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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)

ANNOUNCEMENT

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED

30 JUNE 2010

The board of directors (the "Board") of Zijin Mining Group Co., Ltd.* (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "reporting period"). This report has been reviewed and passed by the Board and the audit committee.

1. GROUP'S FINANCIAL SUMMARY (AS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS)

In this report, unless otherwise indicated in the context, the currency is RMB.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
REVENUE	13,093,598	9,376,432
Cost of sales	(8,529,555)	(6,381,084)
Gross profit	4,564,043	2,995,348
Other income and gains	149,508	280,888
Selling and distribution costs	(143,537)	(158,142)
Administrative expenses	(428,406)	(315,842)
Other expenses	(284,906)	(136,272)
Finance costs	(111,473)	(82,606)
Share of profits of:		
Associates	57,171	10,761
Jointly-controlled entities	-	1,281
PROFIT BEFORE TAX	3,802,400	2,595,416
Income tax expense	(668,329)	(474,174)
PROFIT FOR THE PERIOD	3,134,071	2,121,242
Attributable to:		
Owner of the parent	2,730,126	1,932,691
Minority interests	403,945	188,551
	3,134,071	2,121,242
PROPOSED INTERIM DIVIDENDS	-	-
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	RMB0.188	RMB0.133

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	3,134,071	2,121,242
OTHER COMPREHENSIVE INCOME		
Available-for-sale assets:		
Changes in fair value	(2,010)	106,788
Reclassification adjustments for losses/ (gains) included in the consolidated income statement:		
-Gains on disposal	-	-
-Impairment losses	-	-
Income tax effect	-	-
Share of other comprehensive income of associates	(1,765)	(11,739)
Exchange differences on translation of foreign operations	8,570	4,325
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	4,795	99,374
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,138,866	2,220,616
Attributable to:		
Owners of the parent	2,735,643	2,032,085
Minority interests	403,223	188,531
	3,138,866	2,220,616

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	10,839,904	10,051,014
Investment properties	54,122	55,145
Prepaid land lease payments	359,635	361,939
Long-term deferred assets	551,074	580,381
Other assets	2,812,607	2,224,008
Other intangible assets	4,726,483	4,815,060
Goodwill	435,471	437,397
Interests in associates	1,670,237	1,423,935
Interests in jointly-controlled entities	6,935	76,210
Available-for-sale investments	2,149,288	571,777
Deferred tax assets	96,457	88,101
Total non-current assets	23,702,213	20,684,967
CURRENT ASSETS		
Inventories	2,744,608	2,590,404
Prepayments, deposits and other receivables	1,275,890	848,848
Trade receivables	630,612	418,147
Bills receivable	171,646	111,641
Equity and debt investments at fair value through profit or loss	195,344	141,799
Derivative financial instruments	31,100	2,402
Pledged deposits	579,924	543,677
Cash and cash equivalents	4,900,393	3,594,292
	10,529,517	8,251,210
Assets of a disposal group classified as held for sale	709,960	709,960
Total current assets	11,239,477	8,961,170
CURRENT LIABILITIES		
Accrued liabilities and other payables	1,982,510	2,085,439
Trade and bills payables	1,171,791	957,287
Interest-bearing bank and other loans	5,354,884	3,457,655
Tax payable	259,172	301,701
	8,768,357	6,802,082
Liabilities directly associated with the assets classified as held for sale	366,131	366,131
Total current liabilities	9,134,488	7,168,213
NET CURRENT ASSETS	2,104,989	1,792,957
TOTAL ASSETS LESS CURRENT LIABILITIES	25,807,202	22,477,924
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	2,245,598	407,410
Provision for land restoration and environmental costs	79,097	79,097
Deferred tax liabilities	141,116	143,890
Government grants	36,456	40,678
Long-term other payables	192,684	193,383
Total non-current liabilities	2,694,951	864,458
Net assets	23,112,251	21,613,466
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	1,454,130	1,454,130
Reserves	17,969,781	16,716,051
	19,423,911	18,170,181
Minority interests	3,688,340	3,443,285
Total equity	23,112,251	21,613,466

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

As at 30 June 2010

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash inflow from operating activities	3,179,578	2,221,556
Net cash outflow from investing activities	(3,676,449)	(1,247,003)
Net cash inflow/(outflow) from financing activities	1,834,731	(950,835)
Net increase in cash and cash equivalents	1,337,860	23,718
Cash and cash equivalents at beginning of period	2,999,055	2,719,868
Effect of foreign exchange rate changes, net	(5,962)	(449)
Cash and cash equivalents at the end of period	4,330,953	2,743,137

Notes:

(1) 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 and other loan facilities, 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.

Six months ended 30 June 2010 (Unaudited)	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	2,859,725	5,264,481	190,881	993,256	2,953,280	831,975	-	13,093,598
Intersegment sales	8,597	6,019	156,676	-	339,487	156,794	(667,573)	-
Total	2,868,322	5,270,500	347,557	993,256	3,292,767	988,769	(667,573)	13,093,598
Segment results	2,059,284	111,163	69,454	28,991	1,654,394	125,379	-	4,048,665
Segment revenue:								
Sales to external customers	2,582,267	4,340,063	152,228	486,766	1,564,848	250,260	-	9,376,432
Intersegment sales	63,167	61,884	3,207	-	78,555	77,474	(284,287)	-
Total	2,645,434	4,401,947	155,435	486,766	1,643,403	327,734	(284,287)	9,376,432
Segment results	1,773,049	32,382	57,131	78,810	610,430	757	-	2,552,559

The following table presents the reconciliations of reportable profit before tax to the Group's consolidated amounts:

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Profit before tax		
Segment results	4,048,665	2,552,559
Interest and dividend income	42,408	93,658
Unallocated expenses	(234,371)	(62,843)
Finance costs	(111,473)	-
Share of profits of:		
Associates	57,171	10,761
Jointly-controlled entities	-	1,281
Profit before tax	3,802,400	2,595,416

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

During the reporting period, revenue of approximately RMB8,045,126,000 was derived from sales by mine-produced gold segment and processed gold segment to Shanghai Gold Exchange.

(2) **Revenue, other income and gains**

Revenue, which is also the Group's turnover, 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:

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue:		
Mine-produced gold bullion	2,935,484	2,694,110
Mine-produced gold concentrates	942,263	461,024
Processed gold	5,270,538	4,402,086
Mine-produced silver	131,811	78,102
Mine-produced copper cathodes	336,722	166,260
Copper concentrates	1,777,141	794,600
Zinc bullion	993,940	487,131
Zinc concentrates	164,637	79,883
Iron concentrates	124,319	196,119
Others	1,246,990	408,991
Internal sales	(667,573)	(284,287)
Less: Sales taxes and levies (note)	(162,674)	(107,587)
	13,093,598	9,376,432
Other income:		
Bank interest income	39,579	76,396
Rental income	4,070	4,190
Processing income	691	535
Dividend income	2,829	17,262
Government grants	14,255	8,653
Others	63,964	60,200
	125,388	167,236
Gains:		
Gain on equity investments at fair value through profit or loss	21,701	-
Exchange gains	103	-
Gain on equity interests disposal	-	42,983
Gain on mining rights disposal	2,316	70,669
	24,120	113,652
	149,508	280,888

Note: Sales taxes and levies consisted of resources tax, business tax, education surcharge and urban maintenance and construction tax.

(3) Profit before tax

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

	For the six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Cost of inventories sold	8,361,068	6,266,888
Amortisation of prepaid land lease payments	9,351	6,080
Amortisation of long-term deferred assets	66,094	34,935
Amortisation of other intangible assets	93,042	73,181
	8,529,555	6,381,084
Depreciation (note (i))	398,731	296,079
Research and development expenditures	30,476	16,811
Staff costs (Including directors' remuneration)		
Salaries and other staff cost (note (ii))	477,802	311,675
Retirement benefits - defined contribution fund (note (iii))	27,422	29,232
	505,224	340,907
Provision for inventory obsolescence	-	-
Provision for impairment of trade receivables**	53	-
Provision for impairment of other receivables**	24,743	-
Impairment provision for interest in a jointly-controlled entity**	69,275	-
Impairment provision for property, plant and equipment**	41,935	-
Loss on disposal of intangible asset**	1,470	-
Fair value losses on equity investments at fair value through profit or loss**	26,792	6,121
Loss on disposal of property, plant and equipment**	2,744	3,194
Donations**	94,897	61,549

* Items classified under "Administrative expenses" in the consolidated income statement.

