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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 2011**

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 2011 (the "reporting period"). This announcement has been reviewed and passed by the Board and the audit committee.

According to the *Consultation Conclusion on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong* which was published by The Stock Exchange of Hong Kong Limited ("SEHK") in December 2010, starting from 15 December 2010, the Mainland incorporated companies listed in Hong Kong are allowed to prepare financial statements, for the purpose of fulfilling the financial reporting requirements of the SEHK, in accordance with the China Accounting Standards for Business Enterprises ("CAS") and to arrange for such financial statements to be audited by a limited number of Mainland China audited firms which are approved by the Ministry of Finance of China and the China Securities Regulatory Commission for such purpose ("Auditing Arrangement"). The Company passed a resolution in respect of the amendment of its Articles of Association in 2010 Annual General Meeting and the Company started to adopt CAS and the related laws and regulations in preparation of the financial statement from the year 2011 onwards.

The following unaudited consolidated financial information was prepared in accordance with CAS and the related laws and regulations.

The accounting data for 6 months ended 30 June 2010 has been restated based on 25% profit tax rate.

The calculation of the financial indicators for the interim results and annual results of 2010 and interim results of 2011 was based on the total number of shares (21,811,963,650 shares) after the conversion of capital reserve to share capital.

# 1. GROUP'S FINANCIAL STATEMENTS (AS PREPARED IN ACCORDANCE WITH CAS )

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*For the six months ended 30 June 2011*

<u>ASSETS</u>	<u>30 June 2011</u> (Unaudited) RMB	<u>31 December 2010</u> (Audited) RMB
<b>Current assets</b>		
Cash and cash equivalents	8,290,241,479.27	4,651,209,600.00
Held-for-trading financial assets	683,259,065.40	388,384,383.00
Bills receivables	375,864,945.28	326,625,938.00
Trade receivables	562,400,371.97	669,093,678.00
Advance to suppliers	870,729,284.37	631,892,986.00
Other receivables	491,299,895.64	792,011,714.00
Inventories	4,059,637,796.06	3,482,682,131.00
Other current assets	155,837,829.65	118,665,426.00
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Total current assets	15,489,270,667.64	11,060,565,856.00
<b>Non-current assets</b>		
Available-for-sale financial assets	2,181,627,136.82	2,058,973,823.00
Held-to-maturity investments	-	-
Long-term equity investments	2,976,806,874.48	2,673,804,272.00
Investment properties	52,078,466.72	53,100,358.00
Fixed assets	8,422,136,963.91	8,444,568,258.00
Construction in progress	5,539,067,475.01	3,999,386,221.00
Construction materials	152,378,193.18	113,160,383.00
Intangible assets	5,413,390,548.96	5,292,918,677.00
Goodwill	338,979,724.00	383,299,356.00
Long-term deferred expenses	772,208,672.63	752,546,244.00
Deferred income tax assets	225,443,216.92	193,970,966.00
Other non-current assets	3,959,642,957.99	3,374,938,392.00
	<hr/>	<hr/>
Total non-current assets	30,033,760,230.62	27,340,666,950.00
	<hr/>	<hr/>
Total assets	45,523,030,898.26	38,401,232,806.00

<u>LIABILITIES AND EQUITY</u>	<u>30 June 2011</u> (Unaudited) RMB	<u>31 December 2010</u> (Audited) RMB
Current liabilities		
Short-term loans	5,465,521,478.61	4,496,151,701.00
Held-for-trading financial liabilities	600,027,491.91	2,321,910.00
Trade payables	1,438,400,216.43	1,024,790,051.00
Advances from clients	944,973,933.01	430,106,172.00
Accrued payroll and welfare	201,595,460.60	237,155,968.00
Tax and levies payables	878,640,458.41	1,030,360,245.00
Dividends payables	1,465,726,190.56	29,070,369.00
Other payables	1,344,990,562.15	1,734,015,864.00
Non-current liabilities due within one year	515,920,202.90	652,448,993.00
Other current liabilities	-	-
Total current liabilities	<u>12,855,795,994.58</u>	<u>9,636,421,273.00</u>
Non-current liabilities		
Long-term loans	2,769,181,244.00	2,303,074,858.00
Bonds payables	1,787,652,080.67	-
Long-term payables	160,832,582.74	157,147,490.00
Deferred income tax liabilities	242,011,106.30	219,426,202.00
Other non-current liabilities	59,013,426.30	56,492,153.00
Total non-current liabilities	<u>5,018,690,440.01</u>	<u>2,736,140,703.00</u>
Total liabilities	<u>17,874,486,434.59</u>	<u>12,372,561,976.00</u>
Owners' interest (or shareholders' interest)		
Paid-up (share) capital	2,181,196,365.00	1,454,130,910.00
Capital reserve	8,313,091,291.62	9,377,131,118.00
Project reserve	60,319,030.18	56,500,682.00
Statutory reserve	999,800,342.00	999,800,342.00
Retained profits	11,760,531,220.96	10,065,314,920.00
Exchange translation differences	(143,105,224.17)	(121,307,424.00)
Equity attributable to the owners of the parent	<u>23,171,833,025.59</u>	<u>21,831,570,548.00</u>
Non-controlling interests	4,476,711,438.08	4,197,100,282.00
Total equity	<u>27,648,544,463.67</u>	<u>26,028,670,830.00</u>
Total equity and liabilities	<u>45,523,030,898.26</u>	<u>38,401,232,806.00</u>

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	For the 6 months ended 30 June 2011 (Unaudited) RMB	After restatement For the 6 months ended 30 June 2010 (Unaudited) RMB	Before restatement For the 6 months ended 30 June 2010 (Unaudited) RMB
Operating revenue	15,852,267,784.94	13,460,489,921.89	13,460,489,921.89
Less: Operating cost	10,110,447,993.36	8,588,253,477.95	8,588,253,477.95
Sales taxes and levies	170,010,692.74	162,673,847.93	162,673,847.93
Selling expenses	177,271,288.35	143,536,866.16	143,536,866.16
Administrative expenses	689,176,321.06	541,118,324.58	541,118,324.58
Finance costs	139,171,923.08	75,013,355.73	75,013,355.73
Impairment provision of assets	187,753,240.00	135,506,622.68	135,506,622.68
Add: Gains/(Losses) from changes in fair value	158,314,378.71	(26,791,685.40)	(26,791,685.40)
Investment income	408,244,429.39	73,816,797.76	73,816,797.76
Including: Share of profits of associates and jointly-controlled entities	120,029,043.83	57,171,188.90	57,171,188.90
Operating profits	4,944,995,134.45	3,861,412,539.22	3,861,412,539.22
Add: Non-operating income	48,238,594.15	24,517,472.67	24,517,472.67
Less: Non-operating expenses	91,480,781.59	112,771,599.32	112,771,599.32
Including: Loss from disposal of non-current assets	13,274,895.44	4,214,349.70	4,214,349.70
Total profits	4,901,752,947.01	3,773,158,412.57	3,773,158,412.57
Less: Income tax	1,193,858,489.33	852,960,703.65	668,329,433.34
Net profits	3,707,894,457.68	2,920,197,708.92	3,104,828,979.23
Including: Net profit attributable to the owners of the parent	3,149,347,210.96	2,522,175,232.15	2,706,806,502.46
Net profit attributable to non-controlling interests	558,547,246.72	398,022,476.77	398,022,476.77
Proposed interim dividends	-	-	-
Earnings per share			
Basic earnings per share	0.144	0.116	0.124
Other comprehensive income	(362,475,101.62)	4,795,234.34	4,795,234.34
Total comprehensive income	3,345,419,356.06	2,924,992,943.26	3,109,624,213.57
Including:			
Total comprehensive income attributable to the owners of the parent	2,790,575,039.41	2,527,692,569.90	2,712,323,840.21
Total comprehensive income attributable to non-controlling interests	554,844,316.65	397,300,373.36	397,300,373.36

## CONSOLIDATED CASH FLOW STATEMENT

As at 30 June 2011

Items	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
1. Cash flow from operating activities:		
Cash received from sales of goods and rendering services	16,092,384,201.81	13,103,190,841.35
Refund of taxes and levies	12,843,388.48	15,163,970.29
Sub-total of cash inflows from operating activities	<u>16,105,227,590.29</u>	<u>13,118,354,811.64</u>
Cash paid for goods purchased and services rendered	9,511,039,096.30	7,678,882,120.81
Cash paid to and on behalf of employees	616,137,444.68	571,439,734.65
Payments for taxes and levies	1,922,057,362.04	1,400,557,408.92
Other cash paid relating to operating activities	412,247,871.21	287,897,870.06
Sub-total of cash outflows from operating activities	<u>12,461,481,774.23</u>	<u>9,938,777,134.44</u>
Net cash flows from operating activities	<u>3,643,745,816.06</u>	<u>3,179,577,677.20</u>
2. Cash flows from investing activities:		
Cash received from disposal of investments	390,995,258.23	66,272,315.98
Cash received from return on investments	42,144,199.74	53,826,746.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,025,601.79	6,343,110.34
Net cash received from disposal of subsidiaries and other business units	9,815,997.48	10,300,000.00
Cash receipts relating to other investing activities	402,456,303.73	27,392,792.76
Sub-total of cash inflows from investing activities	<u>851,437,360.97</u>	<u>164,134,965.48</u>
Cash paid for acquisition of, intangible assets and other long-term assets	2,075,775,552.08	1,569,604,823.56
Cash paid for investments	937,971,827.87	2,042,468,800.05
Cash paid for acquisition of subsidiaries and other business units	236,628,427.02	-
Other cash payments relating to investing activities	138,339,881.29	228,510,511.09
Sub-total of cash outflows from investing activities	<u>3,388,715,688.26</u>	<u>3,840,584,134.70</u>
Net cash flows from investing activities	<u>(2,537,278,327.29)</u>	<u>(3,676,449,169.22)</u>
3. Cash flows from financing activities:		
Cash received from investments	130,805,000.00	-
Cash received from borrowings	6,010,795,262.15	7,546,897,042.52
Cash received from other financing activities	37,005,965.29	-
Sub-total of cash inflows from financing activities	<u>6,178,606,227.44</u>	<u>7,546,897,042.52</u>
Cash paid for repayment of borrowings	2,596,546,690.73	4,054,944,949.97
Cash paid for dividends and profit distribution or interests repayment	735,925,994.48	1,642,893,477.81
Other cash payment relating to financing activities	260,459,550.97	14,327,201.99
Sub-total of cash outflows from financing activities	<u>3,592,932,236.18</u>	<u>5,712,165,629.77</u>
Net cash flows from financing activities	<u>2,585,673,991.26</u>	<u>1,834,731,412.75</u>
4. Effects of changes of exchange rate on cash and cash equivalents	(11,278,399.33)	(5,961,663.48)
5. Net increase in cash and cash equivalents	<u>3,680,863,080.70</u>	<u>1,331,898,257.25</u>

