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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the “Board”) of Zijin Mining Group Co., Ltd.* (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2011. (China Accounting Standards for Business Enterprises (“CAS”) and the related laws and regulations were adopted for the preparation of the financial statements)

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position
As at 31 December 2011
RMB

<u>ASSETS</u>	<u>Notes</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS			
Cash and cash equivalents		6,180,009,655	4,651,209,600
Held-for-trading financial assets		264,029,003	388,384,383
Bills receivables		574,697,737	326,625,938
Trade receivables	11	489,112,425	669,093,678
Prepayments		1,691,517,698	631,892,986
Other receivables		987,302,617	792,011,714
Inventories		7,160,297,387	3,482,682,131
Other current assets		584,909,276	118,665,426
		<u>17,931,875,798</u>	<u>11,060,565,856</u>
NON-CURRENT ASSETS			
Available-for-sale investments		938,012,473	2,058,973,823
Long-term equity investments		3,203,933,411	2,673,804,272
Investment properties		51,056,575	53,100,358
Fixed assets		10,145,321,562	8,444,568,258
Construction in progress		7,898,525,167	3,999,386,221
Construction materials		333,854,223	113,160,383
Intangible assets		7,138,194,099	5,292,918,677
Goodwill		338,979,724	383,299,356
Long-term deferred assets		769,907,533	752,546,244
Deferred tax assets		434,359,241	193,970,966
Other non-current assets		3,136,179,526	3,374,938,392
		<u>34,388,323,534</u>	<u>27,340,666,950</u>
TOTAL ASSETS		<u>52,320,199,332</u>	<u>38,401,232,806</u>

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position (continued)
As at 31 December 2011
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Notes</u>	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES			
Short-term borrowings		3,815,092,312	4,496,151,701
Held-for-trading financial liabilities		4,005,648,200	2,321,910
Trade payables	12	3,232,112,911	1,024,790,051
Advances from customers		1,012,751,443	430,106,172
Employee benefits payable		276,852,910	237,155,968
Taxes payable		1,709,391,219	1,030,360,245
Dividends payable		23,125,841	29,070,369
Other payables		2,073,223,413	1,734,015,864
Current portion of non-current liabilities		216,444,590	652,448,993
Total current liabilities		<u>16,364,642,839</u>	<u>9,636,421,273</u>
NON-CURRENT LIABILITIES			
Long-term borrowings		2,360,713,448	2,303,074,858
Bonds payable		2,987,514,948	-
Long-term payables		159,595,217	157,147,490
Deferred tax liabilities		226,385,417	219,426,202
Other non-current liabilities		88,670,506	56,492,153
Total non-current liabilities		<u>5,822,879,536</u>	<u>2,736,140,703</u>
TOTAL LIABILITIES		<u>22,187,522,375</u>	<u>12,372,561,976</u>
EQUITY			
Issued capital		2,181,196,365	1,454,130,910
Capital reserve		7,689,487,793	9,377,131,118
Special reserve		33,491,518	56,500,682
Statutory reserve		1,319,401,104	999,800,342
Retained earnings		14,004,152,348	10,065,314,920
Exchange differences on foreign currency translation		(219,118,195)	(121,307,424)
Equity attributable to owners of the parent		<u>25,008,610,933</u>	<u>21,831,570,548</u>
Non-controlling interests		5,124,066,024	4,197,100,282
TOTAL EQUITY		<u>30,132,676,957</u>	<u>26,028,670,830</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>52,320,199,332</u>	<u>38,401,232,806</u>

Zijin Mining Group Co., Ltd.*
Consolidated Income Statement
For the year ended 31 December 2011
RMB

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
REVENUE	2	39,763,915,441	28,539,578,900
Less: Cost of sales	2	27,536,543,588	18,337,383,129
Taxes and surcharges	3	382,045,241	352,964,119
Selling expenses		433,256,436	468,769,177
Administrative expenses		1,609,339,207	1,362,043,598
Financial expenses	4	496,400,784	190,780,667
Asset impairment losses	5	202,878,294	175,688,227
Add: Gains/(losses) on changes in fair value	6	(57,130,642)	107,325,325
Investment income	7	561,775,828	207,630,138
<i>Including: Share of profits of associates and jointly-controlled entities</i>		<u>205,253,368</u>	<u>137,365,606</u>
Operating profit		9,608,097,077	7,966,905,446
Add: Non-operating income	8	134,572,479	99,971,340
Less: Non-operating expenses	9	466,367,867	735,305,014
<i>Including: Losses on disposal of non-current assets</i>		<u>41,842,806</u>	<u>78,834,417</u>
TOTAL PROFIT		9,276,301,689	7,331,571,772
Less: Income tax expenses	1	<u>2,365,776,280</u>	<u>1,575,823,347</u>
NET PROFIT		<u>6,910,525,409</u>	<u>5,755,748,425</u>
Attributable to owners of the parent		<u>5,712,569,100</u>	<u>4,827,916,726</u>
Non-controlling interests		<u>1,197,956,309</u>	<u>927,831,699</u>
Earnings per share			
Basic earnings per share		<u>0.26</u>	<u>0.22</u>
OTHER COMPREHENSIVE INCOME	10	<u>(894,452,113)</u>	<u>344,979,505</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>6,016,073,296</u>	<u>6,100,727,930</u>
Attributable to:			
Owners of the parent		<u>4,818,341,189</u>	<u>5,172,154,730</u>
Non-controlling interests		<u>1,197,732,107</u>	<u>928,573,200</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements
For the year ended 31 December 2011
RMB

1. INCOME TAX EXPENSE

Major taxes and tax rates

Value-added tax (“VAT”)	Sales for final gold products and carrying-gold minerals are exempted from VAT. The VAT rate for sales of mining and processing of non-ferrous metals such as iron concentrates, gold concentrates, copper concentrates, zinc concentrates, copper cathodes, zinc bullion, and material sales and processing is 17%. VAT is levied at 17% on the invoiced value of sales and is payable by the purchaser. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.
Business tax	Business tax rate for rental income, hotel service revenue and trademark royalty income is 5%, and that for ground transportation service revenue and construction labor income is 3%.
City construction tax	Depending on the location of different taxpayers, the tax rates were 1%, 5% or 7%.
Resources tax	Tax rates for gold resources ranged from RMB2 to RMB6 (2010: RMB2 to RMB6) per ton depending on the gold ore quantity; Tax rates for copper resources ranged from RMB6 to RMB7 (2010: RMB6 to RMB7) per ton depending on the copper ore quantity; Tax rate for iron resources was RMB7.14 (2010: RMB7.14) per ton according to ore quantity; Tax rate for zinc-lead resources was RMB20 (2010: RMB20) per ton according to ore quantity.
Resources compensation fee	The resources compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: Mineral sales revenue x Resources compensation rate x Coefficient of mining recovery. Resources compensation rates range from 2% to 4%.
Corporate income tax	Provision for the PRC corporate income tax has been made at the rate of 25% based on the taxable profits except for certain companies in the Group which are further mentioned below; Provision for Hong Kong profits tax has been made at the rate of 16.5% on the assessable profits arising in Hong Kong for the year.

Tax incentives and approvals

Xinjiang Ashele Copper Company Limited (“Xinjiang Ashele”) was recognized by the Economic and Trade Commission of Xinjiang Autonomous Region as a domestic enterprise of national promoted industry set up in the western region. Pursuant to Article 2(1) of the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202), “a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010”, Xinjiang Ashele was granted a preferential tax rate of 15% from 1 January 2009 to 31 December 2010. Xinjiang Ashele is subject to a tax rate of 25% from 1 January 2011.

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

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

1. INCOME TAX EXPENSE (continued)

Tax incentives and approvals (continued)

Pursuant to Article 2(1) of the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202), “a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010” and the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (Guo Fa [2007] No.29), discussed in the third Qinghai State Administration of Taxation Chief Officers meeting on 27 February 2008, Qinghai West Copper Company Limited (“Qinghai West”) was granted a tax concession at a preferential rate of 15% from 2007 to 2010. Qinghai West is subject to a tax rate of 25% from 1 January 2011.

Pursuant to the Forwarded Notice of the Notice of Autonomous Region State Tax Bureau in relation to the Adjustment of Corporate Tax Exemption and Tax Deduction Items granted to Fuyun Jinshan Mining Company Limited issued by the local state tax bureau (A Di Guo Shui Ban [2008] No.421), Fuyun Jinshan Mining Company Limited (“Fuyun Jinshan”) was exempted from corporate income tax from 2008 to 2010. Fuyun Jinshan is subject to a tax rate of 25% from 1 January 2011.

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202) and the relevant regulations of the Notice of Local Tax Bureau of Yunnan Province on the Implementation of Taxation Preferential Policy for the Western Region (Yun Di Shui Er Zi [2002] No.65), Yuanyang County Huaxi Gold Company Limited (“Yuanyang Huaxi”) was granted a preferential tax rate of 15% from 2003 to 2010. Yuanyang Huaxi is subject to a tax rate of 25% from 1 January 2011.

Pursuant to Article 2(1) of the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202), “a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010”, the Notice of the State Administration of Taxation Concerning the Opinions on the Implementation of the Relevant Taxation Policies for the Western Development (Guo Shui [2002] No.47) and endorsed by Ba Guo Shui Suo Han [2008] No.50, Bayannaer Zijin Non-ferrous Metal Company Limited (“Bayannaer Zijin”), a company located in western China and its principal business is a key industry encouraged by the state, was granted a tax concession at a preferential rate of 15% for the year 2010. Bayannaer Zijin is subject to a tax rate of 25% from 1 January 2011.

Pursuant to Ji Guo Shui Fa [2006] No.80, Hunchun Zijin Mining Company Limited (“Hunchun Zijin”), a company located in the autonomous region of Yanbian, Jilin Province, enjoyed a tax concession at a preferential rate of 15% from 2006 to 2010. Hunchun Zijin is subject to a tax rate of 25% from 1 January 2011.