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

Notes:

- (i) Depreciation cost of approximately RMB379,929,000 was included in the cost of sales for the six months ended 30 June 2010 (2009: RMB296,079,000).
- (ii) Staff costs of approximately RMB288,959,000 were included in the cost of sales for the six months ended 30 June 2010 (2009: RMB311,675,000.)
- (iii) According to relevant rules and regulations of the PRC, the Company and its subsidiaries incorporated in the PRC participate in a defined contribution retirement plan. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. 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

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other loans	132,626	98,422
Less: interest capitalised as construction in progress	(21,153)	(15,816)
	111,473	82,606

The interest capitalised represents the cost of capital from raising the related borrowings and the interest capitalisation rate ranges from 4.68% to 5.35% per annum (six months ended 30 June 2009: 5.18% to 6.8% per annum).

(5) Tax

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Group:		
Current - Hong Kong	-	-
- Mainland China	675,125	435,196
Underprovision/(overprovision) in prior years	4,334	40,328
Overprovision in the period	(11,130)	(1,350)
	668,329	474,174

The Group's principal tax items and related tax rate are listed below:

Value-added Tax	Sales of gold and gold compounds are exempt from value-added tax. Sales tax for mining and processing of non-ferrous metals such as iron concentrates, copper concentrates, zinc concentrates is computed on 17% of the sales revenue. Sales tax for copper cathodes, zinc bullion, raw materials is computed on 17% of the sales and processing income. Value-added tax is computed on the difference after deduction of input value-added tax.
Business Tax	Business tax is computed on 5% of rental income, 3% of transportation services income, 3% of construction service income, 5% of hotel services income and 5% of trademark usage fee income.
Resources Tax	Gold mine resources tax payable is based on the mining outputs and ranges from RMB2 to RMB6 per tonne; copper mine resources tax payable is based on the mining outputs and ranges from RMB6 to RMB7 per tonne; iron mine resources tax payable is based on the mining outputs of RMB7.14 per tonne; lead and zinc mine resources tax payable is based on the mining outputs of RMB20 per tonne.
Urban Maintenance and Construction Tax	Urban maintenance and construction tax is calculated on rates range from 1% to 7% of the turnover tax payable.
Resources Compensation Tax	Resources compensation tax is levied based on certain proportion of the minerals sales income and calculated as: mineral sales income x resources compensation rate x mining and recovery coefficients. The resources compensation rate ranges from 2% to 4%.
Corporate Income Tax	Corporate Income Tax is computed on 25% of taxable profits.

Preferential income tax and approval

Pursuant to “Min Ke Gao [2009] no. 6” jointly issued by the Science and Technology Department of Fujian, Finance Department of Fujian, State Tax Bureau of Fujian, and the Provincial Tax Bureau of Fujian, the Company has been recognized as a “High New Technology Enterprise” for a term of 3 years from the date of issue of the certificate on 25 November 2008. Pursuant to “The Notice of Corporate Income Tax Reduction and Exemption Management issued by State Administration of Taxation” (“Guo Shui Fa [2008] no. 111”) and Hang Di Shui You Hui Bei[2009] no.8001 the Company was given preferential treatment from national policy in relation to High and New Technology Enterprises and was granted a preferential corporate income tax rate of 15% for three years from 2008 (i.e. from 2008 to 2010) for the status as a the High New Technology Enterprise.

Pursuant to transitional preferential policy “The Notice of Implement of Transitional Preferential Corporate Income Tax Policy issued by State Council” (“Guo Fa [2007] no. 39”), enterprises which enjoy preferential tax treatment under the original tax revenue law, the administrative rules and regulations and related legal documents which was in force, shall transit as follows: from 1 January 2008, legally prescribed tax rates shall apply to enterprises covered under the original preferential corporate income tax policy within five years after the implementation of the new policy. Enterprises which were granted a preferential tax rate of 15% under the original preferential policy shall pay corporate income tax at a rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. Zijin Mining Group (Xiamen) Investment Company Limited and Xiamen Zijin Mining and Metallurgy Technology Company Limited will both subject to a corporate income tax rate at 22% in 2010.

Pursuant to article 2(1) of “The Notice of Taxation Preferential Policy in the Western Region issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs” (“Cai Shui [2001] no. 202”), “a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010” and “The Notice of Implement of Transitional Preferential Corporate Income Tax Policy issued by State Council” (“Guo Fa [2007] no.39”), discussed in the third Qinghai State Administration of Taxation Chief Officers meeting on 27 February 2008, Qinghai West Copper Company Limited was granted a tax concession to pay corporate income tax at a preferential rate of 15% from 2007 to 2010.

Pursuant to “The Notice of Taxation Preferential Policy in the Western Region” issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs (“Cai Shui [2001] no. 202”) and the relevant regulations of “The Notice of Implementation of Taxation Preferential Policy of the Western Region issued by Yunnan Tax Bureau” (“Yun Di Shui Er Zi [2002] no. 65”), approved and confirmed that Yuanyang County Huaxi Gold Co., Ltd. was granted a preferential tax rate of 15% from 2003 to 2010.

Pursuant to articles 2(1) of “The Notice of Taxation Preferential Policy in the Western Region” issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs (Cai Shui [2001] no. 202), “a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010” and “The Notice of Opinions of Substantial Implementation of the Transitional Preferential Corporate Income Tax Policy issued by State Administration of Taxation” (Guo Shui [2002] no.47), endorsed by “Ba Guo Shui Suo Han [2008] no.50”, Bayannaer Zijin Non-ferrous Metal Company Limited (“Bayannaer Zijin”), a company located in western region with its principal business fall in an industry involving development under the national focus promotion, was granted a tax concession at a preferential rate of 15% in 2010.

Pursuant “Ji Guo Shui Fa [2006] no. 80”, Hunchun Zijin Mining Company Limited (“Hunchun Zijin”) is located in Yanbianzhou Autonomous Region, Jilin Province and was therefore also eligible to be granted a tax concession of a preferential tax rate of 15% from 2006 to 2010 under the preferential taxation policy for China Western development. Pursuant to “The Notice of Implement Transitional Preferential Corporate Income Tax Policy” issued by the State Council, the preferential taxation policy for China Western Development shall continue to be enforced. The preferential corporate income tax rate of 15% for China Western Development is valid from 2001 until 2010. In case there shall be no introduction of new policies, the corporate income tax rate shall be transited to 25% in 2011 and 2012.

A reconciliation of the tax expenses applicable to profit before tax using the statutory rates for the locations in which the Company, its subsidiaries and associates are domiciled to the tax expenses 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:

	For the 6 months ended 30 June			
	2010		2009	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Profit before tax	3,802,400		2,595,416	
At the PRC statutory tax rate	570,360	15.00	389,312	15.00
Expenses not deductible for tax	31,109	0.82	768	0.03
Income not subject to tax	(12,787)	(0.34)	(21,678)	(0.84)
Differential tax rate on the profit of the Company and certain subsidiaries	90,829	2.39	69,803	2.69
Underprovision/(overprovision) in prior years	4,334	0.11	40,329	1.55
Current period change in deferred tax	(11,130)	(0.29)	(1,350)	(0.05)
Others	(4,386)	(0.12)	(3,010)	(0.12)
Tax charge at the Group's effective rate	668,329	17.57	474,174	18.26

Pursuant to the "Corporate Income Tax Law of the People's Republic of China" approved on 16 March 2007 and "Implementation of Corporate Income Tax Law of the People's Republic of China" issued by the National People's Congress and China State Council, and pursuant to the "The Notice of Corporate Income Tax Reduction and Exemption Management issued by State Administration of Taxation" ("Guo Shui Fa [2008] no. 111") and the regulations of Hang Di Shui You Hui Bei [2009] no. 8001, the Company was given preferential treatment from national policy in relation to High and New Technology Enterprises and was granted a preferential corporate income tax rate of 15% for three years from 2008 (i.e. from 2008 to 2010) for the status of the High New Technology Enterprise.

There is no income tax implication attached to the dividends distributed by the Company to its shareholders.

