongjiang Duobaoshan Copper Mine project basically completed which will carry out the main construction in 2010.

IV. GEOLOGICAL EXPLORATION PROJECTS

In reporting period, the Group invested RMB160.3 million in geological survey which increase our resources reserves (partially not yet audited): 31.84 tonnes of gold, 687,700 tonnes of copper, 71,500 tonnes of tungsten (W_2O_3), 123.53 tonnes of silver, 49,600 tonnes of molybdenum, 11.1 million tonnes of iron ore.

As at the end of 2009, the Group retained resources reserve (audited): 714.652 tonnes of gold, an increase of 1.88%; 1,855.21 tonnes of silver, an increase of 9.1%; 10.6286 million tonnes of copper, an increase of 10.22%; 392,500 tonnes of molybdenum, an increase of 0.46%; 5.23 million tonnes of lead and zinc; 173,400 tonnes of tungsten (W_2O_3); an increase of 70.17%; 185.6 million tonnes of iron ore, an increase of 10.54%; 459.2 million tonnes of coal, an increase of 52.61%; 99,290 tonnes of tin; 607,100 tonnes of nickel; 66.73 million tonnes of sulfur iron (standard ore). The Group achieved the target that the increase of reserve in main minerals was larger than the consumption.

The Group owns 244 exploration rights with a total area of 5,880.90 square km; 45 mining rights with a total area of 125.0116 square km.

V. MANAGEMENT

Campaign of “Learning from Jinshan, lowering the cost” brings remarkable benefits

In 2009, the Group has continued a further promotion of the campaign “Learning from Jinshan, lowering the cost”, each company unit has established effective measures for reducing the costs incurred in aspects of infrastructure, sales and management, etc. According to approximate statistics, controllable administrative expenses have decreased of 23.3% compared with the corresponding period last year. Management and staffs from each level have strengthened their consciousness towards crisis, cost and responsibility. This led to an improvement of standardization of enterprise-wide management, and a better control on production costs and administrative expenses.

Greater improvement in human resources management

The Group deepened the development of human resources management, and focused on overseas talents. The Group has utilized the role of the regional companies as the centres of human resources management in respective regions, and established a preliminary group-wide human resources sharing platform; which has effectively attracted a group of high-profile mining technicians and management experts to join the Company.

Increase of technological investment continues

In 2009, the Group continued to increase the technological investment. Research results and its application to projects like process technological innovation project in Talao Gold Mine in Tajikistan and utilization of pre-oxidation process of gold ore in Guizhou Shuiyidong Gold Mine which resulted significant benefits. The State Laboratory Accreditation (verification) Project development has recorded a great achievement. The Ministry of Science and Technology of the PRC has approved the construction of “State’s Key Laboratory of integrated usage of low grade refractory gold ore”, which is the first State’s key laboratory in industry of non-ferrous metals and gold. The Group prepared to apply for the approvals for 4 technological projects (2 projects have been approved) from the State, Fujian Province and Longyan City Governments. The Group has received a 1st prize and a 2nd prize for technology advancement in Fujian Province, two 2nd prizes and two 3rd prizes for technology advancement in non-ferrous metal industry, a 2nd prize for technology advancement in Longyan City. The Group has gained 8 patents. The Group has gained the recognition of “Provincial, State Class Technical Innovation Model Enterprise” “Provincial, State Class Intellectual Patents Model Enterprise” “State Implementation of Excellence Performance Module Advanced Enterprise”. The Zijin logo has been recognized by State Administration of Industry & Commerce of the PRC as first batch of “China’s famous Trademark” of the non-ferrous metal industry. Zinc bullion with Zijin brand has been registered at Shanghai Futures Exchange. The Group has utilized its technological advantage for organization and establishment of the national standard of chemical analysis of gold bullion, copper cathodes and gold; this can further promote the prestigious status of the Group in the industry.