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

1. INCOME TAX EXPENSE (continued)

	2011	2010
Current—Mainland China	2,527,306,040	1,693,408,870
—Hong Kong	3,041	-
Deferred	<u>(161,532,801)</u>	<u>(117,585,523)</u>
	<u>2,365,776,280</u>	<u>1,575,823,347</u>

A reconciliation of the tax expense applicable to profit before tax is as follows:

	2011	2010
Profit before tax	9,276,301,689	7,331,571,772
At the applicable tax rate (Note 1)	2,319,075,422	1,832,892,943
Different tax rates on the profit of the Company and certain subsidiaries	16,582,695	(341,443,379)
Underprovision in prior years	16,212,501	2,495,011
Income not subject to tax (Note 2)	(175,773,204)	(48,518,756)
Expenses not deductible for tax (Note 3)	89,678,618	65,528,538
Tax losses utilised	(21,547,998)	-
Deductible temporary differences and tax losses not recognised	<u>121,548,246</u>	<u>64,868,990</u>
Tax charge at the Group's effective rate	<u>2,365,776,280</u>	<u>1,575,823,347</u>

Note 1: Provision for the PRC corporate income tax has been made at applicable rates based on the taxable profits. Provision for Hong Kong profits tax has been made at the rate of 16.5% (2010: no assessable profits arising in Hong Kong) on the assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Note 2: Included share of profits of long-term equity investments under equity method of RMB205,253,368 (2010: RMB137,365,606) and a gain of RMB301,265,861 (2010: Nil) on disposal of convertible bonds issued by Glencore Finance (Europe) S.A. in 2011.

Note 3: Included expenses of donations not deductible for tax of RMB124,631,890 (2010: RMB100,246,613).

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

2. REVENUE AND COST OF SALES

An analysis of revenue and cost of sales are as follows:

	2011	2010
Revenue from principal operations	39,436,936,985	28,122,162,227
Revenue from other operations	<u>326,978,456</u>	<u>417,416,673</u>
	<u>39,763,915,441</u>	<u>28,539,578,900</u>
	2011	2010
Cost of principal operations	27,354,836,165	17,958,621,564
Cost of other operations	<u>181,707,423</u>	<u>378,761,565</u>
	<u>27,536,543,588</u>	<u>18,337,383,129</u>

An analysis of revenue from principal operations and cost of principal operations by products are as follows:

	2011		2010	
	Revenue from principal operation	Cost of principal operations	Revenue from principal operation	Cost of principal operations
Gold bullion	6,806,507,465	1,588,156,839	5,645,510,315	1,410,299,148
Refinery, processed and trading gold	18,925,400,926	18,456,676,282	10,646,530,154	10,369,907,530
Copper cathodes	162,273,981	126,477,011	821,906,734	637,705,746
Refinery copper	131,641,897	118,263,970	110,927,563	61,115,575
Ore concentrates	7,896,935,662	2,275,612,787	6,683,845,910	1,989,896,854
Zinc bullion	2,705,759,901	2,583,060,332	2,718,691,186	2,379,885,727
Others	<u>2,808,417,153</u>	<u>2,206,588,944</u>	<u>1,494,750,365</u>	<u>1,109,810,984</u>
	<u>39,436,936,985</u>	<u>27,354,836,165</u>	<u>28,122,162,227</u>	<u>17,958,621,564</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

3. SALES TAXES AND SURCHARGE

	2011	2010
Business tax	31,005,028	27,746,536
City construction tax	37,281,879	31,679,702
Resources tax	243,867,856	250,629,709
Education surcharge	45,420,880	32,971,008
Others	24,469,598	9,937,164
	<u>382,045,241</u>	<u>352,964,119</u>

4. FINANCIAL EXPENSES

	2011	2010
Interest expenses:	630,091,716	344,024,306
<i>Including: *Bank loans</i>	562,163,395	344,024,306
<i>*Bonds payable</i>	67,928,321	-
Less: Interest income	131,403,188	121,895,418
Interest capitalised	133,032,143	31,054,051
Exchange (gains)/losses	45,707,150	(10,882,201)
Bank charge	78,997,018	9,987,394
Others	6,040,231	600,637
	<u>496,400,784</u>	<u>190,780,667</u>

Capitalised interest is included in construction in progress. For the year ended 31 December 2011, no interest income was arising from impaired financial assets (2010: Nil).

*Interests on bank loans and bonds payable are wholly repayable within five years amounted to RMB606,060,415 (2010: RMB344,024,306). Interests on bank loans are wholly repayable over five years amounted to RMB24,031,301 (2010: Nil).

5. ASSETS IMPAIRMENT LOSSES

	2011	2010
Impairment provision for trade and other receivables	751,859	576,812
Inventory provision/(reversal)	71,814,207	(12,536,115)
Impairment provision for fixed assets	1,587,596	73,153,440
Impairment provision for intangible assets	84,405,000	85,405,000
Impairment provision for goodwill	44,319,632	10,359,090
Impairment provision for long-term deferred assets	-	12,730,000
Impairment provision for other non-current assets	-	6,000,000
	<u>202,878,294</u>	<u>175,688,227</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

6. GAINS/(LOSSES) ON CHANGES IN FAIR VALUE

	2011	2010
Held-for-trading financial assets	(63,225,181)	109,647,235
<i>Including: unsettled provisional price arrangements (Note 1)</i>		
- The ineffective portion of fair value hedges	(1,525,070)	-
- Non-effective hedging	(9,712,056)	-
Held-for-trading financial liabilities (Note 2)	6,094,539	(2,321,910)
	<u>(57,130,642)</u>	<u>107,325,325</u>

Note 1: Fair Value Hedges

	Gain on changes in fair value of hedge instruments	Loss on changes in fair value of hedged inventories	Total
Unsettled provisional price arrangements	<u>85,705,153</u>	<u>(87,230,223)</u>	<u>(1,525,070)</u>

Note 2: Gains or losses on changes in fair value of held-for-trading financial liabilities include gains on changes in fair value arising from gold leasing business of RMB198,809,739, and losses on changes in fair value of gold forward contracts of RMB192,715,200.

7. INVESTMENT INCOME

	2011	2010
Income from long-term equity investment under equity method	205,253,368	137,365,606
<i>Including: Share of profits of associates</i>	<i>184,528,236</i>	<i>115,129,555</i>
<i>Share of profits of jointly-controlled entities</i>	<i>20,725,132</i>	<i>22,236,051</i>
Income from long-term equity investment under cost method	16,489,590	5,913,103
Gain on disposal of subsidiaries	14,756,231	59,127,650
Loss on disposal of jointly-controlled entities	-	(63,346,259)
Gain/(Loss) on disposal of other long-term equity investments	522,576	(134,476)
Loss on disposal of held-for-trading financial assets (Note 1)	(8,195,150)	(18,682,835)
Gain on disposal of available-for-sale investments (Note 2)	276,852,870	27,088,261
Interest income on convertible bonds	31,504,500	44,059,032
Others	<u>24,591,843</u>	<u>16,240,056</u>
	<u>561,775,828</u>	<u>207,630,138</u>

The investment incomes from listed investments and unlisted investments are RMB306,112,383 and RMB255,663,445, respectively.(2010: RMB93,825,726 and RMB113,804,412 respectively)

Note 1: During the year ended 31 December 2011, the investment incomes resulting from the disposal of held-for-trading financial assets include the losses of RMB30,363,154 on the settlement of forward contracts (2010: losses of RMB41,361,269) and the gains of RMB24,412,991 on the disposal of conversion options of the convertible bonds issued by Glencore Finance (Europe) S.A (“Glencore Finance”) (2010: Nil).

Note 2: During the year ended 31 December 2011, investment incomes resulting from disposal of available-for-sale investments includes the gains of RMB276,852,870 (2010: Nil) on the settlement of debt element in the convertible bonds issued by Glencore Finance. In 2010, gain on disposal of available-for-sale investment was generated from the disposal of equity investments.

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

8. NON-OPERATING INCOME

	2011	2010
Gain on disposal of non-current assets	1,326,615	18,795,797
<i>Including: Gain on disposal of fixed assets</i>	<i>992,615</i>	<i>16,824,197</i>
<i>Gain on disposal of intangible assets</i>	<i>334,000</i>	<i>1,971,600</i>
Penalty income	3,147,793	1,464,578
Gain on physical inventories	362,521	-
Government grants	90,944,316	47,975,971
Others	38,791,234	31,734,994
	<u>134,572,479</u>	<u>99,971,340</u>

Government grants included in profit or loss for the current year is analysed as follows:

	2011	2010
Government grants related to assets:		
Technical innovation	883,333	2,338,767
Environmental protection	500,000	8,124,000
Exploration	3,090,000	6,120,000
Others	2,648,479	326,443
	<u>7,121,812</u>	<u>16,909,210</u>
Government grants related to income:		
Special government reward (Note 1)	60,699,584	4,925,200
VAT subsidies	4,922,072	8,955,030
Tax refund	9,633,788	8,272,343
Others (Note 2)	8,567,060	8,914,188
	<u>83,822,504</u>	<u>31,066,761</u>
	<u>90,944,316</u>	<u>47,975,971</u>

Note 1: During the year ended 31 December 2011, special governmental reward mainly includes appropriation for Comprehensive Utilisation of Circular Economy for Qinghai Zijin Co., Ltd. of RMB 12,000,000 governmental rewarding funds amounted to RMB11,806,000 for Waste Heat Power Generation Project and circular economy rewards amounted to RMB7,000,000 for Bayannaer Zijin, incentive funds of resources economization and comprehensive utilization from Financial Bureau amounted to RMB8,000,000 for Xinjiang Ashele, financial appropriation amounted to RMB7,200,000 for Sulfur Collection Project for Wulate Zijin, and the Project funds from financial bureau amounted to RMB5,920,000 for 973 Scientific Research Program for the company.

Note 2: Others mainly include financial subsidy amounted to RMB 1,198,400 (2010: Nil) received from Labour and Social Security Bureau for Xinjiang Jinbao in 2011, and government interest subsidy amounted to RMB 4,508,000 (2010: RMB 4,550,000) received by Bayannaer Zijin.

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2011
RMB

9. NON-OPERATING EXPENSES

	2011	2010
Donations	274,749,828	311,578,697
Loss on disposal of non-current assets	41,842,806	78,834,417
<i>Including: Loss on disposal of fixed assets</i>	<i>40,337,422</i>	<i>67,084,150</i>
<i>Loss on disposal of intangible assets</i>	<i>-</i>	<i>5,414,943</i>
Penalties	20,116,731	46,476,941
Compensation	-	22,206,000
Loss on natural disasters	630,913	2,561,940
Inventory loss	3,776,809	225,078
Others	125,250,780	273,421,941
	<u>466,367,867</u>	<u>735,305,014</u>

10. OTHER COMPREHENSIVE INCOME

	2011	2010
Gain/(loss) on available-for-sale investments	(488,133,753)	423,768,279
Less: Income tax effect	(96,605,966)	31,299,391
Reclassification adjustments for gains included in the consolidated income statement	<u>404,889,353</u>	<u>21,711,704</u>
	<u>(796,417,140)</u>	<u>370,757,184</u>
Share of other comprehensive income of investees under equity method	-	(1,765,278)
Exchange differences on translation of foreign operations	<u>(98,034,973)</u>	<u>(24,012,401)</u>
	<u>(894,452,113)</u>	<u>344,979,505</u>

11. TRADE RECEIVABLES

The trade receivables are interest-free with credit period of 3 months.