(6) Earnings per share attributable to ordinary equity holders of the parent

On the basis of the Group's profit attributable to equity holders of the parent in the sum of RMB2,730,126,000 during the reporting period (six months ended 30 June 2009: RMB1,932,691,000) and the total number of 14,541,309,100 ordinary shares in issue during the reporting period, the earnings per share attributable to the ordinary equity holders of the parent is RMB0.188 (the earning per share for the six months ended 30 June 2009: RMB0.133).

Diluted earnings per share for the six months ended 30 June 2009 and 2010 have not been disclosed as there were no diluting events during these periods.

2. EFFECTS OF SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND CHINA ACCOOUNTING STANDARDS (“CAS”)

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

	For the six months ended 30 June	
	2010 <i>RMB'000</i> (Unaudited)	2009 <i>RMB'000</i> (Unaudited)
Profit attributable to equity holders of the parent under CAS	2,706,806	1,932,691
Difference in depreciation and disposal from restatement of property, plant and equipment	23,320	-
Profit attributable to equity holders of the parent under IFRS	2,730,126	1,932,691

Explanation of the difference between IFRS and CAS

Pursuant to regulations of relevant PRC authorities, the Group is required to provide for a safety fund and production maintenance fund based on volume of ore extracted. The amount is recognised as an expense and is recorded specifically as specific reserve in equity in the prevalent accounting period. The utilisation of the specific reserve is in accordance with relevant regulations, when the fixed assets are recognized, respective specific reserve should be fully transferred as accumulated depreciation. According to IFRS, these expenditures should be recognized when incurred; respective capital expenditure should be recorded as part of fixed assets, and depreciates according to relevant depreciation policy.

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

	30 June 2010	31 December 2009
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Equity attributable to equity holders of the parent under CAS	19,423,911	18,170,181
Difference in depreciation and disposal from restatement of property, plant and equipment	-	-
Equity attributable to equity holders of the parent under IFRS	19,423,911	18,170,181

3. OPERATION OVERVIEW

Market Review

During the reporting period, the world economy started to recover gradually. The impact of the European sovereignty liability crisis caused economic uncertainty to intensify. These factors led the price of gold to fluctuate in a relatively high price range and caused severe price fluctuation in major commodities.

The risk-avoidance function and the investment needs for gold were the main factors to sustain its strong pricing trend in the international market. The international opening price of gold in 2010 was US\$1,098 per ounce. During the reporting period, the price of gold reached its highest at US\$1,265 per ounce and its lowest at US\$1,058 per ounce. The closing price was US\$1,242 per ounce, representing an increase of US\$144 per ounce or 13%.

During the reporting period, the price of copper has been adjusted after reaching a peak. The price of copper in the London Metals Exchange (“LME”) reached US\$7,995 per tonne in April 2010 and fell to US\$6,510 per tonne at the end of June 2010. The highest price of copper in Shanghai was RMB63,619 per tonne, the lowest was RMB48,887 per tonne and the closing price was RMB51,958 per tonne.

In the first half of 2010, the price of zinc fluctuated with a downward trend in its lowest price range in the domestic and international markets. Its highest price was US\$2,730 per tonne recorded on 7 January 2010 and its lowest price was US\$1,580 per tonne recorded on 7 June 2010. At the beginning of June 2010, zinc’s lowest price in Shanghai reached RMB13,480 per tonne. It kept its price fluctuation in this range and its closing price stayed at RMB15,000 per tonne at the end of June 2010.

(1 troy ounce = 31.1035 grammes)

4. PRODUCTION AND OPERATION

Operation Overview

During the reporting period, the Group generated a turnover of RMB13,093,598,000 representing a 39.64% growth and realised a net profit attributable to the equity holders of the parent of RMB2,730,126,000, representing a 41.26% growth when compared with the corresponding period last year. As at 30 June 2010, the Group’s total assets was RMB34,941,690,000, representing a 17.86% growth, and the net assets attributable to the equity holders of the parent was RMB19,423,911,000 representing a 6.90% growth when compared with the beginning of the year.

1. Gold Mine Business

During the reporting period, the Group produced 36,710.71kg (1,180,276 ounces) of gold representing a 0.03% growth over the same period last year (same period last year: 36,701.40kg).

The Group produced 15,816.09kg (508,499 ounces) of mine-produced gold representing a 5.08% (15,052.31kg the same period last year) growth over the same period last year, among which Zijinshan Gold Mine produced 9,646.63kg (310,146 ounces); Hunchun Shuguang Gold Copper Mine produced gold concentrates containing 1,264.35kg (40,649.77 ounces) gold; Guizhou Shuiyindong Gold Mine produced 1,028kg (33,050.94 ounces); the other gold mines in the Group produced 3,877.11kg (124,651.89 ounces).

The Group produced 20,894.62kg (671,777 ounces) of refinery gold, representing a decrease of 3.48% over the same period last year (21,649.09kg the same period last year), of which, Henan Luoyang Zijin Yinhuai Gold Refinery Co., Ltd. produced 16,351kg (525,696.47 ounces); Fujian Jinshan Gold Refinery Plant produced 1,041.98kg (33,500.41 ounces); and the other plants in the Group produced 3,501.64kg (112,580.26 ounces).

Sales income generated from the Group’s gold business represented approximately 66.37% (after elimination) of the total sales income during the reporting period, and the gold business generated about 66.73% of the total net profit attributable to the equity holders of the parent company.

2. Copper Mine Business

During the reporting period, the Group produced 47,196.96 tonnes of copper, representing a 23.66% growth when compared with the same period in the last year (38,165.73 tonnes the same period last year); the production of which

include 5,528.72 tonnes mine-produced copper cathodes, representing a 4.64% growth when compared with the same period in the last year (5,283.46 tonnes the same period last year); 40,734.96 tonnes copper in concentrates form, representing a 24.18% growth when compared with the same period in the last year (32,804.26 tonnes the same period last year); and 933.28 tonnes refinery copper was produced.

In which, Ashele Copper Mine produced copper concentrates consisting of 16,279.63 tonnes, representing a 8.47% growth when compared with the same period in the last year (15,007.73 tonnes the same period last year); Qinghai Deerni Copper Mine produced copper concentrates consisting of 13,435.39 tonnes copper, representing a 16.7% growth when compared with the same period in the last year (11,512.96 tonnes the same period last year); Zijinshan Copper Mine produced 5,528.72 tonnes copper cathodes, representing a 4.64% growth when compared with the same period in the last year (5,283.46 tonnes the same period last year) and Zijinshan newly produced copper concentrates consisting of 3,911.96 tonnes copper; Hunchun Zijin produced copper concentrates consisting of 4,412.33 tonnes, representing a 9.95% growth when compared with the same period in the last year (4,012.93 tonnes the same period last year).

In the reporting period, sales income of the Group from copper business represented approximately 14.79% (after elimination) of the total sales income of the Group and net profit from the copper business represented about 26.39% of the total net profit attributable to the equity holders of the parent company.

3. *Zinc Mine and Lead Mine Business*

During the reporting period, the Group produced 110,513.80 tonnes of zinc, which increased by 69.81% when compared with the corresponding period last year (65,080.54 tonnes the same period last year), among which 91,022.68 tonnes zinc bullion representing an increase of 81.48% (50,157.14 tonnes the same period last year); 19,491.12 tonnes mine-produced zinc in concentrates form representing an increase of 30.61% when compared with the same period in the last year (14,923.40 tonnes the same period last year). Bayannaer Zijin Zinc Refinery Plant produced 91,022.68 tonnes zinc in bullion form, representing an increase of 81.48% when compared with the same period in the last year; (50,157.14 tonnes the same period last year) Wulatehaoqi Zijin produced 10,671.22 tonnes mine-produced zinc in concentrate form representing an increase of 9.41% when compared with the same period in the last year (9,753.05 tonnes the same period last year); Ashele Copper Mine produced 6,214.62 tonnes zinc from other associated metals and other mines produced 2,605.28 tonnes zinc from other associated metals.

During the reporting period, 2,128.48 tonnes lead in concentrates form was produced, representing a 2.04% decrease when compared with the same period in the last year (2,172.76 tonnes the same period last year).