VI. WORK SAFETY AND ENVIRONMENTAL PROTECTION

In 2009, the Group actively explored new trend and adopted “Headquarters – Regional offices – subsidiaries” three-grade environmental protection management structure and environmental protection regulations, to further improve safety, environmental protection, security, fire protection and hazardous chemical regulations. The Group carried out safety activity by team basis, standardization of safety production rules and enhancement of fundamental safety management (“three courses of action”). The Group enhanced the inspection and supervision of the work of safety and environmental protection of target units, perfect the incentives and assessment program of the Group’s subsidiaries and project constructors. The Group continued to put effort on safety environmental protection, enhanced the capability on safety environmental protection, and established long-term safety environmental protection mechanism. In 2009, the Group had no record of serious accidents, damages, accident of civil explosive goods and hazardous chemicals safety management, serious fire accidents, serious environmental pollutions and ecological damage accidents.

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Group hereby reports the discussion and analysis of 2009 operating results.

Operating Results

In 2009, the management of the Company implemented comprehensively and intensively the resolutions in the general meeting and the meeting of board of directors, carefully organized the production. The Group recorded sales income of RMB20,215,111,000 in the year, representing an increase of 23.85% over the previous year (2008: RMB16,322,275,000).

The table below sets out the sales by products for the two years ended 31 December 2009 and 2008:

Product	2009 (before elimination)(note 1)			2008 (before elimination)(note1)			2008 (after elimination)		
	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)
Mine-produced gold bullion	212.06 /g	23,724.31 kg	5,030,872	193.82 /g	24,059.24 kg	4,663,107	196.70 /g	23,046.90 kg	4,533,402
Mine-produced gold concentrates	188.95 /g	6,206.58 kg	1,172,709	178.94 /g	3,215.36 kg	575,366	173.52 /g	2,886.26 kg	500,818
Processed gold	216.00 /g	44,633.22 kg	9,640,992	198.34 /g	28,841.77 kg	5,720,582	198.30 /g	28,832.34 kg	5,717,451
Copper concentrates	30,416.48 /t	68,081.82 /t	2,070,809	41,056.57 /t	51,435.71 /t	2,111,774	41,150.75 /t	51,318.00 /t	2,111,774
Mine-produced copper cathodes	35,671.55 /t	11,508.08 /t	410,511	45,799.43 /t	9,966.53 /t	456,461	43,195.00 /t	8,882.00 /t	383,659
Zinc bullion	11,913.53 /t	99,988.81 /t	1,191,220	13,317.08 /t	102,595.08 /t	1,366,267	13,314.31 /t	102,292.00 /t	1,361,947
Zinc concentrates	6,547.06 /t	33,252.77 /t	217,708	7,068.28 /t	34,388.12 /t	243,065	6,880.43 /t	5,002.45 /t	34,419
Iron concentrates	394.73 /t	1,499,551.00 /t	591,912	987.04 /t	978,850.00 /t	966,161	987.04 /t	978,850.00 /t	966,161
Others			1,346,888			1,323,176			1,374,133
			(note 2)						
Less: Sales taxes and levies			(251,578)			(285,803)			-
Less: Internal sales			(1,206,932)			(817,881)			-
Total			20,215,111			16,322,275			16,983,764

Note:

- (1) The sale revenue disclosed in 2008 was after eliminated of internal sales; the Company considers, it is more objective to disclose the figures before elimination of internal sales in terms of the product revenue and cost, therefore, starting from 2009, the Company will analyze the product sale revenue and cost on this basis.
- (2) The other sales include: RMB440,056,000 income from copper belts, RMB274,954,000 income from silver, RMB224,744,000 income from copper pipe, RMB131,982,000 income from tungsten products, RMB47,012,000 income from lead and RMB36,574,000 income from sulfur contained products.

The Group's revenue in 2009 has increased by 23.85% over 2008, which was mainly attributable to (1) increase in sales volume and production volume caused by (i) increase in gold sales by 30.55%, in which the sales of mine-produced gold increased by 9.74% when compared with same period last year and processed and refinery gold increased by 54.75%; (ii) increased in sales volume in copper concentrates by 32.36%, mainly attributable to the increased production of Xinjiang Ashele Copper Mine and Qinghai Deerni Copper Mine; (iii) Fujian Zijin Copper gradually achieving the normal production in copper belts and the sales increased by 57.91%; (2) Although the price of basic metals dropped substantially over the same period last year, the gold price increased by 8.81% over last year and it represents 73.23% for the total revenue 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, 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 2008 and 2009.