Items	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Reconciliation of net profits to net cash flows from operating activities:		
1. Net profits	3,149,347,210.96	2,522,175,232.25
Add: Net profit attributable to non-controlling interests	558,547,246.72	398,022,476.77
Less: Unrealized loss on investment	-	-
Add: Asset impairment provision	187,753,240.00	135,506,622.68
Depreciation of fixed assets	434,914,762.13	379,929,234.71
Amortisation of intangible assets and long-term deferred expenses	178,455,719.35	168,487,097.25
Loss/(gain) on disposal of fixed assets, intangible assets and other long-term assets	12,109,290.91	(95,874.85)
Loss on change in fair value	(158,314,378.71)	26,791,685.40
Financing costs	139,171,923.08	75,013,355.73
Loss/(gain) on investments	(408,244,429.39)	(73,816,797.76)
Decrease/(increase) in deferred income tax assets	(31,472,250.92)	(8,355,400.35)
Increase/(decrease) in deferred income tax liabilities	22,584,904.30	(2,773,620.63)
Decrease/(increase) in inventories	(576,955,665.06)	(154,203,978.48)
Decrease/(increase) in trade receivables	(269,043,572.39)	(880,054,173.12)
Increase/(decrease) in trade payables	389,025,301.85	566,270,586.48
Others	15,866,513.23	26,681,231.22
Net cash flows from operating activities	<u>3,643,745,816.06</u>	<u>3,179,577,677.20</u>
2. Non-cash investing and financing activities:		
Conversion of debt into capital	-	-
Convertible bonds matured within 1 year	-	-
Finance leased fixed assets	-	-
3. Net increase in cash and cash equivalents:		
Ending balance of cash	7,472,335,053.70	4,330,953,472.25
Less: Beginning balance of cash	3,791,471,973.00	2,999,055,215.00
Add: Ending balance of cash equivalents	-	-
Less: Beginning balance of cash equivalents	-	-
Net increase in cash and cash equivalents	<u>3,680,863,080.70</u>	<u>1,331,898,257.25</u>

Notes:

## 1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the China Accounting Standards for Business Enterprises issued by the Ministry of Finance in February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting China Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter referred to as “the Accounting Standards for Business Enterprises” or “CAS”).

The financial statements were prepared on the going concern basis.

When preparing the financial statements, except for certain financial instruments, historical cost is the valuation convention. Non-current assets held for sale are stated at the lower of fair value less costs to sale and their carrying amounts. When assets are impaired, provision should be made according to the relevant regulations.

## 2. OPERATING REVENUE AND COST

Operating revenue is shown as below:

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Revenue from main operations	15,561,655,009.63	13,256,272,385.06
Revenue from other operations	290,612,775.31	204,217,536.83
	<u>15,852,267,784.94</u>	<u>13,460,489,921.89</u>

Operating cost is shown as below:

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Cost from main operations	9,941,566,778.12	8,442,863,934.53
Cost from other operations	168,881,215.24	145,389,543.42
	<u>10,110,447,993.36</u>	<u>8,588,253,477.95</u>

Operating segment information is set out below:

	For the six months ended 30 June 2011 (Unaudited) RMB		For the six months ended 30 June 2010 (Unaudited) RMB	
	Revenue	Cost	Revenue	Cost
Gold bullion	3,146,098,964.78	737,263,649.56	2,926,887,117.38	746,570,023.37
Processed gold	5,897,344,478.40	5,711,853,708.93	5,264,518,996.36	5,146,291,425.32
Ore concentrates	3,867,163,269.49	1,080,828,770.45	3,015,881,236.82	941,600,915.46
Zinc bullion	1,388,664,621.47	1,307,942,537.32	993,940,008.93	869,353,692.76
Copper cathodes	149,423,559.07	94,153,139.22	213,354,337.91	98,961,321.45
Others	1,403,572,891.73	1,178,406,187.87	841,690,687.66	640,086,556.17
Total	<u>15,852,267,784.94</u>	<u>10,110,447,993.35</u>	<u>13,256,272,385.06</u>	<u>8,442,863,934.53</u>

The operating revenue and operating cost of the Group principally arise from the mining, processing and refining for mineral products and almost all of them are sourced from mainland China. As such, the management of the Group considers that there is no need to disclose the segmental revenue and cost based on the industry and geographical area.

During the first half of 2011 and the whole year of 2010, more than 98% of the operating revenue comes from the sales of commodity. As such, the management of the Group considers that there is no need to disclose the segmental revenue and cost based on the nature of income.

## 2. OPERATING REVENUE AND COST (continued)

The operating revenue derived from the top five customers for the six months ended 30 June 2011 is shown below:

	For the six months ended 30 June 2011 (Unaudited) RMB	Percentage of total operating revenue
Shanghai Gold Exchange*	8,785,499,570.12	55.42%
Jinchuan Group Co., Ltd.	860,569,903.92	5.43%
Silver Non-ferrous Metal Co.	664,105,743.94	4.19%
Shanghai Shangmin Metal Materials Co., Ltd.	307,633,492.36	1.94%
Wuhan Central Western Steel Trading Co., Ltd.	265,002,195.01	1.67%
	<u>10,882,810,905.35</u>	<u>68.65%</u>

\* The ultimate customers are not known.

## 3. SALES TAXES AND LEVIES

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Business Tax	12,963,633.91	8,142,028.23
Urban Maintenance and Construction Tax	16,927,287.20	23,715,295.33
Resources Tax	117,732,148.74	112,553,440.76
Educational levies	19,126,330.36	15,161,035.04
Others	3,261,292.53	3,102,048.57
	<u>170,010,692.74</u>	<u>162,673,847.93</u>

## 4. FINANCE COSTS

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Interest expense	259,629,549.79	111,473,170.11
Less: Interest income	(143,369,487.97)	(39,579,191.78)
Exchange gains	(12,577,664.74)	(102,762.00)
Others	35,489,526.00	3,222,139.40
	<u>139,171,923.08</u>	<u>75,013,355.73</u>

For the six months ended 30 June 2011, the above mentioned interest income excluded the interest income that



arises from the impaired financial assets (six months ended 30 June 2010: nil).

## 5. IMPAIRMENT PROVISION OF ASSETS

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Bad debt	18,240.00	24,795,633.20
Write down of inventories to net realizable value	-	(499,218.38)
Impairment provision for long-term equity investments	-	69,275,113.60
Impairment provision for construction in progress	-	8,419,976.26
Impairment provision for fixed assets	105,680,368.00	33,515,118.00
Impairment provision for goodwill	44,319,632.00	-
Impairment provision for intangible assets	37,735,000.00	-
	<u>187,753,240.00</u>	<u>135,506,622.68</u>

## 6. GAINS/LOSSES FROM CHANGES IN FAIR VALUE

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Held-for-trading financial assets	<u>158,314,378.71</u>	<u>(26,791,685.40)</u>

For the reporting period in 2011, the gains/losses from changes in fair value of held-for-trading financial assets include changes in fair value of equity investment, bonds and forward contracts.

## 7. INVESTMENT INCOME

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Investment income from long-term equity investments recognized and measured by equity method	120,029,043.83	57,171,188.90
Investment income from long-term equity investments recognized and measured by cost method	230,000.00	2,829,000.00
Investment income from disposal of certain subsidiaries	7,658,530.60	(1,651,960.80)
Investment gains/losses from disposal of held-for-trading financial assets (Note 1)	20,701,231.39	3,877,252.72
Interest income from Glencore's bonds	32,433,180.00	9,639,894.35
Investment income from disposal of available-for-sale financial assets	227,153,047.21	-
Others	39,396.36	1,951,422.59
	<u>408,244,429.39</u>	<u>73,816,797.76</u>

### Note 1:

During the reporting period of 2011, the investment income from the disposal of held-for-trading financial assets includes the gains of RMB20,701,231.00 from the settlement of forward contracts (six months ended 30 June 2010: losses of RMB8,183,947.89).

The top five investees based on the proportion of investment income from long-term equity investments recognized and measured by cost method to total profits:

Investees	For the six	For the six	Reason for the change between
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	months ended 30 June 2011 (Unaudited) RMB	months ended 30 June 2010 (Unaudited) RMB	current period and last period
Xinjiang Xinxin Mining Industry Co., Ltd.	-	2,829,000.00	No dividend for the period
Nanjing China Net Communication Co., Ltd.	100,000.00	-	Dividend for the period
Luoyang Commercial Bank	130,000.00	-	Dividend for the period
	<u>230,000.00</u>	<u>2,829,000.00</u>	

The top five investees based on the proportion of investment income from long-term equity investment recognized and measured by equity method to total profits:

Investees	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB	Reason for the change between current period and last period
Shandong Guoda	13,615,217.37	-	Last corresponding period, Shandong Guoda was recognised as asset to be disposed
Wancheng Commercial Mining Co., Ltd.	102,939,398.13	35,505,345.35	Change in net profit of the investee
Fujian Haixia Kehua Joint Stock Company Limited	15,142,426.00	9,354,800.00	Change in net profit of the investee
Fujian Longyan Makeng Mining Co., Ltd.	18,571,733.16	23,694,052.16	Change in net profit of the investee
Xinjiang Tianlong Mining Company Limited	10,662,542.92	609,081.00	Change in net profit of the investee
	<u>160,931,317.58</u>	<u>69,163,278.51</u>	

The investees adopt the same accounting policies and the same accounting period as that of the Group. As such, the Group directly calculates the investment income from the net profits in the books of the investees.

As at 30 June 2011, there is no material restrictions on the wire transfer of the investment income back to the Group.

#### 8. NON-OPERATING INCOME

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Gain on disposal of non-current assets	1,165,604.53	4,118,474.85
Including: Gain on disposal of fixed assets	803,083.80	1,802,425.85
Gain on disposal of intangible assets	-	2,316,049.00
Net income from penalty	1,073,625.68	816,092.98
Government grants	29,747,202.41	14,254,797.08
Others	16,252,161.53	5,328,107.76
	<u>48,238,594.15</u>	<u>24,517,472.67</u>

Government grants taking into account the gains/losses for the current period are set out below:

	For the six months ended 30	For the six months ended
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	June 2011 (Unaudited) RMB	30 June 2010 (Unaudited) RMB
Government grants related to assets	8,268,276.59	1,789,383.00
Grants related to technological improvement projects	178,276.59	1,324,383.00
Grants related to environmental protection	-	150,000.00
Exploration fee	8,090,000.00	-
Scientific research fee	-	-
Others	-	315,000.00
Government grants related to income	21,478,925.82	12,465,414.08
Special government incentives	8,092,499.00	9,402,999.55
Tax refund	5,327,689.41	251,363.84
Others	8,058,737.41	2,811,050.69
	<u>29,747,202.41</u>	<u>14,254,797.08</u>

## 9. NON-OPERATING EXPENSES

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Donation	65,005,319.38	94,896,809.65
Loss on disposal of non-current assets	13,274,895.44	4,214,349.70
Including: Loss on disposal of fixed assets	13,274,895.44	2,744,349.70
Loss on disposal of intangible assets	-	1,470,000.00
Penalty expenses	4,472,054.22	4,743,490.98
Others	8,728,512.55	8,916,948.99
	<u>91,480,781.59</u>	<u>112,771,599.32</u>

## 10. INCOME TAX

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Current income tax	1,160,610,930.07	864,089,724.63
Deferred income tax	33,247,559.26	(11,129,020.98)
	<u>1,193,858,489.33</u>	<u>852,960,703.65</u>

The relationship between income tax and total profits is shown below:

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Total profits	4,901,752,947.01	3,773,158,412.57
Income tax calculated based on applicable tax rate (Note 1)	1,225,438,236.75	565,973,761.89
Effect on different tax rates applicable to certain subsidiaries	(37,102,123.82)	275,460,302.24
Underprovision/(overprovision) in prior years	(5,591,756.49)	(6,795,388.57)
Non-taxable income	(39,178,766.96)	(12,786,989.45)
Non-deductible expenses	50,292,899.85	31,109,017.54
Others	-	-

Income tax payable calculated on the Group's effective tax rate	1,193,858,489.33	852,960,703.65
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Note 1: The income tax of the Group is estimated based on the taxable income in China and applicable tax rates. Income tax in other countries where the Group operates are based on the taxable income in those countries and applicable tax rates according to the prevalent laws, explanatory announcements and conventions in those countries.