During the reporting period, sales income from zinc and lead business of the Group represented approximately 7.92% (after elimination) of the total sales income of the Group, and represented about 0.47% of the total net profit attributable to the equity holders of the parent company.

4. *Iron, Silver and Other Businesses*

During the reporting period, the Group produced 66,234.09kg silver, representing a 18.93% growth when compared with the same period in the last year (55,689.77kg the same period last year), among which 13,058.49kg was refined silver, representing a 17.15% growth when compared with the same period last year (11,146.43kg the same period last year); and 53,175.60kg was mine-produced silver, representing a 19.4% growth when compared with the same period last year (44,534.34kg the same period last year), of which Wuping Zijin produced 12,655.99kg of silver, Ashele Copper Mine produced 12,645.13kg silver from other associated metals, Shanxi Zijin produced 12,537.25kg silver, Wulatehouqi Zijin produced 3,893.08kg silver, the other mines in the Group produced 11,444.15kg silver from associated metals and Jinshan Gold Refinery produced 13,058.49kg refined silver.

During the reporting period, the Group produced 383,600 tonnes of iron concentrates, representing a decrease of 15.78% when compared with the same period last year (455,500 tonnes the same period last year).

Sales income from the Group's iron ore, silver and other businesses represented approximately 10.92% (after elimination) of the total sales income of the Group during the reporting period, and net profit of iron ore, silver and other businesses represented about 6.41% of the total net profit attributable to the equity holders of the parent company.

5. *External Investment*

During the reporting period, in accordance with the working plan established at the beginning of the year, the

Company has been carrying specific studies and evaluation of domestic and overseas projects, and the Group has achieved progress to a certain extent in external investment through sole investment, joint investment and stock investment.

In relation to overseas acquisitions:

The Company has become the biggest shareholder of Inter-Citic Minerals Inc. by subscription of new shares issue;

The Company has completed the subscription of Glencore's convertible bonds;

The Company and China-Africa Development Fund Co., Ltd. jointly proposed to acquire Platmin Congo Limited which is still in progress; and

The Company's cash offer for the acquisition of all the issued shares of Indophil Resources NL has ceased on 9 July 2010.

In relation to domestic acquisitions:

The Company invested and acquired 20% shareholding in Xinjiang Tianlong Mining Co., Ltd.;

The Company and Guizhou Wengfu Group agreed to form a new company. The Company held 40% shareholding of the new company. The new company will build a phosphorous chemical plant;

The Company invested and acquired 25.234% shareholding of Xinjiang Buerjin County Kanas Travel Co., Ltd.; and

The Company has been actively proceeding with the acquisition of Bayanhaer Aobao Gold Mine, Sunite Zuoqi, Inner Mongolia.

6. *Projects Construction*

During the reporting period, Ashele Copper Mine's construction of the above 650m individual process and mining and sulfur process project, Nanwenhe Tungsten Mine Yanjiao tailings depot project, the technological renovation projects of Xinyi Yinyan Tin Mine, Dongkeng Gold Mine, and Hunchun Zijin "2+1" system, Russian Tuva Zinc Lead Mine project, Luoning Huatai process plant technological innovation project, Wuping Yueyang Silver Mine technological innovation project and the second phase expansion of Jinyi Copper progressed smoothly and part of these projects have been completed and are in production.

The Company actively proceeded with the construction of ZGC's oxidized ore process and mining system, Guizhou Boqitian Gold Mine, Xinjiang Wulagen Zinc Lead Mine, Xinjiang Qitai Heishantao Coal Mine, Heilongjiang Duobaoshan Copper Mine, Zijin Copper's 200,000 tonnes refinery plant, and Qinghai and Ashele copper mines tailing utilization and economic circulation projects.

7. *Geological Exploration*

During the reporting period, the Group invested RMB83,948,500 in exploration and the volume of actual works of the Group includes the following: 73,700 metres drilling, 13,900 metres tunnel exploration, 8,085 metres trench exploration, 182.19 sq.km various scaled brief survey, 325.18 sq.km various scaled soil survey, 93.2 sq.km sediment survey in water system, 11,000 pieces basic analysis of chemical sample. The progress of field works was smooth. The Group made a new breakthrough in searching mining deposit in the deepest part and surrounding part of Zijinshan Gold and Copper Mine, Yunnan Yuanyang Gold Mine, Xinjiang Ashele Copper Mine, Hunchun Zijin, Gansu Yate and Dujiagou Gold Mine. The mining resource is expected to have a larger growth.

After the Group's active leading the exploration work, exploration breakthrough was found at Luoboling copper and molybdenum project which located at about 1.5km of the northwest of Zijinshan Gold and Copper Mine. Since 2008, the mine site has completed 33 drillings with exploration work of 19,452.04 metres, the probability of find ore of the drilling reached 90.9%. Some of the drilling discovered relatively thick and large ore, such as drilling no. ZK302, its accumulated vertical thickness of ore reached 750.35 metres, and drilling no ZK701, its accumulated vertical thickness of ore reached 526.72 metres. Base on the current exploration results, the ore has no sealing at the deep part of the mine, it slopes down northwest and reaches inside the Wuziqilong exploration right, which wholly owned by the Group, there are no sealing at other direction.

In 2010, the Company started an international geological exploration project. The preparation work has been completed for the design of supplementary exploration of ZGC Taror and Jilau gold mines and its field works. The actual field work will be carried out in the second half of 2010. The Company will commence a general study of New Zealand Taranaki iron mine.

As at 30 June 2010, the Group has a total of 250 exploration rights, covering an area of 5,689.09 sq.km and a total of 45 mining rights, covering an area of 130.5063 sq.km.

8. *Operation of Finance Company*

Since the formation of Zijin Finance Company in September 2009, in using the finance company as a fund management platform, dividing the funds of the members of the Group into two types of businesses: agency business and settlement business, after commencing the business including: deposits, loans, settlement, factoring and re-factoring, trustee loan, and consultation services, the finance company concentrated about 85% of fund from the members. As at 30 June 2010, finance company had RMB3,260,000,000 of deposits and RMB1,940,000,000 of loans which saved finance costs amounting RMB30,790,000.

5. MANAGEMENT REVIEW AND ANALYSIS

Operation results

During the reporting period, the management of the Company comprehensively and seriously implemented the resolutions passed at the general meeting and the board meeting and meticulously organised the production. The Group realised a sales income of RMB13,093,000,000 (six months ended 30 June 2009: RMB9,376,000,000), representing an increase of 39.64% over the corresponding period last year.

The table below sets out the sales by products for the six months ended 30 June 2010 and 30 June 2009 respectively:

Project	Jan - Jun 2010			Jan - Jun 2009		
Product	Unit price (tax excluded) RMB	Volume	Amount RMB'000	Unit price (tax excluded) RMB	Volume	Amount RMB'000
Mine-produced gold bullion	255.07 /g	11,509 kg	2,935,480	203.73 /g	13,224 kg	2,694,110
Mine-produced gold concentrates	227.50 /g	4,142 kg	942,260	165.79 /g	2,781 kg	461,020
Processed gold	250.73 /g	21,021 kg	5,270,540	204.03 /g	21,576 kg	4,402,090
Mine-produced silver	2.50 /g	52,772 kg	131,810	1.78 /g	43,955 kg	78,100
Copper concentrates	42,432 /t	41,883 t	1,777,140	24,272 /t	32,737 t	794,600
Mine-produced copper cathodes	48,031 /t	7,010 t	336,720	30,082 /t	5,527 t	166,260
Zinc bullion	14,993 /t	66,295 t	993,940	10,212 /t	47,700 t	487,130
Zinc concentrates	9,003 /t	18,287 t	164,640	5,302 /t	15,066 t	79,880
Iron concentrates	611 /t	203,488 t	124,320	466 /t	421,029 t	196,120
Others			1,246,990			408,990
Internal sales			(667,570)			(284,290)
Sales taxes and levies			(162,670)			(107,590)
Total			13,093,600			9,376,420

Note:

During the reporting period, the other sales income mainly includes RMB393,000,000 income from copper belts, RMB281,000,000 income from copper pipes, RMB153,000,000 income from tungsten products, RMB39,000,000 income from sulfur contained products and RMB16,000,000 income from lead products.