Year	Unit cost of sales			unit	compared with same period last year (before elimination)%	Gross Profit Margin (%)			
	2009 before elimination RMB	2008 before elimination RMB	2008 after elimination RMB			2009 before elimination %	2008 before elimination %	2008 after elimination %	compared with same period last year (before elimination)%
Mine-produced gold bullion	59.48	68.10	63.90	g	(12.66)	71.95	64.87	67.51	7.08
Mine-produced gold concentrates	88.26	93.92	91.42	g	(6.03)	53.29	47.51	47.31	5.78
Processed gold	214.99	197.41	197.25	g	8.90	0.47	0.47	0.56	0.00
Copper concentrates	9,092.00	10,941.00	10,942.00	t	(16.90)	70.11	73.35	73.41	(3.24)
Mine-produced copper cathodes	14,722.00	15,392.00	14,215.00	t	(4.35)	58.73	66.39	67.09	(7.66)
Zinc bullion	9,618.00	12,555.00	12,555.00	t	(23.39)	19.27	5.72	5.72	13.55
Zinc concentrates	2,570.00	2,943.00	3,432.00	t	(12.67)	60.75	51.45	51.45	9.30
Iron concentrates	134.10	191.90	191.90	t	(30.13)	66.03	80.56	80.56	(14.53)
Overall (refinery products included)						33.65	38.84	38.84	(5.19)
Overall (refinery products excluded)						71.37	68.05	65.09	3.32

Note: The following analysis was based on the figures before elimination of internal sales.

The Group's overall gross profit margin was 33.65%, representing a decrease of 5.19% over last year. The overall gross profit margin (excluding processed and refined products) is 71.37%, representing an increase of 3.32% over last year. The gold price increase and the cost decrease are the main reason for the increase in the gross profit margin.

Details analysis as follow:

During the reporting period, the Group's average selling price of mine-produced gold was RMB207.26 per gramme, representing an increase of 7.91% over last year. It was main attributable to the decrease of raw materials and management cost. Mine-produced bullion's average selling cost decreased 12.65% and the mine-produced gold concentrate average selling cost decreased 6.02%.

During the reporting period, the Group's average selling price of copper concentrates was RMB30,416.48 per tonne (2008: RMB41,056.57 per tonne), representing a substantial decrease of 26.09% over last year. But given that the Group's major copper production unit, Xinjiang Ashele Copper reduced its production cost by 16.9% and the increase in production and decrease in cost in Deerni Copper Mine (production volume increases 63.02% and unit selling cost decrease 24.17% over last year), enabled the Group's unit selling cost of copper concentrates decrease 16.90% over last year. Summarised the above factors, the gross profit margin of copper concentrates decreased 3.24% over last year.

During the reporting period, the average selling price of mine-produced copper cathodes was RMB35,671.55 per tonne (2008: RMB45,799.43 per tonne) representing a decrease of 22.11% over last year. It was mainly attributable to Zijinshan Copper Mine increase its production and diluted the cost. The unit selling cost of mine-produced copper cathodes decreased by 4.35%. Summarized the above factors, the gross profit margin of mine-produced copper cathodes decreased by 7.66% over the same period last year.

During the reporting period, the unit selling price of zinc concentrates was RMB6,547.06 per tonne (2008: RMB7,068.28 per tonne), it decreased 7.37% over last year. The unit selling cost decreased by 12.67% over the same period last year which caused an increase of 9.30% in the gross profit margin of zinc concentrates when compared the same period last year.

During the reporting period, Xinjiang Jinbao commenced production in advance, the production increased resulting a decrease in unit cost, and Hengyang Shangqing, which with a higher production cost, was disposed in May 2009, therefore, the Group's unit selling cost of iron concentrates decreased by 30.13% over the same period of last year, the Group's unit selling price decreased by 60.01% over the same period last year, caused a decrease of the Group's gross profit margin of iron concentrates by 14.53% over the same period last year.

Selling Costs

The Group's selling and distribution costs have increased by 18.94% over last year to RMB376,971,000 in 2009 (2008:

RMB316,948,000). 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 2009.