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated as the net profit attributable to the owners of the parent of the ordinary shares of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is ascertained as from the date the consideration is due (generally the issue date of shares) according to the provisions in the issuing agreement.

The Company has no potentially diluting events on the ordinary shares.

Basic earnings per share is calculated as follows:

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Income		
Net profit attributable to the equity holders of the parent	<u>3,149,347,210.96</u>	<u>2,522,175,232.15</u>
Shares		
The weighted average number of ordinary shares in issue (Note 1)	<u>21,811,963,650</u>	<u>21,811,963,650</u>

Note 1 : The registration date of the increase paid-up share capital converted from the capital reserve is 1 July 2011. As such, the number of shares used in the calculation of earnings per share is the number following that increase.

## 12. OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June 2011 (Unaudited) RMB	For the six months ended 30 June 2010 (Unaudited) RMB
Gain/(loss) related to available-for-sale financial assets	(121,494,237.71)	(2,009,571.38)
Less: Effects on income tax related to available-for-sale financial assets	-	-
Reclassification adjustments for gains included in the consolidated income statement	<u>(215,480,133.67)</u>	<u>-</u>
	(336,974,371.38)	(2,009,571.38)
Share of other comprehensive income of investee recognized and measured by equity method	-	(1,765,278.30)
Exchange differences on the translation of foreign operations	(25,500,730.24)	8,570,084.02
	<u>(362,475,101.62)</u>	<u>4,795,234.34</u>

### 13. 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 gold bullion 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 concentrates;
- (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) 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 benchmark after adjustment to total operating profit. The benchmark is consistent with the Group's total operating profit excluding interest income, finance costs, dividend income, gains/(losses) from changes in fair value of the Group's financial instruments and head office overheads.

Segment assets exclude money funds, equity and debt investments at fair value through profit or loss, derivative financial instruments and other unallocated assets of head office as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings and loan facilities, debts owed to ultimate controller and other unallocated liabilities of head office as these liabilities are managed on a group basis.

The prices for inter-segment transfers are determined with reference to the selling prices adopted for transactions with third parties at the prevailing market prices.

Segment Report (continued)

For the six months ended 30 June 2011(Unaudited)

Currency: RMB

Items	Gold bullion	Processed gold	Ore concentrates	Zinc bullion	Copper cathodes	Others	Unallocated assets, liabilities and operating expenses	Eliminations	Consolidated
Operating revenue	3,145,832,255.83	5,928,068,778.68	4,239,941,319.76	1,388,664,621.47	149,423,559.07	1,848,455,727.84	-	(848,118,477.71)	15,852,267,784.94
Including: Sales to external customers	3,146,098,964.78	5,897,344,478.40	3,867,163,269.49	1,388,664,621.47	149,423,559.07	1,403,572,891.73	-	-	15,852,267,784.94
Intersegment sales	(266,708.95)	30,724,300.28	372,778,050.27	-	-	444,882,836.11	-	(848,118,477.71)	-
Operating expenses	-	-	-	-	-	-	-	-	-
Operating cost	(751,274,905.56)	(5,897,895,632.21)	(1,231,940,937.45)	(1,369,726,989.26)	(93,006,825.85)	(1,544,511,511.15)	-	777,908,808.12	(10,110,447,993.35)
Including: Cost of sales to external customers	(737,263,649.56)	(5,711,853,708.93)	(1,080,828,770.45)	(1,307,942,537.32)	(94,153,139.22)	(1,178,406,187.87)	-	-	(10,110,447,993.35)
Intersegment cost of sales	(14,011,256.00)	(186,041,923.28)	(151,112,167.00)	(61,784,451.94)	1,146,313.37	(366,105,323.28)	-	777,908,808.12	-
Sales taxes and levies	(58,398,658.39)	(347,893.80)	(93,247,071.11)	(885,639.98)	(32,727.64)	(17,098,701.82)	-	-	(170,010,692.74)
Others	(89,706,188.39)	(6,346,711.82)	(418,026,697.34)	(100,277,300.42)	(13,778,120.53)	(87,828,664.69)	(289,655,849.31)	-	(1,005,619,532.50)
Operating profit*	2,260,730,468.44	178,796,163.85	2,275,060,730.59	(20,440,856.25)	41,459,571.68	120,239,337.34	(289,655,849.31)	-	4,566,189,566.35
Total assets	3,594,589,876.78	1,100,639,175.76	11,845,783,874.20	3,127,991,933.38	15,604,359.61	6,040,110,152.70	19,798,311,525.83	-	45,523,030,898.26
Total liabilities	644,031,491.41	967,613.75	3,802,945,485.71	2,021,352,707.93	7,388,336.06	1,899,794,667.88	9,498,006,131.85	-	17,874,486,434.59
Supplemental information	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expenses	135,662,053.50	35,440,760.73	232,374,112.14	62,096,000.53	80,144,625.38	71,047,512.64	-	-	616,765,064.92
Capital expenditure	822,961,793.35	98,342,921.80	1,478,248,733.28	87,002,505.72	553,858,747.98	730,049,712.92	-	-	3,770,464,415.05

Segment Report (continued)

For the six months ended 30 June 2010(Unaudited)

Currency: RMB

Items	Gold bullion	Processed gold	Ore concentrates	Zinc bullion	Copper cathodes	Others	Unallocated assets, liabilities and operating expenses	Eliminations	Consolidated
Operating revenue	2,935,483,829.21	5,270,538,339.88	3,355,368,124.21	993,940,008.93	370,030,242.57	1,202,701,902.05	-	(667,572,524.96)	13,460,489,921.89
Including: Sales to external customers	2,926,887,117.38	5,264,518,996.36	3,015,881,236.82	993,940,008.93	213,354,337.91	1,045,908,224.49	-	-	13,460,489,921.89
Intersegment sales	8,596,711.83	6,019,343.52	339,486,887.39	-	156,675,904.66	156,793,677.56	-	(667,572,524.96)	-
Operating expenses	-	-	-	-	-	-	-	-	-
Operating cost	(754,884,535.48)	(5,250,140,872.86)	(1,067,019,404.74)	(911,923,400.13)	(156,218,110.78)	(1,005,485,903.00)	-	557,418,749.04	(8,588,253,477.95)
Including: Cost of sales to external customers	(746,570,023.37)	(5,146,291,425.32)	(941,600,915.46)	(869,353,692.76)	(98,961,321.45)	(785,476,099.59)	-	-	(8,588,253,477.95)
Intersegment cost of sales	(8,314,512.11)	(103,849,447.54)	(125,418,489.28)	(42,569,707.37)	(57,256,789.33)	(220,009,803.41)	-	557,418,749.04	-
Sales taxes and levies	(67,161,569.22)	(38,304.97)	(62,601,682.04)	(683,598.42)	(22,473,420.77)	(9,715,272.51)	-	-	(162,673,847.93)
Others	(53,871,568.49)	(7,026,661.63)	(311,549,402.50)	(94,911,693.47)	(25,538,352.49)	(52,001,074.07)	(214,769,793.82)	-	(759,668,546.47)
Operating profit*	2,059,283,956.30	111,162,604.44	1,700,129,236.82	28,991,024.28	66,381,243.20	198,715,778.32	(214,769,793.82)	-	3,949,894,049.54
Total assets	1,761,279,329.98	640,060,480.39	7,688,824,629.35	2,781,857,505.73	1,405,649,304.59	6,334,156,414.27	14,329,862,649.09	-	34,941,690,313.40
Total liabilities	603,860,399.77	635,620,140.13	3,594,228,735.60	2,109,433,574.65	136,450,164.80	2,929,070,559.68	1,823,516,247.14	-	11,832,179,821.77
Supplemental information	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expenses	111,158,026.54	28,952,132.46	211,577,421.83	56,631,185.19	67,775,063.08	72,322,502.86	-	-	548,416,331.96
Capital expenditure	101,731,550.04	7,346,489.54	464,768,378.47	84,466,174.88	83,470,339.28	393,652,346.01	-	-	1,135,435,278.22

\* Operating profit is an external operating profit (loss) after elimination of income or costs from inter-segment transactions.

## Segment Report (continued)

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

	For the six months ended 30 June 2011 (Unaudited) <i>RMB</i>	For the six months ended 30 June 2010 (Unaudited) <i>RMB</i>
Profits before tax		
Segmental profits	4,566,189,566.35	3,949,894,049.54
Interest income and dividend income	176,032,667.97	52,048,086.13
Unallocated expenses	109,599,630.14	(171,259,602.49)
Finance costs	(295,119,075.79)	(114,695,309.51)
Profits attributable to associates	335,360,227.46	57,171,188.90
Profits attributable to jointly-controlled entities	9,689,930.88	-
Profits before tax	<u>4,901,752,947.01</u>	<u>3,773,158,412.57</u>

### 14. EARNINGS PER SHARE

On the basis of the Group's profit attributable to equity holders of the parent in the sum of RMB3,149,347,210 during the reporting period (six months ended 30 June 2010: RMB2,522,175,232(restated)) and the total number of 21,811,963,650 ordinary shares in issue during the reporting period, the earnings per share attributable to the ordinary equity holders of the parent is RMB0.144 ( the earning per share for the six months ended 30 June 2010: RMB0.116(restated)).

Diluted earnings per share for the six months ended 30 June 2010 and 2011 have not been disclosed as there were no diluting events during respective periods.