The Group's sales income for the six months ended 30 June 2010 increased significantly over the same period last year, which was mainly attributable to:

1. The unit price of the Company's main product increased substantially over the same period last year. The product prices of gold, mine-produced copper, zinc bullion and iron concentrates increased 24.05%, 72.17%, 46.81% and 31.16% respectively when compared with the corresponding period last year, in which, the increase in unit price of mine-produced products increased the sales income by RMB1,934,000,000; and the increase in unit price of refined and processed products increased the sales income by RMB1,603,000,000.

2. The increase in productivity led to following significant increases in sales volume:

(i) the sales volume of mine-produced copper increased by 27.78% over same period last year and relevant sales income increased by RMB267,000,000;

(ii) Second phase of Bayannaer Zijin Zinc Refinery Plant has commenced production, the higher productivity led to an increase in the sales volume of zinc bullion by 38.98% and an increase in the sales income by RMB190,000,000 over same period last year; the higher productivity of Xinjiang Ashele Copper Mine and Qinghai Deerni Copper Mine increased the sales volume of zinc by 21.38% over the same period last year and led to an increase in sales volume by RMB17,080,000;

(iii) The production of copper belts, copper pipes and tungsten concentrates gradually reached normal status and the sales volumes increased by 78.87%, 214.11% and 108.71% respectively over the same period last year, the total sales income increased by RMB279,000,000. After offsetting the decrease in sales volumes of mine-produced gold bullion and iron concentrates and others, the overall change in sales volume led to an increase of total sales income by approximately RMB353,000,000.

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 cost, ore transportation cost, raw materials consumption, salary and depreciation on fixed assets etc. The table below sets out details of the gross profit margin for the periods ended 30 June 2009 and 30 June 2010.

Product	Unit selling cost (RMB)			Gross profit margin (%)			
	Year	Jan - Jun 2010	Jan - Jun 2009	unit	Compared with last year %	Jan - Jun 2010	Jan - Jun 2009
Mine-produced gold bullion	65.59	57.42	/g	14.23	74.28	71.82	2.46
Mine-produced gold concentrates	88.18	83.31	/g	5.85	61.24	49.75	11.49
Processed gold	249.76	201.38	/g	24.02	0.39	1.30	-0.91
Mine-produced silver	2.50	0.86	/g	191.37	59.30	51.76	7.54
Copper concentrates	10,212.00	9,153.00	/t	11.57	75.93	62.29	13.64
Mine-produced copper cathodes	19,070.00	15,449.00	/t	23.44	60.30	48.64	11.65
Zinc bullion	13,756.00	8,581.00	/t	60.29	8.25	15.97	-7.72
Zinc concentrates	3,099.00	2,481.00	/t	24.91	65.58	53.21	12.37
Iron concentrates	195.00	173.00	/t	12.84	68.08	62.89	5.18
Others					7.50	17.49	-9.99
Overall					34.86	31.95	2.91
Overall (Refinery entities excluded)					70.35	66.18	4.17

Note: The following analysis is based on the figures before offsetting of internal sales.

The Group's overall gross profit margin is 34.86%, representing an increase of 2.91% over the corresponding period last year. The overall gross profit margin (excluding processed and refined products) is 70.35%, representing an increase of 4.17% over the corresponding period last year. During the reporting period, the significant increase in product price is the main reason for the increase in the gross profit margin.

Detailed analysis as follow:

During the reporting period, due to the increase in the price of raw materials and salaries, extremely bad weather such as the snowstorm disaster which occurred in northern area and the drought in southwest area, and increase in the processing volume of low-grade ore and a higher stripping ratio, the unit cost of sales of the major mine-produced products of the Group has increased by various degrees, the unit cost of sales of mine-produced gold bullion, mine-produced gold concentrates, copper concentrates, mine-produced copper cathodes, zinc concentrates and iron concentrates has increased by 14.23%, 5.85%, 11.57%, 23.44%, 24.91% and 12.72% respectively over the same period last year. However, the price of the Group's major products increased substantially over the same period last year, the selling price of gold, mine-produced copper, zinc bullion, iron concentrates has increased by 24.05%, 72.17%, 46.81% and 31.16% respectively over the same period last year. The sale volumes of mine-produced copper, mine-produced zinc and tungsten concentrates have increased significantly. The total gross profit of the Group has increased by RMB1,654,000,000 over same period last year, including an increase in the gross profit of RMB1,934,000,000 was contributed to by the increase in the selling price of mine-produced products, an increase in the gross profit of RMB121,000,000 was contributed to by the increase in the sales volume of mine-produced products, and a decrease of the gross profit of RMB256,000,000 due to an increase in the unit cost of the mine-produced products, and a decrease of the gross profit of RMB17,000,000 by processed and refined product. The internal sales off-set RMB128,000,000 unrealised profit.

Selling and distribution costs

The Group's selling and distribution cost in the first half of 2010 is RMB143,540,000, representing a decrease of 9.24% compared with the same period last year (2009: RMB158,140,000). The decrease was mainly due to a drop in sales by 37.6% in Xinjiang Jinbao compared to the same period last year, rendering a drop in its transportation costs by RMB27,330,000, representing a drop by 46.13% when compared to the same period last year (2009: RMB50,730,000). In addition, the increase in sales resulted in an increase of selling and distribution costs in some entities, including an increase of sales by RMB9,830,000 of Bayannaer Zijin, an increase of sales by RMB2,670,000 of West Copper, an increase of sales by RMB3,560,000 of Jinyi Copper, and an increase of sales by RMB1,910,000 of Fujian Zijin Copper.

Administrative expenses

The Group's administrative expenses in the first half of 2010 amounts to RMB428,406,000, representing an increase of 35.64% over the same period last year (2009: RMB315,842,000). It was mainly due to an increase in income and production volume which led to an increase of RMB42,040,000 in resources compensation fee and other standard charges.

During the reporting period, the Group spent RMB15,980,000 more on administrative expenses when compared with the same period last year, in which the accelerated construction in Zijin Longxing and other projects and the commencement of production in Xinyi Zijin led to an increase of RMB14,270,000 on administrative expenses. Following an economic rebound and increase in commodity price, the Group increased RMB41,860,000 in labour cost over the same period last year and increased RMB13,660,000 in technology development over the same period last year. In addition, the increase in depreciation expenses and relevant tax was the main factors for an increase in administrative expenses.

Finance costs

During the reporting period, the Group's total finance costs is RMB111,473,000, representing an increase of 34.95% over the same period last year (2009: RMB82,606,000). It was mainly due to an increase of bank loans and interest expenses over the same period last year.

Provision for assets impairment

During the reporting period, the Group's provision for assets impairment was RMB135,510,000 (2009: Nil), of which, the controlling shareholding of the Group's jointly-controlled entity, Lankatasikaya Closed Mining Company Limited (the Group's subsidiary, Heilongjiang Zijin held 50% shareholding) unilaterally transferred the company's core asset - Russia Kuton Gold Mine into Kuton Mine and Geology Company Limited (formed by Lankatasikaya Closed Mining Company Limited and Kafeinuo Management Company Limited, Lankatasikaya Closed Mining Company Limited owned 1/11 shareholding in Kuton Mine and Geology Company Limited). Although negotiation of the relevant rights has been carried out, uncertainty still exists. Therefore, a provision of RMB69,280,000 was made as an impairment loss on long-term investment and a provision of RMB24,740,000 was made for bad debts. Due to the flooding in Shanghang in June, the Group has debited an amount of RMB33,520,000 impairment on fixed assets and an amount of RMB8,420,000 loss in construction in progress and a reversal of RMB500,000 inventory impairment loss.

Financial Derivative Tools

During the reporting period, the Group realised losses of RMB8,180,000 upon closing out derivative contract position, in which gold futures realised losses of RMB20,480,000, copper futures realised profits of RMB16,180,000, zinc futures realised losses of RMB3,880,000 (same period last year: gold future realised profit of RMB51,340,000, copper futures realised losses of RMB103,690,000, zinc futures realised profits of RMB1,290,000).

During the reporting period, the change in the fair value of the Group's position of its financial derivative tools resulted in losses of RMB13,790,000. The unrealised loss of the change in the fair value of the Group's position of its financial derivatives decreased RMB2,000,000 over the same period last year.

As at 30 June 2010, the Group entered 942.52kg gold future contracts, 470 tonnes copper future contracts, and 10,925 tonnes zinc future contracts.