Administration Expenses

The Group's administration expenses in 2009 amounted to RMB717,709,000, which represented a decrease of 13.20% over last year (2008: RMB826,891,000). The decrease was mainly attributable to the campaign of "Learning from Jinshan, lowering the cost" in the Group, strictly controlled the non-production cost. The Group recorded a substantial decrease in costs including salary cost, office expenses, travelling expenses, business entertainment expenses, vehicles cost and other uncertainty expenses.

Finance Costs

In the reporting period, the Group's total finance costs was RMB168,425,000 representing decrease of 31.90% over last year (2008: RMB247,326,000). It was mainly attributable to: 1. 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 which increased interest income and reduced loan interest; 2. the Group's Finance Company commenced operation in September 2009, it enhanced the internal capital management, decrease the external borrowings and the interest expenses.

Assets Impairment Loss

In the reporting period, the Group's assets impairment loss was RMB377,941,000 (2008: RMB326,388,000), in which, RMB15,380,000 was fixed asset impairment; RMB202,912,000 was assets impairment loss of intangible assets and RMB111,374,000 was loss in construction in progress attributable to the negative change in the reserve of some mine after the impairment loss tests.

Financial Instruments

Under the impact of the governments' substantial economic stimulation policies, the quick recovery of the economy was unexpected, the Group obtained a gain of RMB136,480,000 in stock investment. The Group made a loss of RMB409,341,000 in settlement of forward contracts.

As at 31 December 2009, In the reporting period, the Group's (realized and unrealized) gain in fair value was RMB26,100,000 and the Group has entered gold future contracts and held 367kg of gold and recorded unrealised gain of RMB2,402,000.

Donation and Social Responsibility

As at 31 December 2009, the Group donated RMB140,210,000, which included the Company's donation of RMB99,860,000, Guizhou Zijin's donation of RMB18,790,000, other enterprises' donation of RMB21,560,000. The board considers the Group relies on the support and favorable policies of the mine site and provincial government, it is the enterprise's obligation to bear the social responsibility to donate for education, to reconstruct the infrastructure, to improve the social environment, and to increase the donation expenses.

Working Capital and Capital Resources

As at 31 December 2009, the Group's cash and cash equivalents amounted to RMB2,999,054,000 representing an increase of RMB279,186,000, or 10.26% over the previous year (2008: RMB2,719,868,000).

During the year, net cash inflow generated from the Group's operating activities amounted to RMB4,490,717,000, an increase of RMB574,933,000 or 14.68% over the previous year (2008: RMB3,915,784,000). The main reasons for the increase in the cash-flow generated from the Group's operating activities were (i) the increase in sales revenue; (ii) the decrease in cost and expenses attributable to the campaign of "Learning from Jinshan, lowering the cost" in the Group.

During the year, the net cash outflow from the Group's investing activities amounted to RMB3,183,074,000, an decrease of RMB5,358,737,000 or 62.74% over the previous year (2008: RMB8,541,811,000). The main reasons for the decrease in investment activities were (i) the Group has adopted prudent and stable investment strategies during the financial crisis, to avoid investment risk of high acquisition cost of materials resources; (ii) delay progress of some project construction due to the low metal price or unforeseeable future of lead and zinc and etc industries.

During the year, net cash outflow from the Group's financing activities amounted to RMB1,042,039,000, 2008: net cash

inflow of 5,207,230,000, 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 in 2008.

As at 31 December 2009, the Group's total borrowings amounted to RMB3,865,065,000 (31 December 2008: RMB3,485,663,000) of which the amount repayable within one to two years was approximately RMB3,835,065,000, the amount repayable within two to five years was approximately RMB30,000,000, and the amount repayable in over five years was nil. All the bank borrowings bore interest rates between 1.03% to 7.20% (2008: 2.25% to 7.47%).

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 2009, the Group's consolidated total liabilities was RMB8,032,671,000 (it was RMB7,038,424,000 as at 31 December 2008), and the Group's consolidated total equity was RMB21,613,466,000 (it was RMB19,179,125,000 as at 31 December 2008). As at 31 December 2009, the Group's gearing ratio was 0.37 (it was 0.37 as at 31 December 2008).