### 15. TRADE RECEIVABLES

The credit period on sales is generally 3 months. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables is as follows:

	As at 30 June 2011 (Unaudited) <i>RMB</i>	As at 31 December 2010 (Audited) <i>RMB</i>
Within 1 year	549,317,075.22	666,336,231.00
Over 1 year but within 2 years	12,165,398.14	2,225,270.00
Over 2 years but within 3 years	697,073.75	372,895.00
Over 3 years	311,845.86	250,303.00
	<u>562,491,392.97</u>	<u>669,184,699.00</u>



Movement of bad debt provision for trade receivables:

	As at 31 December 2010 (Audited) RMB	Provision this year	Decrease		As at 30 June 2011 (Unaudited) RMB
			Write-back	Cancellation	
2011	<u>91,021</u>		-		<u>91,021</u>

16. RETAINED PROFITS

	As at 30 June 2011 (Unaudited) RMB	As at 31 December 2010 (Audited) RMB
Retained earnings at the beginning of period	10,065,314,920.00	6,691,529,106.00
Net profits attributable to the owners of the parent	3,149,347,210.96	4,827,916,726.00
Less: Transfer to statutory reserve	-	-
Proposed final dividend	<u>(1,454,130,910.00)</u>	<u>(1,454,130,912.00)</u>
Retained earnings at the end of period	<u>11,760,531,220.96</u>	<u>10,065,314,920.00</u>

On 30 March 2011, the Board of Directors proposed a final dividend of RMB0.1 per ordinary share in aggregate of RMB1,454,130,910. The resolution was passed at the 2010 annual general meeting on 30 May 2011.

17. NET CURRENT ASSETS

	As at 30 June 2011 (Unaudited) RMB	As at 31 December 2010 (Audited) RMB
Current assets	15,489,270,667.64	11,060,565,856.00
Less: Current liabilities	<u>(12,855,795,994.58)</u>	<u>(9,636,421,273.00)</u>
Net current assets	<u>2,633,474,673.06</u>	<u>1,424,144,583.00</u>

18. TOTAL ASSETS LESS CURRENT LIABILITIES

	As at 30 June 2011 (Unaudited) RMB	As at 31 December 2010 (Audited) RMB
Total assets	45,523,030,898.26	38,401,232,806.00
Less: Current liabilities	<u>(12,855,795,994.58)</u>	<u>(9,636,421,273.00)</u>
Total assets less current liabilities	<u>32,667,234,903.68</u>	<u>28,764,811,533.00</u>

19. TRADE PAYABLES

An aged analysis of the trade payables is as follows:

As at 30 June 2011 (Unaudited) RMB	As at 31 December 2010 (Audited) RMB
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Within 1 year	1,347,554,887.03	982,690,426.00
Over 1 year but within 2 years	58,348,567.46	27,769,895.00
Over 2 years but within 3 years	18,435,283.44	5,063,594.00
Over 3 years	14,061,478.50	9,266,136.00
	<u>1,438,400,216.43</u>	<u>1,024,790,051.00</u>

20. Provision for depreciation

	For six months ended 30 June 2011 (Unaudited) RMB	For six months ended 30 June 2010 (Unaudited) RMB
Fixed assets	434,914,762.13	398,730,576.10
Investment properties	<u>1,021,891.28</u>	<u>1,023,082.28</u>

### 3. OPERATION OVERVIEW

#### Market Review

During the reporting period, under the impact of the US and European debt crisis, US dollar continued to depreciate, and the risk-avoidance function and the investment needs for gold were the main factors to sustain its strong pricing trend in the international market in the first half of 2011. The international opening price of gold in 2011 was US\$1,421 per ounce. During the reporting period, the price of gold reached its lowest at US\$1,308 per ounce and its highest at US\$1,632 per ounce. The closing price was US\$1,500 per ounce, representing an increase of US\$258 per ounce or 20.77% over the closing price same period last year.

During the reporting period, the price of copper has been adjusted after reaching a peak. In February 2011, the price of copper in the London Metals Exchange (“LME”) reached its highest at US\$10,189.09 per tonne, the highest price of copper in Shanghai was RMB75,050 per tonne, the lowest was RMB66,380 per tonne and the closing price was RMB69,860 per tonne.

During the reporting period, the price of zinc fluctuated with a downward trend in the domestic and international markets. In the first half of 2011, its highest price was US\$2,545 per tonne recorded on 21 February 2011 and its lowest price was US\$2,098 per tonne recorded on 16 May 2011. In mid-May 2011, zinc’s lowest price (0# zinc) in Shanghai reached RMB16,250 per tonne. It then kept its price fluctuation in this range and its closing price stayed at RMB17,000 per tonne at the end of June 2011.

(1 troy ounce = 31.1035 grammes)

### 4. PRODUCTION AND OPERATION

#### Operation Overview

During the reporting period, the Group generated a turnover of RMB15.852 billion representing a 17.77% growth (same period last year: RMB13.46 billion) and realised a net profit attributable to the equity holders of the parent of RMB3.149 billion, representing a 24.87% growth when compared with the corresponding period last year (same period last year: RMB2.522 billion (restated)). As at the end of June 2011, the Group’s total assets was RMB45.523 billion, representing a 18.55% growth (at beginning of the year: RMB38.401 billion), and the net assets attributable to the equity holders of the parent was RMB23.172 billion representing a 6.14% growth when compared with the beginning of the year (at beginning of the year: RMB21.832 billion).

#### 1. Gold Mine Business

During the reporting period, the Group produced 33,730.82kg (1,084,470.24 ounces) of gold representing a decrease of 8.12% over the same period last year (same period last year: 36,710.71kg).

Among which the Group produced 14,295.56kg (459,612.58 ounces) of mine-produced gold representing a decrease of 9.61% (15,816.09kg the same period last year) over the same period last year, among which Zijinshan Gold Mine produced 8,195.95kg (263,505.71 ounces); Hunchun Zijin produced gold 1,087.31kg (34,957.80 ounces) gold; Guizhou Shuiyindong Gold Mine produced 960.96kg (30,895.56 ounces); the other gold mines in the Group produced 4,051.34kg (130,253.51 ounces) of gold.

The Group produced 19,435.26kg (624,857.65 ounces) of refinery gold, representing a decrease of 6.98% over the same period last year (20,894.62kg the same period last year), of which, Henan Luoyang Zijin Yinhuai Gold Refinery Co., Ltd. produced 13,877.55kg (446,173.26 ounces); the Company’s gold refinery plants produced 3,636.61kg (116,919.64 ounces); Fujian Jinshan Gold Refinery Plant produced 1,620.94kg (52,114.39 ounces); and the other plants in the Group produced 300.16kg (9,650.36 ounces).

Sales income generated from the Group’s gold business represented approximately 61.86% (after elimination) of the total sales income during the reporting period, and the gold business generated about 66.90% 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 44,955.87 tonnes of copper, representing a decrease of 4.75% when compared with the same period in the last year (47,196.96 tonnes the same period last year); the production of which include 1,475.70 tonnes mine-produced copper cathodes, representing a decrease of 73.31% when compared with the same period in the last year (5,528.72 tonnes the same period last year); 42,005.58 tonnes copper in concentrates form, representing a 3.12% growth when compared with the same period in the last year (40,734.96 tonnes the same period last year); and 1,474.59 tonnes refinery-produced copper.

In which, Ashele Copper Mine produced copper concentrates consisting of 17,790.94 tonnes, representing a 9.28% growth when compared with the same period in the last year (16,279.63 tonnes the same period last year); Qinghai Deerni Copper Mine produced copper concentrates consisting of 14,047.89 tonnes copper, representing a 4.56% growth when compared with the same period in the last year (13,435.39 tonnes the same period last year); Hunchun Zijin produced copper concentrates consisting of 4,636.46 tonnes, representing a 5.08% growth when compared with the same period in the last year (4,412.33 tonnes the same period last year).

In the reporting period, sales income of the Group from copper business represented approximately 14.20% (after elimination) of the total sales income of the Group and net profit from the copper business represented about 26.45% 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 109,151.70 tonnes of zinc, which decreased by 1.23% when compared with the corresponding period last year (110,513.80 tonnes the same period last year), among which Bayannaer Zijin Zinc Refinery Plant produced 93,924.85 tonnes zinc bullion, representing an increase of 3.19% when compared with the same period in the last year (91,022.68 tonnes the same period last year); 15,226.85 tonnes mine-produced zinc in concentrates form representing a decrease of 21.88% when compared with the same period in the last year (19,491.12 tonnes the same period last year). Among which, Wulatehaoqi Zijin produced 7,826.15 tonnes mine-produced zinc in concentrate form representing a decrease of 26.66% when compared with the same period in the last year (10,671.22 tonnes the same period last year); Ashele Copper Mine produced 6,129.02 tonnes zinc in concentrate form and other mines produced 1,271.68 tonnes zinc in concentrate form.

During the reporting period, 1,444.42 tonnes lead in concentrates form was produced, representing a 32.14% decrease when compared with the same period in the last year (2,128.48 tonnes the same period last year).

During the reporting period, sales income from zinc and lead business of the Group represented approximately 9.30% (after elimination) of the total sales income of the Group, and represented about 1.52% 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 61,987.35kg silver, representing a decrease of 6.41% when compared with the same period last year (66,234.09kg the same period last year), among which 7,026.96kg was refined silver, representing a decrease of 46.19% when compared with the same period last year (13,058.49kg the same period last year); and 54,960.39kg was mine-produced silver, representing a 3.36% growth when compared with the same period last year (53,175.6kg the same period last year), of which Wuping Zijin produced 13,444.97kg of silver, Ashele Copper Mine produced 11,992.95kg silver from other associated metals, Shanxi Zijin produced 11,921.47kg silver, Wulatehouqi Zijin produced 7,343.45kg silver, the other mines in the Group produced 10,257.55kg silver from associated metals and Jinshan Gold Refinery produced 7,026.96kg refined silver.

During the reporting period, the Group produced 733,100 tonnes of iron concentrates, representing an increase of 91.11% when compared with the same period last year (383,600 tonnes the same period last year).

Sales income from the Group's iron ore, silver and other businesses represented approximately 14.64% (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 5.13% 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 conducting specific studies and evaluation of domestic and overseas projects, and the Group has amended its investment strategy to invest risk exploration companies overseas: the Company has participated again

in the placement of CASA Minerals Ltd. (“CASA”) and invested US\$6.55 million and increased the shareholding of CASA to 30%; the Company has acquired a Canadian mining company, Equitas Resources Corp. (“Equitas”) about 17.69% of its ordinary shareholding with the consideration of C\$1.35 million; the Company has invested US\$100 million in the subscription shares of Glencore International Plc in its IPO; the Company has acquired 100% shareholding of United Summit Investment Limited (a BVI company) with the consideration of RMB140 million which enables the Company to have a united development in Xinjiang Wulagen Zinc-lead Mine through the ownership of its wholly-owned subsidiary, Wuqia Huaxin Mining Co., Ltd.