An ageing analysis of the trade receivables is as follows:

	2011	2010
Within 1 year	475,470,028	666,336,231
Over 1 year but within 2 years	13,069,973	2,225,270
Over 2 years but within 3 years	421,188	372,895
Over 3 years	318,801	250,303
	<u>489,279,990</u>	<u>669,184,699</u>
Less: provision for impairment	<u>167,565</u>	<u>91,021</u>
	<u>489,112,425</u>	<u>669,093,678</u>

The sales of gold bullion are settled on the transaction dates. The credit period on the sales of other products such as copper cathodes, zinc bullion and ore concentrates ranges from 30 to 120 days. Each customer is granted a maximum credit limit. The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

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12. TRADE PAYABLES

An ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2011	2010
Within 1 year	3,183,091,120	982,690,426
Over 1 year but within 2 years	32,755,004	27,769,895
Over 2 years but within 3 years	2,192,175	5,063,594
Over 3 years	14,074,612	9,266,136
	3,232,112,911	1,024,790,051

The trade payables are interest-free and are normally settled within 3 months.

13. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has nine reportable operating segments as follows:

- (1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and in the physical gold trading business ;
- (3) the gold concentrates segment engages in the production of gold concentrates by processing gold ore produced by the Group;
- (4) the copper cathodes segment engages in the production of copper cathodes through the Group's integrated processes, i.e., mining, processing and refining;
- (5) the refinery copper segment engages in the production of copper cathodes by processing copper concentrates produced by the Group or purchased from external suppliers;
- (6) the copper concentrates segment engages in the production of copper concentrates by processing copper ore produced by the Group;
- (7) other concentrates segment comprises, principally, the production of zinc concentrates, tungsten concentrates, lead concentrates and iron concentrates;
- (8) the zinc bullion segment engages in the production of zinc bullion;
- (9) the corporate and others segment comprises, principally, the production of vitriol, copperplate, silver and iron, etc.

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

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
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13. OPERATING SEGMENT INFORMATION (continued)

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

Segment liabilities exclude held-for-trading financial liabilities, derivative financial investments, interest-bearing bank and other borrowings, loans from ultimate controlling entities, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

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13. OPERATING SEGMENT INFORMATION (continued)

2011

	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Corporate and others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	6,806,507,465	18,925,400,926	1,666,648,122	162,273,981	131,641,897	4,043,609,779	2,186,677,761	2,705,759,901	3,135,395,609	-	39,763,915,441
Intersegment sales	37,670,916	160,113,576	600,192,944	70,655,722	-	21,936,290	223,916,701	-	1,200,984,641	(2,315,470,790)	-
Total	6,844,178,381	19,085,514,502	2,266,841,066	232,929,703	131,641,897	4,065,546,069	2,410,594,462	2,705,759,901	4,336,380,250	(2,315,470,790)	39,763,915,441
Segment results #	4,838,666,710	433,180,962	851,500,837	17,774,516	13,186,456	2,574,373,237	1,037,191,714	(26,921,502)	219,522,894	-	9,958,475,824
Interest and dividend income											
Unallocated expenses											179,397,278
Finance costs											(279,474,591)
Segment profit before tax											(582,096,822)
											9,276,301,689
Assets and liabilities											
Segment assets:	6,286,740,331	1,996,095,386	1,830,144,829	2,117,598,895	5,894,408,804	5,856,340,218	5,575,764,205	3,144,894,281	11,801,802,011		44,503,788,960
Unallocated assets											7,816,410,372
Total assets											52,320,199,332
Segment liabilities:	1,001,053,452	922,432,455	873,107,272	1,537,401,299	3,680,552,982	755,868,465	2,107,694,693	2,270,203,969	2,117,224,671		15,265,539,258
Unallocated liabilities											6,921,983,117
Total liabilities											22,187,522,375
Other segment information:											
Share of profits and losses of:											
Associates	-	-	-	(20,438,389)	-	(34,381,511)	186,724,366	-	52,623,770		184,528,236
Jointly-controlled entities	-	20,725,132	-	-	-	-	-	-	-		20,725,132
Impairment losses recognised in the income statement	3,835,830	16,857,701	3,853,095	-	-	138,305	44,319,632	25,924,875	107,960,072		202,889,510
Impairment losses reversed in the income statement	-	-	-	-	-	(11,216)	-	-	-		(11,216)
Unallocated non-cash loss											(57,130,642)
Depreciation and amortisation	343,089,677	83,168,521	169,798,691	9,014,624	2,904,118	169,250,018	239,441,612	110,097,356	167,420,422		1,294,185,039
Investment in associates	-	-	-	397,225,963	-	491,294,035	315,225,355	-	1,309,871,152		2,513,616,505
Investment in jointly-controlled entities	-	240,822,342	-	-	-	-	-	-	145,000,000		385,822,342
Capital expenditure	2,964,485,405	639,673,570	596,946,933	1,269,283,138	1,358,211,167	873,525,955	1,112,943,585	231,853,689	892,854,698		9,939,778,140
Unallocated capital expenditure											59,651,276

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13. OPERATING SEGMENT INFORMATION (continued)
2010

	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Corporate and others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	5,645,510,315	10,646,530,154	1,549,240,122	821,906,734	110,927,563	3,503,844,197	1,630,761,591	2,718,691,186	1,912,167,038	-	28,539,578,900
Intersegment sales	2,216,947	38,855,627	305,496,495	218,196,726	2,604,537	3,531,061	282,745,070	119,661	667,395,287	(1,521,161,411)	-
Total	5,647,727,262	10,685,385,781	1,854,736,617	1,040,103,460	113,532,100	3,507,375,258	1,913,506,661	2,718,810,847	2,579,562,325	(1,521,161,411)	28,539,578,900
Segment results #	3,986,850,834	303,616,967	772,172,839	78,707,740	49,636,916	2,378,985,015	575,144,476	211,467,756	122,664,358	-	8,479,246,901
Interest and dividend income											171,867,553
Unallocated expenses											(995,984,396)
Finance costs											(323,558,286)
Segment profit before tax											7,331,571,772
Assets and liabilities											
Segment assets:	8,661,767,240	2,410,251,707	1,343,263,568	1,435,066,831	1,329,128,937	3,201,616,750	3,435,360,461	1,777,253,371	5,103,175,181		28,696,884,046
Unallocated assets											9,704,348,760
Total assets											38,401,232,806
Segment liabilities:	2,000,585,161	761,043,623	486,876,076	207,947,425	550,225,911	803,631,211	1,282,192,764	1,254,435,001	573,768,589		7,920,705,761
Unallocated liabilities											4,451,856,215
Total liabilities											12,372,561,976
Other segment information:											
Share of profits and losses of:											
Associates	-	-	-	(6,434,454)	-	-	64,787,989	-	56,776,020		115,129,555
Jointly-controlled entities	-	22,236,051	-	-	-	-	-	-	-		22,236,051
Impairment losses recognised in the income statement	4,583,252	592,955	27,952,567	198,558	-	12,132,063	49,134,118	5,568,988	88,061,841		188,224,342
Impairment losses reversed in the income statement	-	(7,732,056)	-	(218,260)	-	-	(2,680)	-	(4,583,119)		(12,536,115)
Unallocated non-cash gains											107,325,325
Depreciation and amortisation	294,606,061	94,203,171	140,106,825	23,604,413	3,633,114	136,090,213	224,406,550	127,336,881	142,892,745		1,186,879,973
Investment in associates	-	-	-	101,298,951	-	525,675,546	514,987,704	-	1,029,650,297		2,171,612,498
Investment in jointly-controlled entities	-	220,097,210	-	-	-	-	-	-	-		220,097,210
Capital expenditure	1,184,891,433	128,078,137	276,098,406	429,546,644	412,252,840	868,341,157	350,249,561	154,013,631	736,880,826		4,540,352,635
Unallocated capital expenditure											37,894,789

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
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13. OPERATING SEGMENT INFORMATION (continued)

Segment profit/ loss, which excluded intersegment transaction revenue/ cost, are the operating profit/ loss from external customers.

Geographical information

Over 99% (99% in 2010) of the Group's revenue was derived from customers based in Mainland China, and over 89% (92% in 2010) of the Group's assets were located in Mainland China.

Information about a major customer

Revenue of approximately RMB23,127,620,412 (RMB15,744,382,334 in 2010) was derived from sales by the gold bullion segment, the processed, refinery and trading gold segment to the Shanghai Gold Exchange.

EFFECTS OF SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORT STANDARDS (“IFRS”) AND CAS

1 · The difference in net profit and net assets in the financial reports disclosed in accordance with both IFRS and CAS

Unit: Yuan Currency: RMB

	Net profit		Net asset	
	Current period	Last period	Ending period	Opening period
Under CAS	5,712,569,100	4,827,916,726	25,008,610,933	21,831,570,548
Adjusting item and amount under IFRS:				
Adjustment in work safety fee and production maintenance fee (“Weijianfei”)		-15,252,213		
Under IFRS		4,812,664,513		21,831,570,548

2. Explanation of the difference between IFRS and CAS

Pursuant to “Explanatory Notes to Enterprise Accounting Standards No. 3” issued by the Ministry of Finance, the Group is required to set aside an amount to provide for safety and Weijianfei based on the quantity of mining. The accrual expenses will be transferred to a special reserve account under equity attributable to the holders for the year. When the fixed asset is recognized and its cost is being measured, within the special use conditions, full amount of relevant incurred fund recorded as special reserve will be credited to the accumulated depreciation simultaneously. Pursuant to the IFRS, these expenditures should be recognised when incurred, relevant capital expenditures are recognized as part of cost of the fixed asset when they are incurred and depreciated according to the respective depreciation policy.

EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the parent of RMB5,712,569,100 (2010: RMB4,827,916,726) and the number of ordinary shares of 21,811,963,650 (2010: 21,811,963,650) in issue during the year.

There were no potentially dilutive events for the years ended 31 December 2011 and 2010.

Profit Distribution Proposal or the Plan for Converting Capital Reserve to Bonus Shares

As audited by Ernst & Young Hua Ming , the Group’s net profit for the year ended 31 December 2011 prepared in accordance with CAS was RMB5,712,569,100.

The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2011 of RMB0.80 per 10 shares (tax included) (the “2011 Final Dividend”) on the basis of 21,811,963,650 total issued shares as at 31 December 2011. The remaining balance of undistributed reserve will be reserved as undistributed reserve for further distribution in future.

No bonus issue and conversion of capital will be included in this distribution proposal.