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 2009 was approximately RMB3,552,347,000, representing an increase of 15.85% over approximately RMB3,066,201,000 in 2008.

For the year ended 31 December 2009, the Group's earnings per share (basic) was RMB0.24, representing an increase of 9.09% 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 RMB3,552,347,000 (2008: RMB3,066,201,000) and the weighted average number of 14,541,309,100 ordinary shares (2008: 14,074,642,433 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. In 2009, RMB613,506,000 of proceed has been used in specific projects. As at 31 December 2009, the accumulated use of the proceeds is RMB8,096,901,300.

RMB(ten thousand)

Project name	Project amended	Proposed investment	Actual investment	On schedule	Expected gains	Gains generated
Zijinshan Gold and Copper Mine joint open pit mining project	No	152,104.08	122,393.50	Yes		Production of gold 18,001kg, increase of 573kg over last year; copper cathodes 12,840 tonnes, increased 2,834 tonnes, newly produced 1,363 tonnes of copper concentrates; total new profit was RMB183,650,000
Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	46,150.00	39,993.21	Yes		New product gold-copper mixed process concentrates, containing copper of 3,464.6 tonnes, containing gold of 540.17kg and new production of 260.53kg gold sand. Total new profit was RMB152,520,000
200 tonnes daily gold processing and refining project	No	19,838.00	19,809.40	Yes		Realised net profits of RMB26,310,000 in 2009
Mining resources exploration project	No	35,700.00	1,706.76	No		
Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu sectopm exploration project	No	19,800.00	19,680.00	Yes		
Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals plc project	No	60,300.00	60,300.00	Yes		
Acquisition and development of the ZGC Gold Mine in Tajikistan	No	130,534.50	41,847.26	No		
Acquisition of 70% interest in Zijin Longxing which owns the mining right in the Tuva Lead Zinc Mine - the Republic of Tuva	No	27,160.00	27,160.00	Yes		
Supplemental working capial		489,109.44	476,800.00	Yes		
Total	/	980,696.02	809,690.13	/		/

Note:

- Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project is completed with a balance of investment of RMB1,200,000;

2. 200 tonnes daily gold processing and refining project has completed construction and commenced production with a balance of investment of RMB286,000;
3. Acquisition and development of the ZGC Gold Mine in Tajikistan has completed acquisition, the Group is actively developing its technological innovation construction, the investment amount was in form of shareholder loans, whether this payment method is appropriate is still pending for confirmation of the relevant authorities;
4. Mining resources exploration project including Zijinshan Gold and Copper Mine and 6 exploration projects on its surrounding area, in which Zijinshan Gold and Copper Mine and its surrounding area, northern part and its surrounding area of Hunchun Shuguang Gold Copper Mine and Yixingzhai Gold Mine are still required investment; Xinjiang Mengku Wutubulake Iron Mine no longer needed to invest due to the materials restructuring of the provincial government; Xinjiang Fuxing Copper Mine and Anhui Mashi Copper Mine were measured as low grade and thin resources, the Group proposed to stop invest in these uneconomical mines; Dongkeng Gold Mine and Yinyan Tin Mine have fulfilled the production needs, the Group will arrange a combination of exploration and process, these mines will stop using the proceeds as it will be difficult to distinguish exploration and production investment. The Group will prepare a summary of the exploration projects, for those projects that no longer required investment, the Group will change the purpose of the proceeds in accordance with the relevant regulations of the proceeds management.
5. China Security Regulatory Commission Fujian Bureau find out the problems in relation to the use and management of proceed during the inspection of the Company in 2009, the Company has solved the problems according to the audit report prepare by the accounting firm in February 2010, details can be referred to the “Zijin Mining Group Co., Ltd. Report to the Specific Proceeds Audit” (Lin 2010 – no.008) disclosed at 9 February 2010.
6. Report of investment status for non-specific projects

Project name	Project amount	Project progress	Project gains
Acquisition of all issued shares of Indophil	A\$545 million (equivalent to RMB3.368 billion)(based on 100% acquisition)	In process of cash offer	
Subscription of convertible bonds issued by Glencore Finance (Europe) S.A.	US\$200 million (equivalent to RMB1.364 billion)	In process of approval	