Donations and social responsibility

During the reporting period, the Group donated a total amount of RMB94,900,000 (2009: RMB61,550,000). The Company donated RMB72,040,000, Guizhou Zijin donated RMB16,070,000 Malipo Zijin donated RMB1,940,000, Zijin International donated RMB1,250,000, etc.

Working capital and sources of fund

As at 30 June 2010, the Group's cash and cash equivalents are RMB4,331,000,000, representing an increase of 57.88% or RMB1,588,000,000 over the corresponding period last year, and an increase of 44.41% or RMB1,332,000,000 over the end of last year.

In the first half year, net cash inflow generated from the Group's operating activities is RMB3,180,000,000, representing an increase of 958,444,000 over the corresponding period last year. The cash inflow generated from operating activities is RMB13,118,000,000, representing an increase of RMB3,414,000,000 over the same period last year; cash outflow generated from operating activities is RMB9,939,000,000, representing an increase of RMB2,456,000,000 over the same period last year. The main reason for the increase in the cash inflow generated from the Group's operating activities were mainly due to (1) a significant increase in gold and copper selling prices ; (2) an increase in production volume when compared to the same period last year.

In the first half year, net cash outflow generated from the Group's investing activities is RMB3,676,000,000, representing an increase of RMB2,429,000,000 over the same period last year. The main reasons for the increase in net cash outflow generated from the Group's investing activities were mainly due to (1) the Group's external investment has increased RMB1,361,000,000 over the same period last year; (2) the increase in the expenditure by RMB521,000,000 spent on Group's acquisition of property, plants and equipment, intangible assets and other long-term assets compared with the same period last year; (3) amounting RMB769,000,000 fixed deposit, due to weaker liquidity, was classified as investing cashflow and matured in the same accounting period last year.

In the first half year, net cash inflow generated from the Group's financing activities is RMB1,835,000,000, representing an increase in the amount of RMB2,786,000,000 over the corresponding period last year. It was mainly due to an increase of bank loans in the amount of RMB2,700,000,000 over the corresponding period last year.

As at 30 June 2010, the Group's total borrowings amounted to RMB7,646,000,000 (31 December 2009:

RMB3,865,000,000). Among which, the amount repayable within one year was RMB5,401,000,000, the amount repayable within two to five years was RMB2,045,000,000, the amount repayable within more than five years was about RMB200,000,000. The interest rates of all the bank borrowings range from 1.15% to 5.47% (in 2009: range from 1.03% to 7.2%).

The Group's daily capital requirements and capital expenditures were financed from its internal cash flow. The Group also has uncommitted loan credit lines in relatively large amounts provided by its major banks.

Gearing Ratio

Gearing ratio refers to the proportion of consolidated total liabilities to the consolidated total equity. As at 30 June 2010, the Group's consolidated liabilities amounted to RMB11,829,439,000 (30 June 2009: RMB7,817,583,000) and the Group's consolidated equity was RMB23,112,251,000 (30 June 2009: RMB20,078,584,000). As at 30 June 2010, the gearing ratio of the Group was 0.51 (30 June 2009: 0.39).

Investment Status

1. Use of proceeds

The Company's initial public offering raised net proceeds of RMB9,806,960,200 in April 2008 in the PRC. As at 30 June 2010, the Company has used an accumulated amount of RMB8,252,267,500. The unused net proceeds in the amount of RMB1,554,692,700 and interest income of RMB140,441,200 (net amount after deducting the bank charges), total amount of RMB1,695,133,900 is deposited in a specific bank account for the raised proceeds or in time deposit accounts of the Company. During the reporting period, the Company has used the proceeds in the following projects:-

RMB'000

No.	Project Name	Project amended	Proposed investment	Actual investment	On schedule	Progress	Gains generated
1	Zijinshan Gold and Copper Mine joint open pit mining project	No	1,521,040.80	1,373,657.10	Yes	construction basically completed and commenced production	During the first half of 2010, production of gold of 9,646kg, copper concentrates containing copper of 3,911 tonnes, net profit of RMB1,575,020,000 (production volume before the technology innovation include)
2	Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500.00	405,576.20	Yes	construction basically completed and commenced production	During the first half of year, production of gold of 1,264kg, copper of 4,412 tonnes, net profit of RMB290,350,000 (production volume before the technology innovation include)
3	200 tonnes daily refractory gold processing and refining project	No	198,380.00	198,094.00	Yes	construction completed and commenced production	During the first half of 2010, production of processed gold of 1,041.98kg, silver of 13,058,49kg, net profit of RMB28,059,700.
4	Mining resources exploration project	No	357,000.00	17,067.60	No	Being explored	
5	Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project	No	198,000.00	196,800.00	Yes	Mining right changing procedures completed	
6	Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals PLC project	No	603,000.00	603,000.00	Yes	Acquisition completed	
7	Acquisition and development of the ZGC Gold Mine in Tajikistan	No	1,305,345.00	418,472.60	No	Completed acquisition, being initial construction	
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	271,600.00	Yes	Acquisition completed, being initial construction	
9	Supplemental working capital	No	4,891,094.40	4,768,000.00	Yes		
	Total		9,806,960.20	8,252,267.50			

Note:

1. The construction of a 200 tonnes daily refractory gold processing and refining project have been completed and have commenced production with a balance of funds in the amount of RMB286,000.
2. The mining resources exploration project includes Zijinshan Gold and Copper Mine and 6 other exploration projects in the surrounding area, in which continued investments are required for 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; no investment is required for Xinjiang Mengku Wutubulake Iron Mine due to the resources restructuring by the local government; Xinjiang Fuxing Copper Mine and Anhui Mashi Copper Mine were proved and determined to have low grade and little resources are of no economic value, the Group proposes to stop investing in these mines; Dongkeng Gold Mine and Yinyan Tin Mine have fulfilled the production needs, the Group will arrange a combination of exploration and process, as it will be difficult to distinguish the investment on exploration and production, the Group proposes to stop raising funds for these mines. The Group will prepare a summary of the exploration projects, for those projects that no longer require investment, the Group will change the purpose of the proceeds in accordance with the relevant regulations of the proceeds management.
3. The acquisition of the exploration right of Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project is completed with a balance of funds in the amount of RMB1,200,000.
4. With the acquisition of the shares of the ZGC Gold Mine in Tajikistan and the completion of its development project, the Group is actively developing its technological innovation construction. The regulatory authorities had approved the construction fund, and agreed the construction fund would be paid in the form of shareholder loans, the initial loan is yet to be reviewed in a general meeting. The development and construction of this project was delayed due to the difficulties in logistics supplies.
5. During an inspection of the Company in 2009, the China Security Regulatory Commission Fujian Bureau established that there were problems relating to the use and management of the proceeds. The Company has solved the problems in accordance with the audit report prepared by an accounting firm in February 2010, details can be referred in the “Zijin Mining Group Co., Ltd. Report to the Specific Proceeds Audit” (Lin 2010 – no.008) which was disclosed at 9 February 2010.
6. Details of status of use of proceeds are set out in the specific report.

2. Other investments

RMB

No.	Project	Investment amount	Progress	Gains generated
(a)	Subscription of Convertible Bonds issued by Glencore Finance (Europe) S.A.	US\$200 million (equivalent RMB1,361,085,430) to	Transaction completed	
(b)	Acquisition of Platmin Congo Limited	US\$170,382,999 (equivalent RMB1,162,012,053) to	In the process of acquisition	
(c)	Investment in Xinjiang Buerjin County Kanas Travel Company Limited	RMB48,870,000	Transaction completed	
(d)	Investment in Xinjiang Tianlong Mining Company Limited	RMB329,653,678	RMB32,965,400 was invested according to agreement	
(e)	Subscription of shares of Inter-Citic Minerals Inc	CAD18,560,000 (equivalent RMB126,666,432) to	Transaction completed	
(f)	Investment in the establishment of Wengfu Zijin Chemical Limited	RMB 200,000,000	Initial investment RMB100,000,000	
	Total	RMB3,228,287,593		

- (a) On 23 December 2009, Golden Lake Mining (BVI) Limited (“Golden Lake”), a wholly owned subsidiary of the Company, entered into an “investment agreement” with Glencore Finance (Europe) S.A., Glencore International

AG and Glencore AG, Golden Lake agreed to pay US\$200 million (equivalent to RMB1,361,085,430) to subscribe for the convertible bonds issued by Glencore Finance (Europe) S.A. The interest rate of the convertible bonds is 5% per annum and falls due in 2014 and is guaranteed by Glencore International AG and Glencore AG. The transaction has been complete.