The proposal of the above-mentioned distribution will be tabled to 2011 annual general meeting for approval.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In 2011, the gold price repeatedly hit the record highs due to the mixed impacts of the European debt crisis, liquidity factors, and geopolitical reasons. In 2011, the opening price of gold was US\$1,421.38/oz. The highest price was US\$1,920.38/oz and the lowest price was US\$1,308.13/oz. The year-end closing price was US\$1,565.02/oz, representing an increase of 10.08%.

In 2011, under the impact of the European debt crisis and the global economic slowdown, the prices of non-ferrous metals remained at low trend with fluctuations, the opening price of 3-month forward contracts of copper of London Metals Exchange (“LME”) was US\$9,685/tonne, of which the highest price was US\$10,190/tonne, and the lowest price was US\$6,636/tonne. The year-end closing price was US\$7,557/tonne. The trends of the copper price in both international market and domestic market were similar.

In 2011, an oversupply and slowdown in market demand appeared in the domestic zinc market. The price of zinc bounced in a range. In 2011, the opening price of 3-month forward contracts of zinc of LME was US\$2,430/tonne, of which the highest price was US\$2,599.75/tonne and the lowest price was US\$1,718.5/tonne. The year-end closing price was US\$1,845/tonne.

Position in the industry

According to the statistics of the China Gold Association, the 2011 national gold production in the PRC amounted to 360.957 tonnes in which 301.996 tonnes was mine-produced gold. In 2011, the Group produced 86.17 tonnes of gold, of which, 28.62 tonnes was mine-produced gold, representing approximately 9.48% of mine-produced gold in the PRC. The gold production enterprises of the PRC recorded total profit of RMB33.5258 billion (including profits other than gold production) and the Group recorded profit before tax in the amount of RMB9.276 billion, representing 27.67% of the aggregate profit (including profits other than gold production) generated by gold production enterprises of the PRC. The Group is one of the largest and the most efficient gold producers in the PRC.

Business Overview

During the reporting period, the Group realized turnover of RMB39.764 billion, representing an increase of 39.33% when compared with last year (2010: RMB28.54 billion), and net profit attributable to owners of the parent of RMB5.713 billion, representing an increase of 18.32% when compared with last year (2010: RMB4.828 billion). As at the end of 2011, the Group’s total assets was RMB52.320 billion, representing an increase of 36.25% when compared with last year (2010: RMB38.401 billion), and net assets attributable to owners of the parent of RMB25.009 billion, representing an increase of 14.55% when compared with last year (2010: RMB21.832 billion).

The growth rate of net profit attributable to owners of the parent in 2011 was 8.21% lower than the growth rate of total profit, it was mainly attributable to the expiry of tax concession policy in some major mining entities including Ashele Copper Mine, West Copper Mine, Hunchun Zijin and Wulate Zijin, etc.

I. PRODUCTION AND OPERATION

1. GOLD MINE BUSINESS

During the reporting period, the Group produced a total of 86,170.80kg (2,770,453 ounces) of gold, representing an increase of 24.76% when compared with same period last year (2010: 69,071.15kg).

During the reporting period, the Group produced a total of 28,628.37kg (920,423 ounces) of mine-produced gold, representing a decrease of 1.88% when compared with same period last year (2010: 29,177.05kg); in which 16,165.13kg (519,721 ounces) was produced from Zijinshan Gold Mine, 2,334.51kg (75,056 ounces) was produced from Hunchun Shuguang Gold and Copper Mine, 2,100kg (67,517 ounces) was produced from Guizhou Shuiyindong Gold Mine and 8,028.73kg (258,129 ounces) of mine-produced gold was produced from other entities in the Group.

During the reporting period, the Group produced a total of 57,542.43kg (1,850,031 ounces) of refinery gold, representing an increase of 44.24% over last year (2010: 39,894.10kg), of which Henan Luoyang Zijin Yinhui Gold Refinery Company Limited produced 35,803.39kg (1,151,105 ounces) of refinery gold, the Company’s refinery plant produced 16,401.11kg (527,308 ounces), Fujian Jinshan Gold Refinery Plant produced 4,073.06kg (130,952 ounces), and other entities in the Group produced 1,264.87kg (40,667 ounces) refinery gold.

Sales income from the gold business of the Group represented about 68.90% (after elimination) of the total annual sales income, and the net profit of the gold business represented about 68.10% of the total net profit attributable to equity holders of the parent.

(1 troy ounce = 31.1035g)

2. COPPER MINE BUSINESS

During the reporting period, the Group produced a total of 88,070.71 tonnes copper, representing a decrease of 2.46% over last year (2010: 90,287.38 tonnes), in which 3,677.41 tonnes was mine-produced copper cathodes, representing a decrease of 51.78% (2010: 7,626.56 tonnes); the Group produced copper concentrates containing copper of 81,791.20 tonnes, representing an increase of 1.97% (2010: 80,212.17 tonnes), and copper refinery produced 2,602.10 tonnes copper, in which, Ashele Copper Mine produced copper concentrate containing copper of 32,693.91 tonnes; Qinghai Deerni Copper Mine produced copper concentrate containing copper of 28,143.39 tonnes; Hunchun Shuguang Gold and Copper Mine produced copper concentrate containing copper of 9,048.91 tonnes. Zijinshan Copper Mine produced 1,409.88 tonnes of copper cathodes and produce copper concentrate containing copper of 7,494.22 tonnes.

Sales income from the copper mine business represented 10.91% (after elimination) of the annual total sales income, while it represented about 21.73% of the total net profit attributable to equity holders of the parent.

3. LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 222,702.36 tonnes, representing a decrease of 0.50% (2010: 223,832.61 tonnes), in which 187,616 tonnes was zinc bullion, representing an increase of 1.36% (2010: 185,097.98 tonnes); and the Group produced zinc concentrates containing zinc of 35,086.36 tonnes, representing a decrease of 9.42% (2010: 38,734.63 tonnes). Bayannaer Zijin Zinc Refinery Plant produced 187,616 tonnes zinc bullion, Wulatehouqi Zijin produced zinc concentrates containing zinc of 19,527.78 tonnes, Ashele Copper Mine produced zinc concentrates containing zinc of 13,392.10 tonnes and other entities in the Group produced 2,166.48 tonnes of zinc.

During the reporting period, the Group produced lead concentrates containing lead of 3,590.99 tonnes, representing a decrease of 27.26% when compared with same period last year (2010: 4,936.94 tonnes).

Sales income from lead and zinc mine business represented about 7.16% (after elimination) of total annual sales income, while net profit from lead and zinc mine business represented about 0.36% of the total net profit attributable to equity holders of the parent.

4. IRON MINE, SILVER AND OTHER BUSINESS

During the reporting period, the Group produced silver of 145,509.46kg (2010: 122,419.22kg), of which Wuping Zijin produced 35,168.75kg of silver, Ashele Copper Mine produced silver concentrates containing silver of 26,663.63kg, Shanxi Zijin produced silver of 22,216.04kg, Wuhou Zijin produced silver concentrates containing silver of 11,228.07kg, Yunnan Huaxi produced silver concentrates containing silver of 5,737.24kg, and other entities in the Group produced silver of 15,032.26kg and processed refinery silver of 29,463.47kg.

During the reporting period, the Group produced iron concentrates of 1,956,900 tonnes, representing an increase of 11.06% when compared with same period last year (2010: 1,762,000 tonnes).

Sales income from iron mine, silver and other mineral products represented about 13.03% (after elimination) of total annual sales income, which represented about 9.81% of the total net profit attributable to equity holders of the parent.

Significant achievements for geological exploration work

During the reporting period, the Company invested RMB304 million in geological exploration which increased the exploration resources/ reserves (unaudited) as follows: 76.48 tonnes of gold, 591,800 tonnes of copper, 1.5252 million tonnes of lead and zinc, 59,400 tonnes of molybdenum and 272.46 tonnes of silver from other associated metals. The reserves of the following mines increased remarkably: Zijinshan Copper

Mine Luoboling, Jintonghu Mining Section, Guizhou Shuiyindong Gold Mine Nayang Mining Section, Hebei Chongli Dongping Gold Mine and its surrounding area, Xinjiang Wulagen Zinc Mine etc. The exploration work of Luoning Huatai Gold Mine, Ashele Copper Mine, ZGC Taror Gold Mine etc., achieved new breakthroughs.

Integration of resources and exploration preparation work are the key points in exploration work, the integration of resources and exploration preparation work of Malipo Tungsten Mine, being the first batch in the country, obtained the recognition of advanced integration of mineral resources mine from the Ministry of Land and Resources of the People's of Republic of China; the supplemental detailed survey of ZGC Taror Gold Mine received RMB2.48 million from the national overseas exploration risk fund; and the Company actively promoted to set up exploration project at Zijinshan and its surrounding.

As at the end of 2011, the Group owns 59 mining rights with a total area of 150 square kilometers and 213 exploration rights with a total area of 4,352 square kilometers.

Resources and Reserves of the Company

As at the end of 2011, the Group's major mines which maintained resources reserves with 333 or above are as follows: 1,043.39 tonnes of gold (including 117.07 tonnes of associated gold) representing an increase of 39.09% over last year; 11.6129 million tonnes of copper representing an increase of 9.78% over last year; 1,548.6 tonnes of silver, 5.3973 million tonnes of zinc representing an increase of 23.15% over last year, 1.06 million tonnes of lead representing an increase of 24.16% over last year, 352,300 tonnes of molybdenum, 173,400 tonnes of tungsten, 99,300 tonnes of tin, 21,600 tonnes of cobalt, 607,100 tonnes of nickel, 83.7 million tonnes of sulfur ore, 214 million tonnes of iron ore and 459 million tonnes of coal. The above-mentioned resources reserves exclude Zijinshan Luobuling copper molybdenum mine, which was recognized under the technical standard of NI 43-101 as containing (measured and indicated) reserves of 1,367,700 tonnes of copper metal and 132,400 tonnes of molybdenum. (The source of the above-mentioned information: 1. domestic projects were reviewed according to domestic standards; 2. all reserves from controlling subsidiaries has been included and those from associate companies has been calculated based on shareholding percentage; 3. overseas projects' data was extracted from their resources reserves data announced to the public).