PROSPECTS

Business Environment

In 2010, the global economic presented the obvious recovery sign. China and the emerging economy countries will still be the engines for the global economic growth. The economies of developed countries like the US and European Union will also get out the trough. In the post financial crisis era, the latent financial risk has not completely been released. The anticipated world-wide inflation and the possible withdrawal of economic stimulus policies will increase uncertainty to the economic growth. The Chinese economy will adopt the policy of “promotion of transformation and adjustment of structure” in order to swift gradually the pulling force from investment and export to expenditure. It is expected that the Chinese economy will maintain the stable growth in the moderate inflation environment. Based on the above-mentioned situation, the Group believes that in 2010, gold price will continue its price fluctuation at the top level and the medium and long term bullish investment and speculation activities will support the copper price. Copper price is expected to fluctuate at the top level with wider movement. Other basic metals will generally move at the rather higher price range and market volatility will further increase. The Group's main economic indicators might achieve a more rapid pace of growth.

The Company's business is a national fundamental industry and has a strong correlation to the national economy, which the cyclical fluctuation in economy will affect the performance of the Company. As the Company's main products are US dollar-denominated, the change of metal price and the exchange rate of Renminbi will also affect the Company's current performance. The board of directors would like to remind the investors about the risks in metal price and Renminbi exchange rate.

Business Objectives

In year 2010, the Group plans to produce gold of approximately 31.1 tonnes from mines, representing 1.5% increase over last year; copper metal of approximately 100,000 tonnes, representing 18% increase over last year; silver of approximately 127 tonnes; process gold of approximately 32.7 tonnes; refined zinc of approximately 170,000 tonnes; zinc in concentrate form of approximately 34,200 tonnes from mines; iron concentrates of approximately 1,300,000

tonnes; tungsten in concentrate form of approximately 6,591 tonnes (standard). Please note that the said plan was made on the basis of the current economic situation, market situation and the existing conditions of the Company. The Board may, pursuant to circumstances, vary the production plan.

Business Strategies

The Group aims to put more effort in recruitment of talents and will consolidate and develop the result of “Learning from Jinshan, lowering the cost” campaign. The Group will fully implement standardization and fine management, take effective management as a target to establish a relatively perfect system of group management, and accelerate the speed in resource control and internationalization. The Group will keep balance in the high speed development.

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 catch the high price opportunity to realize their production plan.

Each entity should closely monitor the market and the change of price and enter into some metal forward contracts to promote the profitability under the united direction of the Group.

2. Project construction

The Group will promote the production capacity in Dongping Gold Mine floating process system, and Zijinshan Copper Mine floating process system, Wuping Zijin independent process system, Ashele Copper Mine 650 independent process system, Mengku Iron Mine initial process plant, Malipo Tungsten Mine, Xinyi Yinyan Tin Mine, and Bayannaoer Zinc Refining Plant and Jinyi Copper Pipes. The Group will strive to accelerate the progress in the following projects: the new technological upgrade project in Zijinshan Gold and Copper Mine, 200,000t/y copper refinery plant, Duobaoshan Copper Mine, Sanguikou Zinc Mine, Yuanyang Gold Mine, Taipingdong Gold Mine, Changtian Gold Mine, Mongolia Tianhong Gold Mine, Luoning Luyuangou Gold Mine, Gutian Copper-Molybdenum Mine, tailing utilization project in Qinghai, Wulagen Zinc Mine, and Xinjiang Qitai Coal Mine. These projects will enhance the force in the future development.

In overseas, the Group will strengthen the input in ZGC’s technological upgradeto reach a scale production of gold, and push the construction of Tuva project in full stream. The Group expects that these projects will complete the construction and try to start the initial production in 2011.

3. Geological Exploration

The Group will reinforce the exploration and mainly accelerate the works in the important projects including the deepen part and its surrounding areas of Zijinshan, deepen part of Ashele Copper Mine, gold field of Shuiyindong, Yuanyang Gold Mine and its surrounding areas, Malipo Tungsten Mine, Lannitang Copper Mine, Luyuangou Gold Mine, Jinjishan Gold Mine, and Dujiagou Gold Mine. The Group will strive to have a breakthrough in search of new mining deposits in Hunchun area, Daxinganling area, Bayannaoer area and Aletai area.