In relation to domestic acquisitions:

Fujian Jinyi Copper Products Co., Ltd. has become a wholly-owned subsidiary of the Company by acquisition of its 46.5% shareholding in a bidding with consideration of RMB93.5 million; the Company has invested RMB19.2 million and owned 12% shareholding of Xinjiang Tianshan Railway Co., Ltd.; the Company has invested RMB159.9 million and owned 65% shareholding of Fujian Hongguo Co., Ltd. Fujian Hongguo owns a silver multi-metal mine in Sha County, Fujian; Qinghai Copper Co., Ltd. has been jointly formed by the Company’s wholly-owned subsidiary, Qinghai West Copper Co., Ltd. (which contributed RMB240 million as equity capital), Western Mining Joint Stock Co., Ltd, and Geermu Shenghua Mining Co., Ltd. The Company owns 30% of its shareholding. The Company has initially invested RMB48 million. Qinghai Copper Co., Ltd. will build a copper refinery plant with 100,000 tonnes capacity.

#### 6. *Projects Construction*

During the reporting period, the construction of Mongolia Tianhong Gold Mine has been completed and it has started its production in early July 2011. The construction of Inner Mongolia Jinzhong Mining Aobao Gold Mine was smooth and will have trial run by the end of this year. The construction of Guizhou Zijin’s phase three technological innovation has been started in the first half of 2011 will have a trial run in September 2011. The exploration works of Guizhou Zijin Changtian Gold Mine and the infrastructure works of Guizhou Xinhengji Huilong Gold Mine have been commenced orderly. Tajikistan ZGC Gold Mine’s Taror oxidize ores 2,000 tonnes/day process plant started the production in August 2011. The other development and technological innovation projects have been carried out smoothly. Luoning Zijin Gold Refinery project has smoothly commenced its construction. Zijin Copper’s 200,000 tonnes refinery plant was in a comprehensive equipment installation stage. The progress of Duobaoshan Copper project was smooth and will have trial run by the end of this year. Qinghai Zijin’s tailings comprehensive utilisation project will start production at the end of September this year. The development progress of Zijin Longxing Tuva Zinc-lead Mine and Inner Mongolia Wulatehouqi Zijin Sanguikou Zinc-lead Mine were smooth.

#### 7. *Geological Exploration*

During the reporting period, the Group invested RMB94 million in exploration and 63 exploration projects have commenced its work. The volume of actual works of the Group includes the following: 89,800 metres drilling, 9,600 metres tunnel exploration, and 11,100 sq. metres trench exploration. The progress of field exploration works was smooth. The Group has made good achievements in searching mining deposit in the deepest part and surrounding part of Xinjiang Ashele Copper Mine, Chongli Zijin Dongping Gold Mine, Gansu Yate Dujiagou Gold Mine, Henan Luoning County Luyuangou and Hongnianggou Gold Mine, Shuiyindong Gold Mine Nayang section, and Zijinshan Jintonghu section. The mining resource is expected to have a larger growth.

As at 30 June 2011, the Group has a total of 243 exploration rights, covering an area of 4,979.46 sq.km and a total of 60 mining rights, covering an area of 151.4425 sq.km.

#### 8. *Rectification progress of Zijinshan Gold and Copper Mine*

During the reporting period, qualified units have been commissioned by Zijinshan Gold and Copper Mine to carry out a post-environmental impact assessment, hydrological and geological evaluation and mine safety evaluation etc., the units have completed the first draft of the evaluation report; the recent safety and environmental rectification plan of Zijinshan Gold and Copper Mine has been reviewed and approved by the experts. Rectification works will fully commence soon and expects to be completed by the end of 2011.

## 5. MANAGEMENT REVIEW AND ANALYSIS

### Operation results

During the reporting period, the management of the Company followed the annual production plan and meticulously organised the production, the Group realised a sales income of RMB15.852 billion (same period last year: RMB13.46 billion), representing an increase of 17.77% over the corresponding period last year.

The table below sets out the sales by products for the six months ended 30 June 2011 and 30 June 2010 respectively:

Items	January – June 2011				January – June 2010			
	Unit price (tax excluded) RMB	Volume		Amount RMB'000	Unit price (tax excluded) RMB	Volume		Amount RMB'000
Mine-produced gold bullion	307.63 /g	10,226 Kg		3,145,830	255.07 /g	11,509 Kg		2,935,480
Mine-produced gold concentrates	271.83 /g	3,787 Kg		1,029,340	227.50 /g	4,142 Kg		942,260
Processed gold	306.30 /g	19,354 Kg		5,928,070	250.73 /g	21,021 Kg		5,270,540
Copper concentrates	52,722 /t	39,874 t		2,102,240	42,432 /t	41,883 t		1,777,140
Mine-produced copper cathodes	59,033 /t	1,300 t		76,720	48,031 /t	7,010 t		336,720
Zinc bullion	15,288 /t	90,836 t		1,388,660	14,993 /t	66,295 t		993,940
Zinc concentrates	9,483 /t	14,574 t		138,200	9,003 /t	18,287 t		164,640
Iron concentrates	709 /t	484,743 t		343,710	611 /t	203,488 t		124,320
Others				2,547,620				1,583,020
Internal sales				-848,120				-667,570
Total				15,852,270				13,460,490

Note:

During the reporting period, the other sales income mainly includes RMB480 million income from copper pipes, RMB362 million income from copper belts, RMB303 million income from silver products, and RMB1,403 million income from other products, intermediary business and other servicing business.

The Group's sales income for the six months ended 30 June 2011 increased significantly over the same period last year, which was mainly attributable to:

The selling price of the Company's main products increased substantially over the same period last year. The selling prices of gold, mine-produced copper, and iron concentrates increased 21.38%, 22.40%, and 16.04% 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 RMB1.459 billion (before elimination); and the increase in unit price of refined and processed products increased the sales income by RMB1.267 billion (before elimination).

#### 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 2010 and 30 June 2011.

Product	Unit selling cost (RMB)				Gross profit margin (%)		
	Jan-Jun 2011	Jan-Jun 2010	Unit	Compared with last year %	Jan-Jun 2011	Jan-Jun 2010	Compared with last year
Mine-produced gold bullion	73.47	65.59	/g	12.01	76.12	74.28	1.84

Mine-produced gold concentrates	102.35	88.18	/g	16.07	62.35	61.24	1.11
Processed gold	304.74	249.76	/g	22.01	0.51	0.39	0.12
Copper concentrates	11,585	10,212	/t	13.44	78.03	75.93	2.10
Mine-produced copper cathodes	45,644	19,070	/t	139.35	22.68	60.30	-37.62
Zinc bullion	15,079	13,756	/t	9.62	1.36	8.25	-6.89
Zinc concentrates	2,674	3,099	/t	-13.71	71.80	65.58	6.22
Iron concentrates	200	195	/t	2.60	71.78	68.08	3.70
Overall					36.22	36.20	0.02
Overall(Refinery entities excluded)					73.52	71.17	2.35

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

The Group's overall gross profit margin is 36.22%, representing an increase of 0.02% over the corresponding period last year. The overall gross profit margin (excluding processed and refined products) is 73.52%, representing an increase of 2.35% over the corresponding period last year. During the reporting period, the increase in product price eliminated the adverse impact of increase in costs and it enables the Group to have a stable gross profit margin.

#### Selling and distribution costs

The selling expenses of the Group for the first half of 2011 was RMB177,270,000, representing an increase of 23.5% compared with the same period last year (the same period last year: RMB143,540,000). The increase in selling expenses was mainly due to the increase in sales volume by 113.68% in Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") and 37.02% in Bayannaer Zijin Non-ferrous Metals Company Limited ("Bayannaer Zijin"), rendering an increase in selling expenses by RMB5,530,000 in Xinjiang Jinbao and RMB9,170,000 in Bayannaer Zijin respectively when compared to the same period last year. In addition, the selling expense in Xinjiang Ashele Copper Company Limited ("Ashele Copper") increased by RMB6,550,000 compared with the same period last year. Xiamen Zijin Investment extended its gold sales operation, rendering an increase in selling expenses by RMB3,410,000.

#### Administrative expenses

The Group's administrative expenses in the first half of 2011 amounted to RMB689,176,300, representing an increase of 27.36% over the same period last year (the same period last year: RMB541,120,000). It was mainly due to an increase in income or production volume which led to an increase of RMB45,820,000 in resource compensation fee and other standard charges, representing an increase of 37.64% over the same period last year. Following an increase in commodity price, the Group increased RMB48,540,000 in labour cost, representing an increase of 32.07% over the same period last year and increased RMB8,500,000 in technological development over the same period last year. In addition, the increase in depreciation expenses and relevant taxes were the main factors for an increase in administrative expenses.

#### Finance costs

During the reporting period, the Group's total finance costs was RMB139,171,900, representing an increase of 85.53% over the same period last year (the same period last year: RMB75,010,000). The increase of general finance costs was mainly due to increase in bank loans and rising interest rates compared with the same period last year.

#### Provision for assets impairment

During the reporting period, the Group's provision for asset impairment was RMB187,750,000 (the same period last year: RMB135,510,000). The provision includes an impairment provision of fixed assets of RMB105,680,000 and an impairment provision for goodwill of RMB44,320,000 and an impairment provision for intangible assets of RMB37,735,000.

#### Financial Derivative Tools

During the reporting period, the Group's realised profits of RMB20,700,000 upon closing out derivative contract position, in which gold futures realised profits of RMB11,660,000, copper futures realised profits of RMB9,040,000 (the same period last year: gold futures realised losses of RMB20,480,000, copper futures realised profits of RMB16,180,000, zinc futures realised losses of RMB3,880,000).

During the reporting period, the change in fair value of the Group's position of its financial derivative tools results in losses of RMB1,285,400. The unrealised loss of the change in the fair value of the Group's position of its financial derivatives decreases RMB12,504,600.

As at 30 June 2011, the Group and the Company entered gold future contracts (buying position: 100 kg, sell

position:160 kg), copper future contract position was 1,325 tonnes, zinc future contract position is 850 tonnes, and entered 1.86 tonnes gold future contracts for the commencement of gold leasing business.

#### **Donations**

During the reporting period, the Group donated a total amount of RMB65,010,000 (the same period last year: RMB94,900,000). The Company donated RMB33,140,000, Malipo Zijin donated RMB20,750,000, Guizhou Zijin donated RMB6,050,000 etc.

#### **Working capital and sources of fund**

As at 30 June 2011, the Group's cash and cash equivalents was RMB7,472,000,000, representing an increase of RMB3,141,000,000 or 72.52% over the corresponding period last year, and an increase of RMB3,681,000,000 or 97.1% over the end of last year.

In the first half year, net cash inflow generated from the Group's operating activities was RMB3,644,000,000, representing an increase of RMB464,000,000 over the corresponding period last year. The cash inflow generated from operating activities was RMB16,105,000,000, representing an increase of RMB2,987,000,000 over the same period last year; cash outflow generated from operating activities was RMB12,461,000,000, representing an increase of RMB2,522,000,000 over the same period last year. The main reason for the increase in net cash inflow generated from the Group's operating activities was due to a significant increase in selling prices of gold, copper, and silver etc when compared to the same period last year.