In the second half of 2011, the Group appointed Golder Associates Consulting Limited to conduct mineral resources and ore reserves review in accordance with the "NI 43-101" technical standards, and submit the mineral resources report signed by the Competent Persons. As at the reporting date, fourteen NI 43-101 technical standard mineral resources disclosure reports and 2 reserves disclosure reports have been submitted so far. Amongst which, 13 mines' domestic review reports have been submitted. Table 1 below sets out the comparison between the resource amounts of those 13 mines recognized under domestic standards and international standards. In that comparison, it shows that the resource amount recognized under international standards is apparently higher than the resource amount recognized under domestic standards. In which, the gold resource is increased by 16.4%. copper resource is increased by 7.03%, zinc resource is increased by 82.75%, silver resource is increased by 104.3% and only part of the non-core resource shows a decrease. Also, due to a discrepancy in recognition of 2 Yunnan mines, their measured and indicated resources have not been recognized. It can be preliminarily concluded that Zijin Mining's resources amount prepared under domestic standard is relatively more reliable.

(a) The comparison between the mineral resources amount recognized by NI 43-101 technical standard and disclosed according to domestic standards of the 13 mines is as follows:

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards				Resources identified by NI 43-101 CPR					International Standards-D omestic Standards	Percentage Increase (International standards and Domestic standards)
				331	332	333	(333 and above) Sub-to tal	Measured	Indicated	(Measured+ Indicated) Sub-total	Inferred	Total		
1	Fujian Zijinshan Ore Field Zijinshan Gold and Copper Mine	Gold	Ore Volume (Mt)	2.47	55.27	169.26	227	121	139	260	24	284	33	
			Grade (g/t)	0.96	0.53	0.4	0.44	0.52	0.4	0.46	0.39	0.45	0.02	
			Metal Volume (t)	2.37	29.48	67.63	99.48	62.92	55.6	118.52	9.36	127.88	19.04	19.1%
		Copper	Ore Volume (Mt)	19.24	269.05	155.91	444.2	130	308	438	123	561	-6.2	
			Grade (%)	0.5	0.44	0.42	0.43	0.49	0.47	0.48	0.43	0.47	0.05	
			Metal Volume (10kt)	9.62	118.12	65.06	192.8	63.7	144.76	208.46	52.89	261.35	15.66	8.1%
2	Fujian Zijinshan Ore Field Yueyang Silver and Multi-metals Mine	Gold	Ore Volume (Mt)		5.19	4.87	10.06	19.18	9.35	28.53	32.22	60.75	18.47	
			Grade (g/t)		0.45	0.32	0.39	0.42	0.41	0.42	0.38	0.4	0.03	
			Metal Volume (t)		2.33	1.55	3.88	8.06	3.83	11.89	12.24	24.13	8.01	206%
		Copper	Ore Volume (Mt)		5.19	4.87	10.06	19.18	9.35	28.53	32.22	60.75	18.47	
			Grade (%)		0.24	0.17	0.2	0.17	0.16	0.17	0.19	0.18	-0.03	
			Metal Volume (10kt)		1.23	0.82	2.05	3.26	1.5	4.76	6.12	10.88	2.71	132.2%
		Silver	Ore Volume (Mt)		5.19	4.87	10.06	19.18	9.35	28.53	32.22	60.75	18.47	
			Grade (g/t)		77.37	55.02	66.56	55.44	47.93	52.98	41.22	46.74	-13.58	
			Metal Volume (t)		401.71	267.8	669.5	1063.3	448.15	1511.49	1328.1	2839.6	841.98	125.8%

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Fujian Zijinshan Ore Field Longjiangting Copper Mine	Copper	Ore Volume (Mt)		4.05	7.39	11.44		30.54	30.54	16.63	47.17	19.1		
		Grade (%)		0.66	0.58	0.61		0.37	0.37	0.36	0.37	-0.24		
		Metal Volume (10kt)		2.68	4.27	6.95		11.3	11.3	5.99	17.29	4.35	62.6%	
	Gold	Ore Volume (Mt)		4.05	7.39	11.44		30.54	30.54	16.63	47.17	19.1		
		Grade (g/t)		0.42	0.42	0.42		0.32	0.32	0.33	0.32	-0.1		
		Metal Volume (t)		1.72	3.08	4.79		9.77	9.77	5.49	15.26	4.98	104%	
	Silver	Ore Volume (Mt)		4.05	7.39	11.44		30.54	30.54	16.63	47.17	19.1		
		Grade (g/t)		17.87	17.87	17.87		8.97	8.97	10.22	9.41	-8.9		
		Metal Volume (t)		72.43	132.02	204.4 5		273.94	273.94	169.96	443.9	69.49	34%	
3	Gansu Li County Dujiagou Gold Mine	Gold	Ore Volume (Mt)		6.07	28.95	35.02		23	23	12.3	35.3	-12.02	
			Grade (g/t)		2.14	1.45	1.57		1.43	1.43	1.29	1.38	-0.14	
			Metal Volume (t)		13	41.89	54.9		32.89	32.89	15.867	48.76	-22.01	-40.1%
4	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)		5.41	9.79	15.2	9.83	14.58	24.41	11.68	36.09	9.21	
			Grade (g/t)		3.72	4.44	4.18	2.86	2.5	2.64	2.25	2.52	-1.54	
			Metal Volume (t)		20.14	43.44	63.58	28.11	36.45	64.56	26.28	90.84	0.98	1.5%
5	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	Gold	Ore Volume (Mt)	2.63	43.13	51.81	97.57	59.9	84.24	144.14	33.33	177.47	46.57	
			Grade (g/t)	0.54	0.5	0.51	0.51	0.45	0.44	0.44	0.41	0.44	-0.07	
			Metal Volume (t)	1.43	21.64	26.53	49.61	26.96	37.07	64.03	13.67	77.7	14.42	29.1%
		Copper	Ore Volume (Mt)	2.63	43.13	51.81	97.57	59.9	84.24	144.14	33.33	177.47	46.57	
			Grade (%)	0.21	0.19	0.19	0.19	0.18	0.17	0.17	0.15	0.17	-0.02	
			Metal Volume (10kt)	0.56	8.33	9.6	18.49	10.78	14.32	25.1	5	30.1	6.61	35.7%
6	Heilongjiang Nenjiang	Copper	Ore Volume (Mt)		218.53	163.47	382	109.71	469.24	578.95	263.31	842.26	196.95	
			Grade (%)		0.45	0.48	0.47	0.4	0.34	0.35	0.34	0.35	-0.12	

	Duobaoshan Copper Mine	Molybd enum	Metal Volume (10kt)		98.51	79.16	177.6 7	43.88	159.54	203.42	89.53	292.95	25.75	14.5%	
			Ore Volume (Mt)			0.03	0.03	109.71	469.24	578.95	263.31	842.26	578.92		
			Grade (%)			0.18	0.18	0.014	0.013	0.01	0.015	0.01	-0.17		
			Metal Volume (10kt)			0.01	0.01	1.54	6.1	7.64	3.95	11.59	7.63	76300%	
7	Guizhou Xingren Taipingdong Gold Mine	Gold	Ore Volume (Mt)	0.73	1.76	1.02	3.51		16.6	16.6	0.6	17.2	13.09		
			Grade (g/t)	5.72	5.13	5.14	5.26		2.5	2.5	2.82	2.51	-2.76		
			Metal Volume (t)	4.19	9.03	5.24	18.45		41.5	41.5	1.69	43.19	23.05	124.9%	
8	Yunnan Shangri-la Langdou Copper Mine	Copper	Ore Volume (Mt)		1.18	2.16	3.34				3.97	3.97	-3.34	To be confirmed	
			Grade (%)		2.98	2.07	2.39				1.92	1.92	-2.39		
			Metal Volume (10kt)		3.52	4.47	7.99				7.62	7.62	-7.99		
9	Yunan Shangri-la Lannitang Copper Mine	Copper	Ore Volume (Mt)		5.23	14.23	19.46				66.57	66.57	-19.46	To be confirmed	
			Grade (%)		0.53	0.54	0.53				0.34	0.34	-0.53		
			Metal Volume (10kt)		2.75	7.61	10.36				22.63	22.63	-10.36		
10	Xinjiang Habahe Ashele Copper Mine	Copper	Ore Volume (Mt)	14.6	5.59	11.19	31.38	27	10.4	37.4	4.9	42.3	6.02		
			Grade (%)	2.48	1.84	1.78	2.12	2.1	1.4	1.91	0.96	1.8	-0.21		
			Metal Volume (10kt)	36.19	10.27	19.95	66.41	56.7	14.56	71.26	4.7	75.96	4.85	7.3%	
		Zinc	Ore Volume (Mt)	4.57	2.76	2.65	9.98	27	10.4	37.4	4.9	42.3	27.42		
			Grade (%)	2.3	2.12	1.95	2.16	1.22	0.72	1.08	0.38	1	-1.08		
			Metal Volume (10kt)	10.52	5.85	5.17	21.55	32.94	7.49	40.43	1.86	42.29	18.88	87.6%	
		Sulfur	Ore Volume (Mt)	8.84	2.41	17.58	28.84	27	10.4	37.4	4.9	42.3	8.56		
			Grade (%)	29.17	27.13	22.35	24.84	33.31	24.01	30.72	14.75	28.87	5.88		
			Pure Sulfur Volume (10kt)	257.8	65.48	392.99	716.2 7	899.37	249.7	1149.07	72.28	1221.35	432.8	60.4%	

11	Xinjiang Fuyun Mengku Iron Mine (East, Middle Phase)	Iron	Ore Volume (Mt)		64.48	34.68	99.16	45.29	50.38	95.67	7.82	103.49	-3.49	-3.5%
			Grade (%)		38.55	31.75	36.17	31.31	30.19	30.72	24.44	30.25	-5.45	
			Metal Volume (10kt)		2485.44	1101.12	3586.55	1418.03	1520.97	2939	191.12	3130.12	-647.55	-18.1%
12	Xinjiang Qitai Heishantou Coal Mine	Coal	Coal (Mt)	252.6	125.18	10.73	388.51	256.72	116.15	372.87	12.64	385.51	-15.64	-4%
13	Qinghai Maqin Deerni Copper Mine	Copper	Ore Volume (Mt)	4.56	17	10.19	31.75		28.1	28.1	7	35.1	-3.65	
			Grade (%)	1.21	1.21	1.21	1.21		1.19	1.19	1.05	1.16	-0.02	
			Metal Volume (10kt)	5.52	20.57	12.33	38.41		33.44	33.44	7.35	40.79	-4.97	-12.9%
		Cobalt	Ore Volume (Mt)			31.77	31.77		28.1	28.1	7	35.1	-3.67	
			Grade (%)			0.07	0.07		0.07	0.07	0.06	0.07	0	
			Metal Volume (10kt)			2.16	2.16		1.97	1.97	0.42	2.39	-0.19	-8.8%
		Zinc	Ore Volume (Mt)		4.21	2.21	6.41		28.1	28.1	7	35.1	21.69	
			Grade (%)		1.02	1.03	1.02		0.39	0.39	0.31	0.37	-0.63	
			Metal Volume (10kt)		4.29	2.28	6.57		10.96	10.96	2.17	13.13	4.39	66.8%
		Sulfur	Ore Volume (Mt)		22.41	10.87	33.27		28.1	28.1	7	35.1	-5.17	-15.5%
			Grade (%)		31.1	30.3	30.84		30.64	30.64	26.95	29.9	-0.2	
			Pure Sulfur Volume (10kt)		696.86	329.23	1026.09		860.98	860.98	188.65	1049.63	-165.11	-16.1%
Total		Gold	Ore Volume (Mt)	5.83	120.88	273.09	399.8	209.91	317.31	527.22	130.76	657.98	127.42	
			Metal Volume (t)	7.99	97.34	189.36	294.69	126.04	217.11	343.15	84.6	427.75	48.46	16.4%
		Copper	Ore Volume (Mt)	41.03	568.95	421.22	1031.2	345.79	939.87	1285.66	550.93	1836.59	254.46	