4. External Investments

The Group will preferentially guarantee the support in human resources, capital and management for the construction and operation needs in overseas projects including ZGC Gold Mine, Tuva Zinc-lead Mine, and Mongolia Tianhong Gold Mine. With these measures, the Group is looking for an early completion of construction and scale of production in these projects. The Group will trace the important projects and carry out due diligent work and negotiations and try to have one or two big acquisition projects to realize a substantial increase in controlled resource. For projects in China, the Group will continue to acquire sizable targets and put quality before quantity. The Group will put more effort for gold mines acquisition and utilize the geographical advantages of the regional offices and controlling companies, well prepare for the information collection, elimination and initial stage working for the potential projects, and achieve a breakthrough in external investment.

Corporate Governance

In 2009, on the basis of the China Securities Regulatory Commission's inspection and rectification opinions, the Company will seriously study the difference in the concept of securities regulation, laws and regulatory systems of capital market between the PRC and Hong Kong. The Group will enhance the operation in compliance with the rules and regulations, continue to provide education and training for its directors, supervisors, senior management and the related personnel, review and revise the management system in accordance with the regulatory requirements, pay attention especially in investment decisions, connection transactions, legal procedure in use of proceeds, and adequate disclosure; disclose information instantly according to standards, enhance the sense of responsibility, strictly implement the responsibility system, promote the sense of public relations, and build up a stable investor relations and a reputable image of the Company in the capital market.

The Group will strengthen the internal control system to ensure legal compliance of enterprise management, and asset security, the complete and true disclosure of financial reporting and the related information. It will enable the Group to improve operational efficiency and effectiveness, and the realization of enterprise development strategy.

Social Responsibility

The Group firmly adopts the corporate value of "Harmony creates wealth, coordinated development with corporate, staff and community" and to properly handle the relationship of the relevant interest groups, emphasis and uphold the sense of social responsibility, enhance the works of the investor relations and external coordination, actively establish the communication and contacts with each level of the government, the relevant departments and the surrounding social communities, assist to improve the peoples' production, living and education in the location of the projects, develop a harmonious mine and stimulate a common development in local business and economy.

Future Needs In Capital

In accordance with the Company's initial plan, it is expected that the Company might invest approximately RMB5 billion in fixed assets and risk exploration, and approximately RMB7 billion in mining rights and shares (the timing and amount of external capital investment is uncertain and it will vary from time to time). Except for the projects specified in the A Shares IPO in 2008, all other projects will be financed by the Group's available cash, bank loans and the issue of short and medium term notes.

SUPPLEMENTAL INFORMATION

Post Balance Sheet Event

Pursuant to the resolution passed at an extraordinary general meeting on 5 November 2009, the Company will issue medium-term notes and short-term notes with a total aggregate principal amount not exceeding RMB7,500,000,000. The board of directors was authorised for the issue arrangement. Pursuant to the resolutions passed at a board meeting on 1 January 2010, the Company will apply for the issue limit of medium term notes of RMB5,500,000,000 (or equivalent foreign currency) from National Association of Financial Market Institutional Investors and the issue date is subject to the capital demand of the Company.

Purchase, Redemption or Sale of Listed Securities of the Company

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 2009.

Corporate Governance

The Corporate Governance Report of the Company has been set out in its 2009 Annual Report. The Audit Committee of the Board held a meeting on 29 March 2010 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 2009, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") without deviations.

For the period from 1 January 2009 to 4 November 2009, 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.

From 5 November 2009 onward, Mr. Chen Jinghe is the Chairman of the Board and Mr. Luo Yingnan is the President of the Company. The structure does not deviate from Rule A.2.1 of the CG Code.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Luo Yingnan, Liu Xiaochu, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mister. Peng Jiaqing as non-executive director, and Messrs. Su Congfu, Chen Yuchuan, Lin Yongjing, and Wang Xiaojun as independent non-executive directors.

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

Fujian, the PRC, 30 March 2010

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