In the first half year, net cash outflow generated from the Group's investing activities was RMB2,537,000,000, representing a decrease of RMB1,139,000,000. The main investing expenditure included (1) cash payment of RMB2,076,000,000 for the Group's purchase of fixed assets, intangible assets and other long-term assets; (2) cash payment of RMB938,000,000 for the Group's overseas investment..

In the first half year, net cash inflow generated from the Group's financing activities was RMB2,586,000,000, representing an increase in the amount of RMB751,000,000 over the corresponding period last year. It was mainly due to the fact that the Company's 2010 dividend was paid in July 2010, and the cash deposit for loans pledge.

As at 30 June 2011, the Group's total borrowings amounted to RMB8,713,000,000 (31 December 2010: RMB7,340,000,000). Among which, the amount repayable within one year was RMB5,943,000,000, the amount repayable within two to five years was RMB2,145,000,000, the amount repayable within more than five years was about RMB625,000,000. The interest rates of all bank borrowings range from 2.19% to 7.879% (2010: range from 2.29% to 6.89%).

The Group's daily capital requirements and capital expenditures were financed from its internal cash flow. The Group also has about RMB45 billion loan credit lines for non-specified purposes provided by the major banks.

#### **Gearing Ratio**

Gearing ratio refers to the proportion of consolidated total liabilities to the consolidated total equity. As at 30 June 2011, the Group's consolidated liabilities amounted to RMB17,874,486,000 (30 June 2010: RMB11,829,439,000) and the Group's consolidated equity was RMB27,648,544,000 (30 June 2010: RMB23,112,251,000). As at 30 June 2011, the gearing ratio of the Group was 0.65 (30 June 2010: 0.51).



## Investment Status

### 1. Use of proceeds

RMB'000

Year	Type of financing	Total proceeds	Proceeds used in this reporting period	Accumulated use of proceeds	Total unused proceeds	Usage and placement of unused proceeds
2008	Initial Public Offering	9,806,960.20	155,037.50	8,859,990.30	946,969.90 (interest excluded)	Proceeds were injected in the projects stated in IPO prospectus and the amended projects, unused proceeds were deposited into the Company's specific bank accounts.
Total	/	9,806,960.20	155,037.50	8,859,990.30	946,969.90 (interest excluded)	/

The Company's initial public offering raised net proceeds of A Shares of RMB9,806,960,200 in April 2008 in the PRC. As at 30 June 2011, the Company has used an accumulated amount of RMB8,859,990,300. The unused net proceeds in the amount of RMB946,969,900 (interest income excluded) is deposited in a specific bank account for the raised proceeds or in time deposit accounts of the Company.

### 2. Use of proceeds for different projects

RMB'000

Project Name	Project amended	Proposed investment	Actual investment	On schedule	Progress	Expected gains	Gains generated	Expected gains achieved	Explanation of projects did not meet the expected progress and gains	Reasons for amendments and procedure for change of use of proceeds
Zijinshan Gold and Copper Mine joint open pit mining project	No	1,522,526.80	1,524,113.20	Yes	Construction basically completed		First half of 2011: Production of gold of 8,195.95kg; recovering copper of 801.94 tonnes; realized net profit of RMB1,350,148,100 (included the production capacity before technological innovation)	Yes		
Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500.00	431,072.10	Yes	Construction completed and commenced production		First half of 2011: Production of gold of 1,087.31kg; copper of 4,636.46 tonnes; realized net profit of RMB247,876,400 (included the production capacity before technological innovation)	Yes		
200 tonnes daily refractory gold processing and refining project	No	198,094.00	198,094.00	Yes	Construction completed and commenced production		First half of 2011: Production of processed gold of 1,620.94kg; silver of 7,026.96kg; realized net profit of	Yes		

							RMB21,281,900			
Mining resources exploration project	Yes	17,067.60	17,067.60	No						
Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project	No	196,800.00	196,800.00	Yes	Mining right changing procedures completed					
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 of equity interest completed					
Acquisition and development of the ZGC Gold Mine in Tajikistan	Yes	763,629.70	732,825.70	No	Acquisition completed, under development and construction		Acquisition completed, under development and construction, first half of 2011: Production of gold of 595.73kg, realized net profit of RMB37,925,600		Note	
Acquisition of 70% interest in Zijin Longxing (Tuva Lead Zinc Mine)	No	271,600.00	271,600.00	Yes	Acquisition completed		Under development and construction			
Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project		342,105.10	95,180.50	Yes	Under construction					
200,000 tonnes/year copper refinery Project of Zijin Copper Co., Ltd.		807,835.40	22,237.20	Yes	Under construction					
Supplemental working capital	Yes	4,768,000.00	4,768,000.00	Yes						
Total	/	9,952,158.60	8,859,990.30	/	/		/	/	/	/

1. The Company strived to carry out technological innovation and development for ZGC project. Due to the overseas logistic supply difficulty problem, the development will be delayed.

2. The results of project no. 4, 5, 6 and 8 cannot be assessed individually in short-term, in which project no. 5, 6 and 8 belong to acquisition of mineral rights. Upon the completion of the acquisition, the Company will have expanded resources reserves with strengthened core competencies, which will be beneficial to the Company's development in the long-run.

3. For the details of the change of use of proceeds, please refer to the table of “Status of change of use of proceeds” below.

4. For the details of the use of proceeds, please refer to the specific report.

3. *Status of change of use of proceeds*

Currency:RMB'000

Name of new project	Corresponding original project	Proposed investment	Actual investment	On Schedule	Income projection	Gains	Progress	Expected gains achieved	Explanation of projects did not meet the expected progress and gains
Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project	Mining resources exploration project	342,105.10	95,180.50	Yes			Under construction		
200,000 tonnes/year copper refinery Project of Zijin Copper Co., Ltd.	Acquisition & development of the ZGC Gold Mine in Tajikistan and supplemental working capital	807,835.40	22,237.20	Yes			Under construction		
Total	/	1,149,940.50	117,417.70	/		/	/	/	/

1. The investment period and cycle for the mining resources exploration project is relatively long, that the risk associated with the investment in exploration is high, and that it is difficult to estimate with any accuracy the investment returns. After the approval of the first 2010 extraordinary general meeting, the proposed investment sum of RMB342,105,100 (including interest) not yet applied towards the mineral resources exploration project will be re-directed and invested in the Comprehensive Utilization of Circular Economy for the Qinghai Deerni Tailings Project. This change has been announced in accordance with the listing rules (details refer to the circular dated: 3 November 2010).

2. 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. Due to the overseas logistic supply difficulty problem, the development will be delayed. According to the relevant regulations of the Shanghai Stock Exchange and the proceeds management of the Company, the unused proceeds of RMB552,527,200 (remain unchanged for the RMB56,142,900 transferred to ZGC's NRA account) for “Acquisition and development of the ZGC Gold Mine in Tajikistan” as at 31 March 2011 and the unused proceeds of RMB255,308,200 from supplemental working capital (interest included), representing a total amount of RMB807,835,400 (interest included) will be injected in “200,000 tonnes/year copper refinery Project of Zijin Copper Co., Ltd.”. This change has been approved at the 2010 Annual General Meeting held on 30 May 2011. This change has been announced in accordance with the listing rules (details refer to the notice of 2010 annual general meeting dated: 13 April 2011).

4. *Other investments*

1. **Asset Acquisition**

Currency:RMB'000

Transaction parties	Target assets	Date	Price	Net profit contributed to listed company from date of acquisition to reporting period	Net profit contributed to listed company from beginning of the year to reporting period end (applicable to business combination under same control)	Connected Transaction (If yes, explain pricing principles)	Pricing principles for asset acquisition	Completion of transfer of rights of property	Completion of transfer of liabilities	Proportion of net profit generated by asset acquired contributed to listed company to their total profit (%)	Type of connection
Fortune Source International Limited	100% equity interest and shareholder's loan rights of Wuqia Huaxin Mining Company Limited	5 May 2011	140,000			No			Yes	Yes	
Li Liyou	65% equity interest of Sanming City Hongguo Mining Company Limited	21 May 2011	159,900			No			Yes	Yes	
Minxi Xinghang State-owned Assets Investment Company Limited	46.5% equity interest of Fujian Jinyi Copper Co., Ltd.	24 May 2011	93,500			Yes	Bidding valuation				Associate of shareholder

(1) On 5 May 2011, the Company's wholly owned subsidiary, Golden Asia Mining (BVI) Limited ("Golden Asia") entered into an agreement with Fortune Source International Limited and other parties in relation to the sale of all the issued shares and shareholder's loan rights of United Summit Investment Limited. Golden Asia acquired 100% equity interest and shareholder's loan rights of its holding company, Wuqia Huaxin Mining Company Limited ("Wuqia Huaxin") with the consideration of RMB140 million. Wuqia Huaxin mainly owned a lead and zinc mine in Wuqia County, Xinjiang, which is adjacent to the mining region of Xinjiang Jinwang Mining Company's Wulagen Zinc and Lead Mine of the Company (same ore body). After the acquisition, the goal to unify planning and development of mines can be achieved.

(2) On 21 May 2011, the Company's wholly owned subsidiary, Fujian Zijin Investment Company Limited ("Fujian Zijin Investment") entered into a share transfer contract with an individual shareholder Li Liyou and agreed to acquire 65% equity interest of Sanming City Hongguo Mining Company Limited ("Hongguo Mining") with the consideration of RMB159,900,000. Hongguo Mining mainly owned a Silver and multi-metals Mine in Sanming, Fujian.

(3) Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang") sold its 46.5% equity interest in Fujian Jinyi Copper Products Company Limited ("Jinyi Copper") by a bid through Longyan City Equity Exchange at the bottom price of RMB93.5 million. The Company participated in the bid for not more than RMB93.5 million. According to the valuation report issued by Xiamen City University Assets Appraisal Co., Ltd., the value of Jinyi Copper's total equity assessed based on income approach was RMB200,390,000, the corresponding value of the 46.5% equity interest acquired was RMB93,181,350. Since the Company is the only transferee in this bid, according to the relevant regulations of Longyan City Equity Exchange, a share purchase agreement will be applied to this share transfer. The Company entered into the "Property Transaction Contract" with Minxi Xinghang on 24 May 2011. The Company is the transferee of the 46.5% equity interest of Jinyi Copper sold by Minxi Xinghang at the consideration of RMB93.5 million. Upon the completion of the acquisition of equity interest, Jinyi Copper will become a wholly owned subsidiary of the Company.