		Metal Volume (10kt)	51.89	265.98	203.27	521.13	178.33	379.42	557.75	201.83	759.58	36.62	7.03%
Zinc		Ore Volume (Mt)	4.57	6.97	4.86	16.39	27	38.5	65.5	11.9	77.4	49.11	
		Metal Volume (10kt)	10.52	10.14	7.45	28.12	32.94	18.45	51.39	4.03	55.42	23.27	82.75%
Molybdenum		Ore Volume (Mt)			0.03	0.03	109.71	469.24	578.95	263.31	842.26	578.92	
		Metal Volume (10kt)			0.01	0.01	1.54	6.1	7.64	3.95	11.59	7.63	76300%
Silver		Ore Volume (Mt)		9.24	12.26	21.5	19.18	39.89	59.07	48.85	107.92	37.57	
		Metal Volume (t)		474.14	399.82	873.96	1063.34	722.09	1785.43	1498.07	3283.5	911.47	104.30%
Cobalt		Ore Volume (Mt)			31.77	31.77		28.1	28.1	7	35.1	-3.67	
		Metal Volume (10kt)			2.16	2.16		1.97	1.97	0.42	2.39	-0.19	-8.8%
Iron		Ore Volume (Mt)		64.48	34.68	99.16	45.29	50.38	95.67	7.82	103.49	-3.49	
		Metal Volume (10kt)		2485.44	1101.12	3586.55	1418.03	1520.97	2939	191.12	3130.12	-647.55	-18.1%
Sulfur		Ore Volume (Mt)	8.84	24.82	28.45	62.11	27	38.5	65.5	11.9	77.4	3.39	
		Pure Sulfur Volume (10kt)	257.8	762.34	722.22	1026.09	899.37	1110.69	2010.06	260.93	2270.99	983.97	95.9%
Coal		Ore Volume (Mt)	252.6	125.18	10.73	388.51	256.72	116.15	372.87	12.64	385.51	-15.64	-4%

Note: In this comparison, the resource recognized by international standard has not included the inferred resource.

2· There is a report of a domestic mine which is not yet submitted, the amount of mineral resources. A technical standard mineral resources report verified the resource of that mine under "NI 43-101", is as follows:

Name of Mine (Project)	Type of Mine	Unit	Resources identified by NI 43-101			
			Indicated	(Measured+Indicated) Sub-total	Inferred	Total
Fujian Luobuling Copper and Molybdenum Mine	Copper	Ore Volume (Mt)	441.2	441.20	51.9	493.1
		Grade (%)	0.31	0.31	0.34	0.31
		Metal Volume(10kt)	136.77	136.77	17.65	154.42
	Molybdenum	Ore Volume (Mt)	441.2	441.20	51.9	493.1
		Grade (%)	0.03	0.03	0.021	0.029
		Metal Volume(10kt)	13.24	13.24	1.09	14.33

Signing person of NI 43-101 technical standards Mineral Resources Disclosure Report :

Serial No.	Name of Mine (Project)	Report No.	Person eligible to sign the report
1	Fujian Zijinshan Ore Field Zijinshan Gold and Copper Mine	117641073-001-L-Rev0	Sia Khosrowshahi
2	Fujian Zijinshan Ore Field Luobuling Copper and Molybdenum Mine	117641073-005-L-Rev0	Sia Khosrowshahi
3	Fujian Zijinshan Ore Field Yueyang Silver and Multi-metals Mine / Fujian Zijinshan Ore Field Longjiangting Copper and Gold Mine	117641073-007-L-Rev0	Sia Khosrowshahi
4	Gansu Li County Dujiagou Gold Mine	117641073-013-L-Rev0	Alan Miller
5	Hebei Chongli Dongping Gold Mine	117641073-019-L-Rev0	Sia Khosrowshahi
6	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	117641073-029-L-Rev0	Sia Khosrowshahi
7	Heilongjiang Nenjiang Duobaoshan Copper Mine	117641073-033-L-Rev0	Sia Khosrowshahi
8	Guizhou Xingren Taipingdong Gold Mine	117641073-039-L-Rev0	Alan Miller
9	Yunnan Shangri-la Langdou Copper Mine	117641073-047-L-Rev0	Sia Khosrowshahi
10	Yunnan Shangri-la Lannitang Copper Mine	117641073-049-L-Rev0	Sia Khosrowshahi
11	Xinjiang Habahe Ashele Copper Mine	117641073-059-L-Rev0	Willem van der Schyff
12	Xinjiang Fuyun Mengku Iron Mine (East, Middle sections)	117641073-063-L-Rev0	Willem van der Schyff
13	Xinjiang Qitai Heishantou Coal Mine	117641073-065-L-Rev0	Willem van der Schyff
14	Qinghai Maqin Deerni Copper Mine	117641073-069-L-Rev0	Alan Miller

(b) There are two NI 43-101 Standards Mineral Resources Report has been completed until now, the reserves are as follows:

1、Zijinshan Gold and Copper Mine
Zijinshan Gold Mine resources (cut-off grade 0.15g/t)

Mineral Resources				Ore Reserves			
Category	Ore Volume (Mt)	Grade(g/t)	Metal Volume (t)	Category	Ore Volume (Mt)	Grade(g/t)	Metal Volume (t)
Measured	121	0.52	62.92	Proved	119	0.46	54.74
Indicated	139	0.40	55.6	Probable	128	0.36	46.08
Total	260	0.46	118.52	Total	247	0.41	100.82

Note: as at 1 December 2011, the metal reserves of Zijinshan Gold Mine accounts for 85.07% of its metal resources.

Zijinshan Open Pit Copper Mine resources (cut-off grade 0.13%)

Mineral Resources				Ore Reserves						
Category	Ore Volume (Mt)	Grade (%)	Metal Volume (10Kt)	Category	Heap leaching (grade 0.13-0.3%)			Flotation (grade 0.3%)		
					Ore Volume (Mt)	Grade (%)	Metal Volume (10Kt)	Ore Volume (Mt)	Grade (%)	Metal Volume (10Kt)
Measured	130	0.49	63.7	Proved	69	0.21	14.49	83	0.57	47.31
Indicated	308	0.47	144.76	Probable	145	0.2	29	145	0.52	75.4
Total	438	0.48	208.46	Total	214	0.2	43.49	228	0.54	122.71

Note: as at 1 December 2011, the metal reserves of Zijinshan Copper Mine accounts for 79.73% of its metal resources.

2、Jilin Hunchun Xiaoxinancha Gold and Copper Mine
Jilin Hunchun Xiaoxinancha Gold and Copper Mine resources (cut-off grade equivalent to gold 0.45g/t)

Gold ore reserves

Mineral Resources				Ore Reserves			
Category	Ore Volume (Mt)	Gold grade(g/t)	Gold Metal Volume (t)	Category	Ore Volume (Mt)	Gold grade (g/t)	Gold Metal Volume (t)
Measured	59.9	0.45	26.96	Proved	43	0.49	21.07
Indicated	84.24	0.44	37.07	Probable	52	0.48	24.96
Total	144.14	0.44	64.03	Total	96	0.48	46.03

Copper ore reserves

Mineral Resources				Ore Reserves			
Category	Ore Volume (Mt)	Gold grade(g/t)	Gold Metal Volume (10t)	Category	Ore Volume (Mt)	Copper grade (%)	Copper Metal Volume (10Kt)
Measured	59.9	0.18	10.78	Proved	43	0.19	8.17
Indicated	84.24	0.17	14.32	Probable	52	0.18	9.36
Total	144.14	0.17	25.1	Total	96	0.18	17.53

Note: as at 1 December 2011, the gold metal reserves of Hunchun Xiaoxinancha Gold and Copper Mine accounts for 71.89% of its gold metal resources, the copper metal reserves accounts for 69.84% of its gold metal resources.

Equivalent to gold =Au(g/t)+2*Cu(%)

Signing person of NI 43-101 technical standards Mineral Resources Disclosure Report :

Serial No.	Name of Mine (Project)	Report No.	Person eligible to sign the report
1	Zijinshan Gold and Copper Mine	117641073-001-L-Rev0	Ross Bertinshaw
2	Hunchun Xiaoxinancha Gold and Copper Mine	117641073-031-L-Rev0	Ross Bertinshaw

Golder Associates Consulting Limited has not yet completed the verification of resources / reserves of all the Company's mines, the Company will base on the progress of resources verification to gradually disclose the amount of resources / reserves verified by NI43-101 technical standards until it is fully transited to the international standards, and disclose the amount of resources and reserves identified by domestic standards at the same time.

Strengthening of safety and environmental protection awareness; increase of investment in infrastructure

The Company profoundly learnt from the painful lessons of the "7.3", "9.21" incidents. Through the intensive development of the activities of "Environmental Safety Month", the strengthening of integrated and special inspection and focusing on the security risks rectification, and the significant enhancement of the intensity of awareness to safety and environmental protection and standardized management by different levels of management personnel and different owned enterprises, the basic work has been further strengthened. Through the increased investment, the comprehensive improvement of the fortification standards, and the improvement of infrastructure in relation to safety and environmental protection were achieved, and the overall situation regarding the safety and environmental protection is generally stable.

The reconstruction of Zijinshan Copper Mine hydro-metallurgical plant and the subsequent rectification of its main structure were basically completed. The Dadongbei mine tailings of Zijinshan Gold and Copper Mine, and the safety facilities of the joint development project were completed and examined by the organization of the State Administration of Work Safety. Zijinshan National Mine Park passed examination and duly opened with unveiling of monument, achieving organic unity of development, protection and utilization of mining resources.

The steady progress of merger and acquisition projects

During the reporting period, the Company achieved new and major breakthrough in merger and acquisition projects made by adhering to the general idea and requirements of "upholding the mining as the main business; gold-priority; mining of basic metals simultaneously; speeding up the process of internationalization".