- (b) On 7 May 2010, the Company, Golden Champion Mining (BVI) Limited, its wholly-owned subsidiary and China-Africa Development Fund Co., Ltd. (“CAD Fund”) entered into and confirmed the “Sales and purchase agreement of acquisition of all the issued shares of Platmin Congo Limited and Copperbelt’s total internal receivables” with Copperbelt Minerals Limited (“Copperbelt”) in relation to the joint acquisition of all issued shares of Platmin Congo Limited and Copperbelt’s total internal receivables by the Company and CAD Fund. The total investment of the Company and CAD Fund is US\$283,971,665 (equivalent to RMB1,936,686,755), The Company is investing US\$170,382,999 (equivalent to RMB1,162,012,053) according to its 60% equity interest. Platmin Congo Limited, through its subsidiary, owns 68% of Deziwa copper-cobalt project and 68% of Ecaille C copper-cobalt project in the DRC. The transaction is in progress.
- (c) On 13 March 2010, the Company’s wholly-owned subsidiary, Zijin Mining Group North-west Company Limited (“Zijin North-west”) entered into a capital increase agreement with Xinjiang Buerjin County Kanas Travel Company Limited (“Xinjiang Kanas”) for its capital increase. Pursuant to the agreement, Xinjiang Kanas will increase its registered capital from RMB80,000,000 to RMB107,000,000, Zijin North-west will acquire 27,000,000 shares of Xinjiang Kanas at RMB1.81 per share, the consideration will be RMB48,870,000. Upon the completion of the capital increase agreement, Zijin North-west will hold about 25.234% equity interest in Xinjiang Kanas. Xinjiang Kanas is mainly engaged in travel business in Kanas Xinjiang, the PRC.
- (d) On 16 May 2010, the Company’s wholly-owned subsidiary, Zijin Mining Group North-west Company Limited (“Zijin North-west”) entered into a capital increase agreement with Xinjiang Tianlong Mining Company Limited (“Xinjiang Tianlong”) and agreed to increase Xinjiang Tianlong’s capital and allotted shares. Pursuant to the agreement, Zijin North-west agreed to invest RMB329,653,678 and will own 20% equity interest of Xinjiang Tianlong Mining after the share allotment. The increased capital is mainly applied in the engineering of the 2nd phase of technological innovation of Xinjiang Tianlong, which means 200,000 tonnes electrolytic aluminium and its associated projects. As at the end of the reporting period, Zijin North-west has invested RMB32,965,400.
- (e) The Company, as the beneficial holder, subscribes for 16,000,000 common shares of Inter-Citic Minerals Inc. (“ICI”) through QDII, the subscription price is CAD1.16 per share for an aggregate consideration equal to CAD18,560,000 (equivalent to RMB126,666,432). ICI is a corporation established under the laws of Canada and listed on the Toronto Stock Exchange. It is principally engaged in gold exploration and development in the PRC and owns 83% of Qinghai Dachang Gold Project in Qinghai Province.
- (f) Wengfu Zijin Chemical Industry Company Limited which was jointly set up by Zijin Copper Company Limited (“Zijin Copper”), the wholly-owned subsidiary of the Company, Guizhou Wengfu (Group) Company Limited (“Wengfu Group”), Guizhou Shanshui Logistics Company Limited (“Shanshui Logistics”), has a registered capital of RMB500,000,000, in which Wengfu Group owns 52%, Zijin Copper owns 40%, Shanshui Logistics owns 8%. The initial registered capital was RMB250,000,000, Zijin Copper invested RMB100,000,000 in proportion with its shareholding. Wengfu Zijin Chemical Industry Company Limited is mainly engaged in projects associated with the downstream of a 200,000 tonnes copper refinery project, which includes the construction of a phosphorus chemical project.

Save as those disclosed above, the Group did not have any other substantial purchase and disposal of the subsidiaries and associated companies during the reporting period.

Connected Transaction

1. Continuing Connected Transactions

Parties of the connected transaction	Transaction date	Content of the connected transaction	Annual Cap RMB	Payment methods
Fujian Xinhua Engineering Company Limited	15 April 2010	Zijinshan Gold Mine exploitation	215,000,000	Cash
Fujian Xinhua Engineering Company Limited	15 April 2010	Qinghai Deerni Copper Mine exploitation	40,000,000	Cash
Fujian Jinyi Copper Products Company Limited	15 April 2010	Sale of copper cathodes	500,000,000	Cash

2. Connected transaction as a result of acquisition and disposal of assets

Parties of the connected transaction	Transaction date	Content of the connected transaction	Price RMB	Payment method
Buerjin County Kanas Travel Company Limited	13 March 2010	Capital injection and hold about 25.234% equity interest of Buerjin County Kanas Travel Company Limited	48,870,000	Cash

6. OUTLOOK

Business Environment

The gold price is expected to continue fluctuating at a high level in the second half of 2010 under the impact of the slow recovery of the world economy, the European sovereign wealthy liability crisis and other uncertain elements. Gold price will come under pressure as economic stimulus policies are withdrawn.

The price trends of other major metal commodities will also be affected by the factors mentioned above. The relationship of supply and demand and the investment needs should be examined intensively. It is expected that copper price will fluctuate in a wide price range.

It is expected that the price of zinc will face pressure and fluctuate at a low price range in the second half of 2010.

Business Objectives

In view of the Group's production performance in the first half of 2010 and the environmental incident which occurred on 3 July 2010, and, after carefully considering the Group's production situation in the second half of the year as well as the metals price and actual production condition and capacity of all entities, the Company will adjust its production volume from mines as follows: reducing gold production from 31.1 tonnes to 30 tonnes; reducing copper production from 100,000 tonnes to 90,000 tonnes; reducing iron ore production from 1.3 million tonnes to 1.18 million tonnes.

Please note that the above plan was made on the basis of the current market situation and the existing conditions of the Company. The Board may vary the production plan from time to time in accordance with the relevant circumstances.

On 3 July 2010, the leakage of waste water which was supposed to be processed at the waste water pond in Zijinshan Copper Mine hydro-metallurgical plant caused a substantial environmental incident. The board of directors evaluated and sincerely and went through a process of self-criticism regarding this incident. The board of directors requests the Group to realise that environmental safety is the foundation of the survival and development of the Company and that construction standard and quality should be improved comprehensively. The Group has carried out a mass investigation throughout the Group in relation to environmental and safety protection, and requests its subsidiaries to seriously investigate into the operation of their environmental protection facilities and rectify the problems discovered within a certain period. The Company also requests the subsidiaries to, on the basis of achieving a solid foundation in relation to environmental protection and safety, adjust their production plans, explore potential strengths, and strive to achieve the year's production

plan. The Company will adhere to its social responsibility obligations in relation to penalties and compensation, and to minimize the effect brought by the incident and to rebuild the Company's image.

Pursuant to the economic losses caused by the environmental incident which occurred on 3 July 2010 at Zijinshan Copper Mine hydro-metallurgical plant, the Company will disclose further information after the completion of the investigation and confirmation of the re-construction plan.

7. SUPPLEMENTAL INFORMATION

Corporate governance

On 29 March 2010, the Company received a "Notice of Case Investigation" from the China Securities Regulatory Commission (no. Minzhengjianlitongzi 1001). The Company is still under investigation in relation to the violation of law and regulations of information disclosure.

On 19 July 2010, the Company received a "Notice of Case Investigation" from the China Securities Regulatory Commission (no. Minzhengjianlitongzi 1003). The Company is still under investigation in relation to the violation of regulations of information disclosure.

On 3 July 2010, the leakage of waste water which was to be processed from the waste water pond in Zijinshan Copper Mine hydro-metallurgical plant caused a substantial environmental incident. The negative information regarding the handling of the incident and information disclosure by the Company, and the continued verifications in relation to the environmental protection, and non-compliance with information disclosure requirement has raised questions from the public as to the image, social responsibility, corporate governance, and integrity of the Company.