## 2. Disposal of assets

Unit: RMB'000

Transaction parties	Asset disposed	Date	Price	Net profit of asset disposed contributed to listed company from the time of	Gains or losses arising on disposal	Connected Transaction (If yes, explain pricing principles)	Pricing principles for asset disposal	Completion of transfer of rights of property	Completion of transfer of liabilities	Proportion of net profit generated by asset disposal contributed to	Type of connection
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				acquisition to the disposal date						listed company to their total profit (%)	
Hubei Qianyi Investment Company Limited	60% equity interest of Hunan Zijin Mining Company Limited	24 May 2011	12,000			No		Yes	Yes		

The Company and the minority shareholder, Wenzhou Yuanjing Mining Investment Company Limited (“Wenzhou Yuanjing”) of Hunan Zijin Mining Company Limited (“Hunan Zijin”) entered into a “Share Transfer Agreement” with Hubei Qianyi Investment Company Limited on 24 May 2011. The Company and Wenzhou Yuanjing sold 100% equity interest of Hunan Zijin with a consideration of RMB20 million. The Company and Wenzhou Yuanjing respectively owns 60% and 40% equity interest of Hunan Zijin. Hunan Zijin is holding 100% equity interest of Hunan Anhua Xinfeng Mining Company Limited and 95% equity interest of Anhua Zijin Antimony Tungsten Mining Company Limited.

### 3. Status of joint venture company

(1) According to the resolution passed at the Company’s board meeting held on 26 April 2011, Qinghai Copper Company Limited (“Qinghai Copper”) which was jointly set up by Qinghai West Copper Mining Co., Ltd. (“Qinghai West”), a wholly owned subsidiary of the Company, Western Mining Joint Stock Co., Ltd. and Geermu Shenghua Mining Company Limited, has a registered capital of RMB0.8 billion, in which Qinghai West owns 30% with the consideration of RMB0.24 billion. RMB48 million has been settled in the initial investment. Qinghai Copper is mainly engaged in the 100,000 tonnes copper refinery project.

(2) According to the resolution passed at the meeting of the Company’s investment committee held on 23 May 2011, Xinjiang Tianshan Railway Company Limited (“Xinjiang Tianshan”) which was jointly set up by Xinjiang Jinneng Mining Co., Ltd. (“Xinjiang Jinneng”), a wholly owned subsidiary of the Company, Xinjiang Yaou Railway Economic Development Centre and other 5 companies, has a registered capital of RMB0.16 billion, in which Xinjiang Jinneng Mining Co., Ltd. owns 12% with the consideration of RMB19.2 million. Xinjiang Tianshan is mainly engaged in the construction of railway for coal in between Zhudong Meitian Jiangjunmiao station ---- Beishan station ---- Jijihu station.

(3) The Company’s wholly owned subsidiary, Xinjiang Ashele Copper Company Limited (“Xinjiang Ashele”) and Xinjiang Xinxin Mining Company Limited (“Xinjiang Xinxin”) jointly set up Xinjiang Wuxin Copper Co., Ltd. (“Wuxin Copper”). The initial registered capital was RMB0.1 billion, Xinjiang Ashele owns 34% with the consideration of RMB34 million. Wuxin Copper enlarged its issued capital from RMB0.1 billion to RMB0.6 billion and then further enlarged from RMB0.6 billion to RMB0.79 billion. Xinjiang Ashele injected RMB0.17 billion and RMB66 million in accordance with the shareholding. At the end of the reporting period, Xinjiang Ashele owns 34% with the consideration of RMB0.2686 billion. Wuxin Copper is mainly engaged in the 100,000 tonnes copper refinery project.

(4) The Company, Glencore International Plc (“Glencore”) and other parties entered into an agreement on 4 May 2011, pursuant to which the Company will participate in the initial public offer of Glencore as a cornerstone investor and invest US\$100 million in 11,682,242 new shares of Glencore. The shares subscribed by the Company will be subject to a 6-month lock up period. Glencore’s main businesses are marketer of commodities, with the production, refinement, processing, storage and transport of these products etc.

(5) On 8 April 2011, Golden Star Mining (BVI) Limited, a wholly-owned subsidiary of the Company (“Golden Star Mining”), and CASA Minerals Ltd. (“CASA”) entered into an agreement, pursuant to which Golden Star Mining will subscribe for 131,000 shares (at USD50 per share) of CASA at consideration of USD6,550,000. In addition to the 133,334 shares of CASA already acquired in 2010, Golden Star Mining will in aggregate hold 264,334 shares of CASA, representing approximately 30% of the issued shares of CASA after the completion of transaction. CASA’s main business is the exploration of gold mine in Congo, Africa.

(6) According to the resolution passed by the Company’s investment committee, Zijin Mining Group North West Company Limited, a wholly-owned subsidiary of the Company (“Zijin North-west”), will further subscribe for additional 19,685,039 shares of Xinjiang Tianlong Mining Company Limited (“Xinjiang Tianlong”) at consideration of RMB50 million. In addition to the 129,784,913 shares of Xinjiang Tianlong already acquired in 2010, Zijin North-west will in aggregate hold 149,469,952 shares of Xinjiang Tianlong, representing approximately 23.0335% of the issued shares of Xinjiang Tianlong after the completion of transaction. Xinjiang Tianlong’s main business is mainly engaged in the unified operation of coal, electricity, aluminum, cement and other associate business.

(7) On 29 June 2011, Yield Gold Group Limited, a wholly-owned subsidiary of the Company (“Yield Gold”), and Equitas

Resources Corp. (“Equitas”) entered into an agreement, pursuant to which Yield Gold will subscribe for 9 million ordinary shares of Equitas at a price of C\$0.15 per share (each ordinary share of Equitas carries 0.5 warrant, of which the exercise price is C\$0.2) at a total consideration of C\$1.35 million, representing approximately 17.69% of the issued shares of Equitas after the completion of transaction. Equitas is a junior exploration company listed in the Toronto Stock Exchange in Canada. The core asset of Equitas is the Day Copper-Gold Porphyry Project in Canada.

5. MATERIAL CONTINUING CONNECTED TRANSACTIONS

Connected transaction related to daily operations

Unit: RMB

Parties of the connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Method of pricing	Total transaction amount	Percentage of amount related to similar transactions (%)	Payment method	Market price	Reason for the difference between transaction price and market price
Fujian Xinhua Engineering Company Limited	A subsidiary of the shareholder of the Company	Provision of service	Provision of exploitation contracting services for Deerni Copper Mine and Zijinshan Gold Mine	Market price	53,940,750.80				
Ting River Hydropower Co., Ltd.	A subsidiary of the shareholder of the Company	Loans	the Company’s subsidiary, Zijin Finance provided loans to its associate	Market price	20,000,000.00				

Fujian Xinhua Engineering Company Limited has provided mining exploitation contracting services for Deerni Copper Mine and Zijinshan Gold Mine for many years. As a modern large-scale mine, with reference to the requirements in working facilities, production techniques, safety and environmental protection, sustainable contractors are required.

Ting River Hydropower Co., Ltd. (“Ting River Hydropower”) is an associate company of the Company’s wholly-owned subsidiary, Zijin Mining Group Finance Co., Ltd. (“Zijin Finance”) It is Zijin Mining Group Finance Co., Ltd.’s ordinary business in providing financial services to Ting River Hydropower.

The pricing of the above connected transactions is based on the prevailing market price. There is no unfairness in these connected transactions and there is no adverse effect on the independency of the Company.

Connected transactions as a result of acquisition and disposal of assets

Currency: RMB’000

Parties of the connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Method of pricing	Book value of asset transferred	Estimated value of assets transferred	Selling price	Reason for the difference between selling price and book value or estimated price	Payment method	Gain on disposal of asset
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Company’s substantial shareholder	Acquisition of shares	Participation in the bid for a 46.5% equity interest of Jinyi Copper held by the Company’s substantial shareholder, Minxi	Public bid and asset valuation		93,181.35	93,500			

Minxi Xinghang State-owned Assets Investment Co., Ltd. (“Minxi Xinghang”) sold 46.5% equity interest of Fujian Jinyi Copper Co., Ltd. (“Jinyi Copper”) through public bid at Longyan City Equity Exchange Centre at the bottom price of RMB93.5 million. The Company participated in the bid for the equity interest to be sold by Minxi Xinghang for not more than RMB93.5 million. According to the valuation report produced based on income approach by Xiamen City University Assets Appraisal Co., Ltd., the value of Jinyi Copper’s total equity was RMB200,390,000. The value of 46.5% equity interest of Jinyi Copper was approximately RMB93,181,350. As our Company is the only one who interested in the 46.5% equity interest of Jinyi Copper, pursuant to relevant regulations of Longyan City Equity Exchange Centre, such equity interest transfer was made by agreement. The Company and Minxi Xinghang entered into the Share Purchase Agreement on 24 May 2011, pursuant to which the Company purchased 46.5% equity interest of Jinyi Copper held by Minxi Xinghang at the consideration of RMB93.5 million. After the completion of transaction, Jinyi Copper will become a wholly owned subsidiary of the Company.

## 6. OUTLOOK

### Business Environment

The gold price is expected to continue fluctuating at a high level under the impact of the uncertainty prospect of the US economy, the sustained worry of the European sovereign debt crisis, global inflation pressure and the tensioned situations in the North Africa and Middle East. The price trends of other major metal commodities will also be affected by the factors mentioned above. It is expected that copper price will fluctuate in a wide price range in the second half of 2011.

It is expected that a stable growth in the Company’s major operational indicators will be maintained. The Company’s operation will face new challenges under the impact of inflation, rise in costs, uplifting of standards in safety and environmental protection, negative effect of Guangdong Xinyi Zijin “9.21” incident and the cancellation of High and New Technology qualification caused by the negative effect of “7.3” incident.

### Business Objectives

In 2011, the Group plans to produce gold of approximately 29.76 tonnes from mines; copper metal of approximately 87,800 tonnes; silver of approximately 131.35 tonnes; processed gold of approximately 32.81 tonnes; refined zinc of approximately 200,000 tonnes; zinc in concentrate form of approximately 34,900 tonnes from mines; iron concentrates of approximately 1,574,900 tonnes.

The Company will not make an adjustment to its main products 2011 production plan. Please note that the above plan was made on the basis of the current economic condition, market situation and the existing conditions of the Company. The Board may amend the production plan from time to time in accordance with the relevant circumstances.

## 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 suspicion of the violation of laws and regulations in respect 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 suspicion of the violation of laws and regulations in respect of information disclosure.

### The execution of profit distribution policy during the reporting period

On 30 May 2011, the Company passed the resolutions of “The profit distribution of the Company for the year ended 31 December 2010” and “The proposal of conversion from capital reserve to share capital” at the 2010 annual general meeting. Based on the total shares of 14,541,309,100 of the Company as at 31 December 2010, a dividend of RMB0.10 (tax included) per share, a total of RMB1,454,130,910 in cash was distributed, the undistributed profit was retained for future distribution. Based on the total shares of 14,541,309,100 of the Company as at 31 December 2010, the Company issued bonus issue on the basis of 5 new shares for every 10 existing shares to all shareholders. After the conversion of 7,270,654,550 shares, the total number of shares of the Company will reach 21,811,963,650 shares.

On 5 July 2011, the additional shares issued in the capital conversion commenced trading in Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited respectively. The dividend was distributed on 8 July 2011.

For details of profit distribution and conversion from capital reserve to share capital, please refer to the announcements

published on 30 May 2011, 3 July 2011 and 8 July 2011.