In relation to the merger and acquisition projects of mining resources, 104 projects were carried out with screening, evaluation and investigation work. The new domestic projects include Lixian of Li County in Gansu Province and Jinshan gold mine, lead and zinc mines in Wuqia Huaxin of Xinjiang, gold mine in Ankang Liushuping of Shanxi Province, gold mine in Small River of Shanxi Province, silver multi-metals mine in Huakou of Sha county in Fujian, etc., acquisition of 45% interest in Gold Eagle Mining Investment Limited by entering agreement with Jinchuan Group Limited so as to jointly develop Tibet Xietongmen large-scale gold-copper mine. The overseas projects include successful acquisition of Taldy-Bulak Levoberejny Field (Zuoan Gold Mine) in Kyrgyz Republic, subscription of shares of Norton Gold from Australia to become the largest substantial shareholder of Norton Gold, subscription of further issued shares of CASA Minerals Ltd. and Equitas Resources Corp, etc., and the sale of convertible bonds issued by Glencore Finance (Europe) SA in appropriate time.

According to the principle of "Acquisition of large projects while leaving small ones", the Company disposed the projects such as Jiuzhaigou Zijin, Hunan Zijin, Qiubeiyun Copper, etc. and de-registered companies such as Heilongjiang Zijin Investment, Malipo Jinhui, Xinjiang Jinhui so as to increase the Company's assets and promote the quality of mining rights of the Company.

Key projects in an orderly manner

200,000 tonnes of copper refinery project was in pilot production by the end of 2011. Mongolia Tianhong Narentaolegai Gold Mine shall become the second foreign production project after ZGC project. The project of comprehensive

utilization of resources in Qinghai Zijin handling 300,000 tonnes of tailings (pyrite) was completed and put into production. The following projects were basically completed: Zijinshan Dalongli copper mine flotation project, Wengfu Zijin phosphorus chemical project, ZGC Taror gold oxide ore 2,000 t / day technical transformation projects, Xinjiang Wulagun lead and zinc project, Inner Mongolia Bayanhaer gold mine, etc. The following projects were expected to be completed in the first half of 2012: Heilungjiang Duobaoshan Copper Mine project, Xinjiang Kuitun tailing resources comprehensive utilization project, Guizhou Zijin Zhenfeng Refinery plant, Henan Luoning Zijin Gold Refinery Plant, etc. The completion of the above projects provides an effective guarantee for the Company's production and operation scale and growth of economic benefits in 2012.

The Group has achieved great progress for the following major construction (technological transformation) projects: Russia Tuva Zinc and multi-metals mine project, Inner Mongolia Sanguikou Zinc and Lead Mine project, Taipingdong Gold Mine, Changtian Gold Mine, Zijinshan Copper Mine hydro-metallurgical plant, etc. most of these projects will start production by the end of 2012; construction for Gansu Yate 6,000 tonnes / day selection project was commenced; the preliminary work for Xinjiang Jinneng Company's integration of coal and electricity project achieved a great progress; overall development plan of Zijinshan Copper Mine was officially launched; and editing of the internal planning (draft) was completed.

Achieving breakthrough with innovative financing

During the reporting period, due to adjustments to national monetary and credit policy, the Company made a comprehensive analysis on the situation in the domestic and international capital markets and bank financing products, further strengthened communication and coordination with banks to find out some innovative financing channels and tools, opened up financing of gold leasing business and issued US bonds overseas to provide reliable and low-cost funding security for the production and operation.

As non-bank financial institution for the Group, Zijin financial companies have gradually developed several businesses like RMB deposits and loans, insurance agents, billss, investment and wealth management etc., realized the goal to centralize the funds management of the Group to solve part of the financing needs of other affiliates, reduced the Group's financing costs and use financial companies as the platform to settle payment to strengthen the supervision of the Group's funds, and generated a good return on more than RMB100 million profit in total.

Investment in Scientific Research and Improvement of Science and Technology

During the reporting period, the Group invested RMB0.16 billion in scientific research. The Company insisted the principle to have scientific research guiding the production, and actively carry out the production and application of technological research and on-site technical service, develop key technologies for future development, conduct fundamental research for common industrial technology to provide the Group with an important technical support for sustainable development.

The "State's Key Laboratory of integrated usage of low-grade refractory gold ore" being the first State Key Laboratory among the gold industry in China, has officially been licensed to run; "Zijinshan Copper, Gold and Non-ferrous Metals Integrated Utilization Project" was officially approved by the State Ministry of Land and Resources and the Ministry of Finance, it was also the first batch to be selected as the demonstration base for national mineral resources comprehensive utilization; the Company's technology center got high scores in the evaluation from the National Development and Reform Commission; silver bullion with the brand of "Zijin" was approved through publicity to be the goods with famous brand of Fujian Province; Zijin Geology and Mineral Resources Museum was rated as land resource science base of national level; the "sulfur dioxide absorption method for removing and recycling of ionic liquid circulating in the flue gas technology", which is jointly invented by Bayannaer Zijin and other units, obtained the first prize of the China Non-ferrous Metals Industrial Science and Technology.

The Company actively applied and reported various kinds of scientific and technological projects and innovation results, obtaining 14 achievements from various kinds of scientific and technological awards and 13 authorized patents (including 7 invention patents and 6 utility patents) in 2011, "A bio-metallurgical process in use in the production of iron vitriol iron balance" was approved by the international Patent Cooperation Treaty (PCT), being the first successful foreign patent application of the Group.

Strengthening internal control, standardizing and putting corporate operation in order

Being the first listed company in Fujian Province to officially implement evaluation of internal control comprehensively in 2011, the Company fully promoted the establishment of internal control system and internal control evaluation work. Pursuant to the relevant laws and regulations, the Company has combined its characteristics, major businesses and actual operations of the industry, kept improving the Company's internal control system, raised the management level of

the Group, level of operation and management and risk prevention capacity, and promoted the Company's standardized operation and a healthy and sustainable development.

The Company continues to deepen the set up of three-level management and control system “Headquarters - Regional companies – subsidiaries”, formulate (amend) 40 items of various management policies, and further adjust and standardize the management hierarchy and authorities of the headquarters, regional companies and subsidiaries.

Fulfilling social responsibilities actively

The Group and its subsidiaries put more efforts in fulfilling social responsibilities. The entire Group donated a total of RMB274.75 million in 2011(included the registration fund of Zijin Mining Charity Fund). The Company contributed financially to set up the “Living Allowance Scheme for the Elderly Aged over 80 and Orphans in Shanghang County”, which was awarded the top prize, China Charity Award, in the field of charity in China. Xinjiang Ashele jointly invested approximately RMB60 million in the construction of Xinjiang Buerjin County Yelaman dam project, and specifically sponsored charity activities such as “Qiaoxin Guangming Wanliqing Fujian Walk • Longyan Station”. The application of Zijin Mining Charitable Foundation was reviewed by the Ministry of Civil Affairs of the People’s Republic of China and entered into the approval stage.

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Group hereby reports the discussion and analysis of 2011 operating results.

Operating Results

During the reporting period, the management of the Company implemented comprehensively and intensively the resolutions in the general meeting and the meeting of board of directors, carefully organized the production. The Group recorded sales income of RMB39,764,000,000 in the year, representing an increase of 39.33% over the previous year (2010: RMB28,540,000,000).

The table below sets out the sales by products for the two years ended 31 December 2010 and 2011:

Item	2011 (Jan – Dec)					2010 (Jan – Dec)				
	Unit price (excluded tax)		Volume		Amount (RMB'000)	Unit price (excluded tax)		Volume		Amount (RMB'000)
Mine-produced gold bullion	327.28	RMB/g	20,912	kg	6,844,180	264.31	RMB/g	21,367	kg	5,647,730
Mine-produced gold concentrates	291.13	RMB/g	7,786	kg	2,266,840	230.04	RMB/g	8,063	kg	1,854,740
Refinery, processed and trading gold	335.92	RMB/g	56,815	kg	19,085,510	267.05	RMB/g	40,013	kg	10,685,390
Copper concentrates	49,172	RMB/t	82,680	t	4,065,550	43,152	RMB/t	81,279	t	3,507,380
Mine-produced copper cathodes	55,235	RMB/t	4,217	t	232,930	48,105	RMB/t	8,523	t	409,980
Zinc bullion	14,482	RMB/t	186,841	t	2,705,760	15,039	RMB/t	180,780	t	2,718,810
Zinc concentrates	8,923	RMB/t	35,632	t	317,950	9,108	RMB/t	38,107	t	347,070
Iron concentrates	693	RMB/t	1.88	Mt	1,304,390	600	RMB/t	1.65	Mt	993,210
Others					5,256,280					3,896,430
Less: Internal sales					-2,315,470					-1,521,160
Total					39,763,920					28,539,580

* The sales figures are before elimination of internal sales.

Note:

1. The other sales include: RMB855,000,000 income from copper pipe, RMB691,000,000 income from copper belts, RMB742,000,000 income from tungsten products, RMB741,000,000 income from silver products, and RMB2,227,000,000 income from other products, intermediate services and other services.

The Group's 2011 sales revenue increased sharply compared with last year because: (1) The price of the Company's main products increased sharply over the last year: the prices of gold, mine-produced copper, iron concentrates increased by 25.90%, 13.40%, and 15.50% respectively. Approximately RMB3,020,000,000 (before elimination) increase of sales revenue was attributed to the changes of mineral products' prices while approximately RMB4,112,000,000 (before elimination) increase of sales revenue was attributed to the changes in refinery and processed products' prices. (2) The sales volume of refinery and processed products increased sharply. Approximately RMB5,097,000,000 (before elimination) increase of sales revenue was attributed to the increased sales volume of refinery and processed products.

An Analysis of Gross Profit and Gross Profit Margin

The Group is mainly engaged in mine development. The Group's cost of sales mainly includes mining, processing and refining costs, ore transportation cost, raw materials consumption, salaries and depreciation of fixed assets employed for production. The table below sets out the details of the unit cost of sales and gross profit margin for the two years ended 31 December 2010 and 2011.