An apology letter for the substantial environmental incident has been issued by the Board, which examined the shortfalls in the awareness, involvement, fundamental management, contingent mechanism, and crisis management in respect of environmental safety. At the same time, the Company passed a "Special resolution in relation to the enforcement of environmental protection and safety" and executed a comprehensive examination of environmental protection and safety within the Group. The Company requested all subsidiaries to seriously examine the operation of the environmental protection facilities and rectify the problems found within a set time limit.

The Company has developed relatively rapidly, with basis of the advancement of technology, the hard working spirit of its employees, and the force of the capital market, especially after its listing in Hong Kong and Shanghai. The Board and the management were overconfident and lacked awareness of certain hidden risks and crises in environmental safety. Although recently two years, the Company strengthened the project management, it is necessary to promote the construction industrial standard and quality (especially in environmental safety and protection) in some projects. The Board considers the incident of 3 July 2010 a painful experience and is remorseful.

The Company will review its problems in corporate governance and enhance the training in laws relating to the securities operation, firmly promote the corporate governance standard, further perfect internal management system, and enforce the execution capacity to effectively ensure the Company's proper operation.

The Company will sustain its scientific viewpoint seriously, review its development strategy, adjust its targets accordingly, improve management in relation to economic efficiency and social responsibility, reinforce the projection management in construction projects comprehensively, enhance the building of internal control system, better promote the foundation to uplift the quality, and persist in striving for a development in compliance with laws and regulations, as well as protect a sustained, healthy and stable development for the enterprise.

The Company will adopt the right attitude and humbly accept the criticism and comments of the community and mass media, and face the realities and look to the future, rethink sincerely, take it as a lesson, rectify firmly, and take real action to rebuild the Company's brand and image.

The execution profit distribution policy in the reporting period

On 25 May 2010, the Company passed the resolution of "The profit distribution of the Company for the year ended 31 December 2009" at the 2009 annual general meeting dated 25 May 2010, based on the total shares of 14,541,309,100 of the Company as at 31 December 2009, a dividend of RMB0.10 (tax included) per share, a total of RMB1,454,130,910 was distributed, the undistributed profit was retained for future distribution. The above profit distribution proposal was completed on 22 June 2010. For details of the profit distribution implementation, please refer to "2009 profit distribution implementation announcement" dated 4 June 2010 disclosed on the website of Shanghai Stock Exchange and designated

newspapers and the resolutions passed at the 2009 annual general meeting announcement dated 25 May 2010 disclosed on The Stock Exchange of Hong Kong Limited.

The profit distribution policy in the Company's Articles of Association:

I. Reasonable returns to our investors is an important factor when the Company distributes its profit; II. the Company provides cash dividend or bonus share; III. Accumulated cash dividends for the latest three years are not less than 60% of annual realized profit; i.e. accumulated distributable profit of latest 3 years \geq (the last year realized distributable profit + latest 2nd year realized distributable profit + latest 3rd year realized distributable profit) \div 3 x 60%. The cash dividends distribution policy in 2009 : base on the total share of 14,541,309,100 as at 31 December 2009, to distribute cash dividend RMB0.10 (including tax) per share to all shareholders. The Company distributed the cash dividends of RMB1,454,130,910 in total. The remaining undistributed profit carried forward to the next financial year. The above profit distribution policy was completed on 22 June 2010.

The punishment and rectification to Directors, Supervisors, Senior Managers, Shareholders and substantial shareholders

On 29 March 2010, the Company received a "Notice of Case Investigation" from the China Securities Regulatory Commission (no. Minzhengjianlitongzi 1001). The Company is still under investigation in relation to the violation of laws and regulations of information disclosure.

On 19 July 2010, the Company received a "Notice of Case Investigation" from the China Securities Regulatory Commission (no. Minzhengjianlitongzi 1003). The Company is still under investigation in relation to the violation of regulations of information disclosure.

On 27 July 2010, the Company's vice president and former head of Zijinshan Gold and Copper Mine, Mr. Chen Jiahong was detained by the police department as a suspect in relation to the major pollution incident.

Interim dividend

The Board proposed to pay no dividend for the six months ended 30 June 2010. (The dividend for the six months ended 30 June 2009 was nil)

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2010.

Corporate Governance

For the six months ended 30 June 2010, the Board considered that the Group has adopted and complied with the code provisions of the Code on Corporate Governance Practices and has followed most of its recommended best practices with no deviation (for details, please refer to the Group's 2009 Annual Report).

Audit Committee

The audit committee has reviewed the Group's adopted accounting methods, standards, principles, internal controls, and financial reports and has reviewed the unaudited financial report for the six months ended 30 June 2010. The audit committee agreed to the Group's financial report for the six months ended 30 June 2010 and the accounting methods, standards, and principles so adopted, and considered that it is in compliance with the legal and disclosure requirements.

Independent Non-executive Directors

In compliance with rules 3.10(1) and 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), which states the Company should appoint a sufficient number of independent non-executive directors and that at least one of them should possess the appropriate professional qualification in accounting or a related financial management expertise. The Company appointed 4 independent non-executive directors and one of them possessed accounting and related financial management expertise. Details of the independent non-executive directors have been provided in the Group's 2009 annual report.

Securities Transactions by Directors of Listed Issuers

During the reporting period, the Company adopted the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 of the Listing Rules. Having made a detailed inquiry, it was noted that no director and/or supervisor of the Company has violated the requirements relating to securities transactions provided in the Model Code. As at 30 June 2010, the Group confirmed that all directors complied with the Model Code.

Shareholdings of Directors and Supervisors in the Company

As at 30 June 2010, Mr. Chen Jinghe, the Chairman of the Board of the Company held 87,000,000 shares, Mr. Liu Xiaochu, the Vice Chairmen, held 4,828,350 shares, Mr. Luo Yingnan, President, held 5,000,000 shares, Mr. Lan Fusheng, Vice Chairman, held 5,000,000 shares, and Mr. Zou Laichang, Standing Vice President, held 1,000,000 shares in the

Company.

Major Litigation and Arbitration

The Company has not been a party to any major litigation or arbitration during the reporting period.

Post Balance Sheet Event

1. Pursuant to the “Fujian Jinshan Wearproof Material Co., Ltd. Cooperation and Share Transfer Agreement” signed between the Company’s wholly owned subsidiary, Fujian Zijin Investment Co., Ltd. and natural persons Mr. You Kaisen, You Kaibing and Ms. Xie Xiling on 20 June 2010, Fujian Zijin Investment Co., Ltd. invested RMB10,200,000 for acquisition of 51% shares of Fujian Jinshan Wearproof Material Co., Ltd. The investment consideration amount was settled on 16 July 2010.
2. Pursuant to the memorandum entered between Zijin Mining Group North-west Company Limited, Xinxing Ductile Iron Pipes (Xinjiang) Resources Development Company Limited, Aleitai Qiaxia Tiemierti Mining Company Limited on 13 July 2010, the three parties agreed to terminate an investment agreement signed by the Xinjiang Resources Company, Fuyun Jinshan Mining Company Limited and Aleitai Qiaxia Tiemierti Mining Company Limited. All three parties also agreed to terminate a supplementary agreement in relation to the capital injection and restructuring of Aleitai Resources Company which was signed by Xinjiang Resources Company and Zijin Mining Group North-west Company Limited, relevant procedures are in process.
3. The environmental incident that occurred on 3 July 2010 due to a sudden leakage of waster water from the pond at Zijinshan Copper Mine Hydro-metallurgical Plant. As a result of the incident, it is estimated that the gold production of the Company will be reduced by approximately one tonne and copper production will be reduced by approximately 10,000 tonnes in this year. The Company has put full effort in the relief works, the compensation expenses and recovery costs related to the incident will be disclosed in the forecoming announcement after verification.
4. The Company’s cash offer for the acquisition of all the issued shares of Indophil Resources NL has ceased on 9 July 2010.

Disclosure for Interim Report on the Website of the Hong Kong Stock Exchange

When appropriate, the Company will post all the information as required by Appendix 16 of the Listing Rules at The Hong Kong Stock Exchange Limited’s website (<http://www.hkex.com.hk>).

This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version of this report shall prevail over its English version.

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, PRC 9 August 2010

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