#### **The enforcement of cash dividend distribution policy during the reporting period**

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 3<sup>rd</sup> year realized distributable profit)  $\div$  3  $\times$  60%. The cash dividends distribution proposal in 2010: base on the total share of 14,541,309,100 as at 31 December 2010, 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 proposal was implemented on 8 July 2011.

#### **The punishment and rectification to the Company, Directors, Supervisors, Senior Managers, Shareholders and substantial shareholders**

In relation to the incident of the leakage of waste water at Zijinshan Gold and Copper Mine copper hydro-metallurgical plant of the Company happened in July 2010, according to the criminal judgment [(2011) Yanxingzhongzi No. 42] the Fujian Province Longyan City Middle People's Court upheld the decision in respect of the item one in the criminal judgment [(2011) Longxinxingchuzi No. 31] issued by the Longyan City Xinluo District People's Court, which was that: "Zijinshan Gold and Copper Mine of the Company committed a serious offence relating to environmental pollution and was fined the sum of RMB30 million (including the original administrative fine).

#### **Interim dividend**

The Board proposed to pay no dividend for the six months ended 30 June 2011. (The dividend for the six months ended 30 June 2010 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 2011.

#### **Corporate Governance Report**

For the six months ended 30 June 2011, the Board confirmed that the Group has adopted and complied with the 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 2010 Annual Report).

#### **Audit Committee**

The audit committee has reviewed the Group's unaudited financial report for the six months ended 30 June 2011 and further discussed the auditing, internal control and financial reporting matters. The audit committee considers the Group's financial report for the six months ended 30 June 2011 was in compliance with the applicable accounting standards and relevant laws and regulations and had made appropriate disclosure.

#### **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 2010 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 reasonable inquiries to all directors, the Group confirmed that all directors complied with the Model Code for the six months ended 30 June 2011.

#### **Shareholdings of Directors and Supervisors in the Company**

As at 30 June 2011, Mr. Chen Jinghe, the Chairman of the Board of the Company held 88,000,000 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.



**Material Litigation and Arbitration**

Unit: Yuan  
Currency: RMB

Plaintiff(s)	Defendants	Jointly and severally liable parties	Type of proceedings	Basic information of proceedings	Amount of fine or claims	Progress of proceedings	Hearing result and impacts of proceedings	Execution progress of verdict
Longyan City Xinluo District People's Procuratorate	Zijinshan Gold and Copper Mine	No	Criminal	"7.3" Zijinshan Copper Mine hydro-metallurgical plant environmental incident, Zijinshan Gold and Copper Mine and other five individual defendants have been sued by prosecutor for committing substantial environmental pollution offence	A fine of RMB30 million (including administrative fine) as a result of the judgment of the first trial	Fujian Province Longyan City Middle People's Court has completed the hearing	Zijinshan Gold and Copper Mine of Zijin Mining Group Co., Ltd.* was sentenced to have committed a substantial environmental pollution offence and has been sentenced to pay a fine in the sum of RMB30 million (including administrative fine).	Executed
Guangdong Province Xinyi City People's Government	Xinyi Zijin · Xinyi Baoyuan	No	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflowed and broke, caused casualties and property damages downstream. In October 2010, Xinyi City People's Government filed the claims of property damages.	Proceedings amount of RMB19.5 million, more claims will be requested if the confirmed loss exceeds the original claims.	Case is in progress		
Villagers of Datong Village and Shuanghe Village, Xinyi City	Zijin Mining · Xinyi Zijin · Xinyi Baoyuan	Xinyi City People's Court ordered to join 4 companies which were in charge of design, construction, supervision, and examination and appraisal of the tailing dam as additional defendants; in relation to 17 victims in Shuanghe Village located in the downstream of Xinyi City Shihuadi power plant, Xinyi City People's Court agreed to join Xinyi City Shihuadi power plant and its 13 partners as additional defendants	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflowed and broke, caused 5 deaths in Datong Village downstream and the collapse of Shihuadi power plant caused 17 deaths in Shuanghe Village in Qianpai Town. Villagers commenced personal injury proceedings in December 2010.	RMB11,678,317.33 as compensation for injuries	Case is in progress.		

Villagers of Qianpai Town, Shihuadi hydro-power plant, Qianfeng hydro-power plant and Qingyuan water supply plant in Xinyi City (Total 2,478 cases)	Xinyi Zijin · Xinyi Baoyuan · Zijin Mining	4 units: Engineering · Design · Construction · Supervision	Civil	On 21 September 2010, Xinyi Zijin's tailing pool dam overflow and broke, led to damages to the plaintiffs' property. Plaintiffs filed the claims of property damages.	RMB315,580,552.39 as compensation	Case is in progress		
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Save as disclosed above, the Company has no material litigation or arbitration during the reporting period.

#### Appointment and Dismissal of Auditors

In December 2010, the Ministry of Finance, the Recommended Committee of China Securities Regulatory Commission for the accounting firms auditing the H shares enterprises, Hong Kong Financial Services and the Treasury Bureau, the Hong Kong Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited ("Stock Exchange"), Hong Kong Financial Reporting Council and Hong Kong Institute of Certified Public Accountants reached consensus to allow a PRC company listed in HK or a HK company listed in the PRC to prepare the financial statements according to local accounting standards and audit by local accounting firms according to local auditing standards. In order to reduce audit costs, the Company decided not to re-appoint international auditors — Ernst & Young and appointed Ernst & Young Hua Ming to audit the Company's financial statements for 2011 according to the China Auditing Standards and to take over the responsibilities stated in the "Listing Rules of the Stock Exchange".

#### Other Material Agreement

During the reporting period, the Company's wholly owned subsidiary, Best Ground Group Limited ("Best Ground") entered into a deed of termination with Marigold Time International Limited ("Marigold Time International") on 6 January 2011 to terminate the share transfer agreement and its supplemental agreement entered in 2009 and 2010 respectively. Pursuant to the provision of the termination agreement, Best Ground will repurchase the shares representing 70% equity interest in China Gold Development Group (H.K.) Limited ("China Gold"). China Gold currently holds 50.05% equity interest of Shandong Guoda Gold Company Limited.

#### Other Major Events

In March 2011, the Company received a "Notice of cancellation of recognition of Zijin Mining Group Co., Ltd.\* as a high technology enterprise" (Minkegao[2011] No.15) issued by the Fujian Recognition of New and High Technology Enterprises Leading Committee as a result of the leakages of acid copper-contained waste water from the Company's Zijinshan Gold and Copper Mine copper hydro-metallurgical plant, causing serious pollution to Ting River. According to Article 15 of "Recognition of New and High Technology Enterprises Management Policy"(Guokefahuo[2008] No. 172), the committee decided to cancel the recognition of the Company as a new and high technology enterprise with effect from 3 July 2010. As a result of the cancellation of the recognition of the new and high technology enterprise, a change of the Company's applicable profit tax rate from 15% to 25% has been implemented.

#### Approval of status change of shares held by a major shareholder

Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang"), being the controlling shareholder of the Company, held 4,210,902,120 shares of the Company, all of which were held prior to the initial public offering of the A shares of the Company. In accordance with the relevant provisions of the Company Law and the Rules Governing the Listing of Stock on Shanghai Stock Exchange, when the Company made the public offer of the A shares, Minxi Xinghang undertook that it would not within 36 months since the listing of A shares of the Company, transfer to, or assign other parties, to manage the shares of the Company held by it, nor would the shares be acquired by the Company. In accordance with the undertaking of Minxi Xinghang and relevant regulations, the 4,210,902,120 A shares of the Company held by Minxi Xinghang were released from selling restrictions and were available in the market on 25 April 2011.

#### Post Balance Sheet Event

- Pursuant to the share transfer agreement signed between the Company and three individual shareholders of Shaanxi Huayi Mining Co., Ltd., Huang Qingshan, Zhao Ning, and Zhang Yong on 15 July 2011, the Company will invest RMB68.8 million to acquire 100% equity interest of Shaanxi Huayi Mining Co., Ltd. As at the date of this announcement, the Company has paid RMB38 million out of the total consideration.
- Further to the initial issue of the US\$280,000,000 bonds ("Original Bonds") on 24 June 2011 by the Company's wholly owned subsidiary, Zijin International Finance Co., Ltd., the issuer has offered an additional US\$200,000,000 in aggregate principal amount of 4.25 per cent. credit enhanced bonds due 2016 (the "Further Bonds") to institutional and professional investors outside of the United States pursuant to Regulation S under the U.S. Securities Act. The

Further Bonds shall be consolidated and form a single series with the Original Bonds. The Further Bonds are backed by a standby letter of credit issued by Bank of China, Paris Branch. The closing of the issue of the Further Bonds in aggregate principal amount of US\$200,000,000 has been completed on 27 July 2011. As at the date of this announcement, the Issuer, a wholly owned overseas subsidiary of the Company, has issued in total US\$480,000,000 4.25 per cent. credit enhanced bonds due 2016 pursuant to Regulation S under the U.S. Securities Act.

3. The Company and Luminous Gold Ltd., (“Luminous Gold”) its wholly owned subsidiary entered into a shares subscription agreement with Norton Gold Fields Ltd. (“Norton Gold”) on 25 July 2011. Luminous Gold has agreed to subscribe for, or the Company shall procure that one or more other nominees subscribes for an aggregate of 138,350,000 shares of Norton Gold. The subscription price is A\$0.20 (approximately RMB1.39616) (based on the exchange rate A\$1 = RMB6.9808 which was disclosed by Bank of China on 22 July 2011) per share of Norton Gold. The total consideration is A\$27,670,000 (approximately RMB193,158,736). Including 5,900,000 shares of Norton Gold owned by the Company through ICBCCS QDII specific account, the Group will hold approximately 16.98% of the enlarged issued shares of Norton Gold after the completion of this acquisition. As at the date of this announcement, the Company has transferred the initial acquisition consideration of A\$14.42 million into the QDII specific RMB account.
4. Pursuant to the agreement signed between the Company’s wholly owned subsidiary, Zijin Mining Group North-west Co., Ltd. and Xinjiang Tebian Electric Group Co., Ltd. on 20 May 2011, Zijin Mining Group North-west Co., Ltd. and Xinjiang Tebian Electric Group Co., Ltd. agreed to invest RMB50 million each to form Xinjiang Aletai Zijin Tebian Co., Ltd. As at the date of this announcement, the investment fund has not been transferred out.
5. Pursuant to a resolution passed at the 2010 annual general meeting held for the purpose of approving, among other matters, the proposal of conversion of capital reserve into share capital, on the basis of 5 new shares for every 10 existing shares, additional 7,270,654,550 shares has been issued on the basis of total 14,541,309,100 shares in issue as at 31 December 2010. After the conversion, the total number of shares increased to 21,811,963,650 shares. Dealing of the additional shares commenced on 5 July 2011.

**Publishing Interim Report on the Website of The Stock Exchange of Hong Kong Ltd.**

When appropriate, the Company will post all the information as required by Appendix 16 of the Listing Rules at The Stock Exchange of Hong Kong 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 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 2011

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