Item	Unit cost of sales				Gross Profit Margin (%)		
	2011	2010	Unit	Compared with same period last year %	2011	2010	Increase/ (Decrease) (%)
Mine-produced gold bullion	77.88	67.44	RMB/g	15.48	76.20	74.48	1.72
Mine-produced gold concentrates	109.53	90.64	RMB/g	20.84	62.38	60.60	1.78
Refinery, processed and trading gold	334.32	264.78	RMB/g	26.26	0.48	0.85	-0.37
Copper concentrates	11,524	10,865	RMB/t	6.06	76.56	74.82	1.74
Mine-produced copper cathodes	48,503	28,380	RMB/t	70.90	12.19	41.00	-28.81
Zinc bullion	14,695	14,094	RMB/t	4.26	-1.48	6.28	-7.76
Zinc concentrates	2,758	3,196	RMB/t	-13.68	69.09	64.91	4.18
Iron concentrates	212	175	RMB/t	21.51	69.37	70.91	-1.54
Overall					30.75	35.75	-5.00
Overall (refinery and processing enterprises excluded)					72.69	71.22	1.47

The Group's overall gross profit margin was 30.75%, representing a decrease of 5.00% over last year. The overall gross profit margin (excluding processed and refined products) was 72.69%, representing an increase of 1.47% over last year. The product price increase was the main reason for the increase in the gross profit margin (excluding refinery and processing enterprises).

Detailed analysis as follow:

During the reporting period, due to the effect of substantial growth in refinery products, increased investment in safety

and environmental protection and the inflation, the increase in prices of main raw and auxiliary materials, increase in labor cost, increase in processing volume of low-grade ores by individual enterprises, the increase in ore stripping ratio and the decrease in production volume as a result of downtime overhaul, the unit selling costs of mine-produced gold bullion, mine-produced gold concentrates, copper concentrates and iron concentrates increased by 15.48%, 20.84%, 6.06% and 21.51% respectively compared to last year. However, the selling prices of our major products have large increase over last year. The selling prices of gold, mine-produced copper and iron concentrates increased by 25.9%, 13.4%, and 15.50% respectively over last year. The gross profit increased by RMB2.025 billion compared to last year. The increase in the prices of mine products contributed to the increase in gross profits by around RMB3.02 billion. The decrease in the sales volumes of mine products contributed to the decrease in gross profits by RMB51 million, the increase in the unit costs of mine products contributed to the reduction in gross profits by around RMB737 million and the processed and refined products resulted in a decrease of gross profits by around RMB171 million. The unrealized profit from the elimination of internal sales was RMB36 million.

Selling Expenses

During the reporting period, the Group's selling expenses have decreased by 7.58% over last year to RMB433,260,000 in 2011 (2010: RMB468,770,000). The decrease was mainly attributable to the adjustment in the way of selling by a subsidiary of the Company, Xinjiang Jinbao, in 2011 such that increasing the short-haul sales and reducing the long-distance traffic, thus reducing transportation costs.

Administrative Expenses

During the reporting period, the Group's administrative expenses in 2011 amounted to RMB1,609,340,000 which represented an increase of 18.16% over last year (2010: RMB1,362,040,000). The increase was mainly attributable to (1) the increase in processing of ores volume which led to significant increase in resources compensation fees and other payable fees; (2) the significant increase in staff costs; (3) increase in depreciation expenses; and (4) the relative increases in travelling expenses, office expenses, business entertainment expenses, utilities expenses, vehicles costs, and other expenses due to the increase in general price level. The uncontrollable expenses such as salaries and welfare, depreciation, and levies constituted 73% of the expenses growth.

Financial Expenses

During the reporting period, the Group's total financial expenses was RMB496,400,000 representing an increase of 160.19% over last year (2010: RMB190,780,000). It was mainly due to the Group's demand on capital increased during the reporting period, the Company issued US\$0.48 billion of bonds overseas. The increase in finance cost was mainly attributable to the commencement of gold leasing business and increase loan amount from banks.

Assets Impairment Losses

During the reporting period, the Group's assets impairment losses were RMB202,880,000 (2010: RMB175,690,000), in which, RMB84,405,000 was provided for assets impairment loss in intangible assets, RMB44,320,000 was provided for impairment loss in goodwill; RMB71,810,000 was provided for loss in stock valuation; and RMB1,590,000 was provided for fixed assets impairment loss.

Gain/Loss on Changes in Fair Value

During the reporting period, the Group's loss on changes in fair value was RMB57,130,000 representing an decrease of RMB164,460,000 over last year (2010: gain RMB107,330,000). It was mainly due to the increase in floating loss in shares investment of the Group this year.

Derivative Financial Instruments

The settled portion:

During the reporting period, the Group's profit in relation to hedging business was RMB9.42 million.

In subsidiary's level: When dealing with the spot price for the customers purchasing raw materials, Luoyang Yinhuai Gold Refinery Company Limited hedged the price risk by entering forward contracts and locked the price in advance. When the finished goods were completed for sale, due to the fluctuation of the selling price, Luoyang Yinhuai realized a gain of RMB30.13 million on the spot sales and a loss of RMB28.34 million on the forward contracts; certain subsidiaries recorded a loss such as Jinyi Copper on the forward contracts of RMB11.21 million.

In summary of the above, the loss realized on the future contracts was RMB30.36 million (2010: loss of RMB41.36 million). The loss on the actual arbitrage business was RMB230,000.

The open position:

As at 31 December 2011, the Group's gold future contract position was 25kg and copper future contract position was 13,180 tonnes. The recognized but unrealized gain was RMB10,579,071 in total (2010: loss of RMB2,321,910).

Donation and Social Responsibility

During the reporting period, the Group donated RMB274,750,000 (included the registration fund of Zijin Mining Charity Fund), which included the Company's donation of RMB202,970,000, Malipo Zijin Tungsten's donation of RMB20,380,000, Hunchun Zijin's donation of RMB15,710,000, Xinjiang Ashele Copper's donation of RMB 12,240,000, Guizhou Zijin's donation of RMB7,200,000, Chongli Zijin's donation of RMB6,020,000 and other enterprises' donation of RMB10,230,000.

Working Capital and Capital Sources

As at 31 December 2011, the Group's cash and cash equivalents amounted to RMB4,917,190,000 representing an increase of RMB1,125,720,000, or 29.69% over the previous year (2010: RMB3,791,470,000).

During the year, net cash inflow generated from the Group's operating activities amounted to RMB6,390,180,000, representing an increase of RMB469,820,000 or 7.94% over the previous year (2010: RMB5,920,360,000). The main reason for the increase in the cash-flow generated from the Group's operating activities was the increase in income from major products due to the significant increase in product prices and production volume.

During the year, the net cash outflow from the Group's investing activities amounted to RMB7,704,360,000, representing an increase of RMB1,412,710,000 or 22.45% over the previous year (2010: RMB6,291,650,000). The increase in the net cash outflow was mainly attributable to construction of certain projects (e.g. 200,000 tonnes copper smelting plant) entering into its peak time. It also led to a substantial increase in construction in progress and fixed assets investment. The increase capital used was mainly attributable to more project acquisitions in the reporting period.

During the year, net cash inflow from the Group's financing activities amounted to RMB2,532,970,000, representing an increase of RMB1,347,810,000 (2010: cash outflow of RMB1,185,160,000) which was mainly due to the issue of US\$0.48 billion bonds and usage of gold leasing as a financial tool.

As at 31 December 2011, the Group's total bank borrowings amounted to RMB6,349,030,000 (as at 31 December 2010: RMB7,339,700,000) of which the amount repayable within one year was approximately RMB3,988,320,000, the amount repayable within one to five years was approximately RMB763,480,000, over five years was RMB1,597,230,000. All the bank borrowings bore interest rates between 2.9% to 7.61% (2010: 2.29% to 6.89%).

The Group has sufficient daily cash flow and possessed a substantial amount of uncommitted loan facilities provided by its major banks that can meet the need for its daily operations and investments.

Key financial data of the Group

(1) Table of major business by products

Currency : RMB'000

product	Sales income	Operation cost	Gross profit margin (%)	Sales income compared with last year (%)	Operation cost compared with last year (%)	Gross profit margin compared with last year (%)
By product						
Mine-produced gold bullion	6,844,180	1,628,660	76.20	21.18	13.02	1.72
Mine-produced gold concentrates	2,266,840	852,850	62.38	22.22	16.70	1.78
Refinery, processed and trading gold	19,085,510	18,994,200	0.48	78.61	79.28	-0.37
Copper concentrates	4,065,550	952,770	76.56	15.91	7.89	1.74
Mine-produced copper cathodes	232,930	204,540	12.19	-43.18	-15.43	-28.81

Zinc bullion	2,705,760	2,745,680	-1.48	-0.48	7.76	-7.76
Zinc concentrates	317,950	98,290	69.09	-8.39	-19.29	4.18
Iron concentrates	1,304,390	399,550	69.37	31.33	38.28	-1.54
Others	5,256,280	3,868,390	26.40	34.90	31.69	1.79
Offsetting internal sales	-2,315,470	-2,208,380				
Total	39,763,920	27,536,540	30.75	39.33	50.17	-5.00

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

(2) Regional information of the main business

Business of the Company is mainly concentrated in the mainland, and the transactions of gold products, the Group's main product, were conducted and settled through the Shanghai Gold Exchange, information about the ultimate customers is unknown. Therefore, geographical segment information was not disclosed.

(3) Information of major suppliers and customers

The Group's total purchases from the five largest suppliers amounted to RMB4,490.61 million, representing 17.79% of the total purchases of the Group in 2011.

The Group's total sales income from the five largest customers amounted to RMB26,947.47 million, representing 67.76% of the total income of the Group in 2011.

Gearing Ratio

Gearing ratio is defined the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2011, the Group's consolidated total liabilities was RMB22,187,522,375 (it was RMB12,372,561,976 as at 31 December 2010), and the Group's consolidated total equity was RMB30,132,676,957 (it was RMB26,028,670,830 as at 31 December 2010). As at 31 December 2011, the Group's gearing ratio was 0.736 (it was 0.475 as at 31 December 2010).

Profits Attributable to Shareholders of the Parent and Earnings per Share

The Group's profits attributable to shareholders of the parent as at 31 December 2011 was approximately RMB5,712,569,100, representing an increase of 18.32% over approximately RMB4,827,916,726 in 2010.

For the year ended 31 December 2011, the Group's earnings per share (basic) was RMB0.26, representing an increase of 18.18% over the previous year. (The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB5,712,569,100 (2010: RMB4,827,916,726) and the number of 21,811,963,650 ordinary shares (2010: 21,811,963,650 shares) in issue during the year.)

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	863,644.00	9,568,596.80	238,363.40 (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	863,644.00	9,568,596.80	238,363.40(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 31 December 2011, the Company has used an accumulated amount of RMB9,568,596,800. The unused net proceeds in the amount of RMB238,363,400 (interest income excluded) is deposited in a specific bank account for the raised proceeds or in time deposit accounts of the Company.

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 not meeting the expected progress and gains	Reasons for amendments and procedure for change of use of proceeds
1.Zijinshan Gold and Copper Mine joint open pit mining project	No	1,522,526.80	1,524,113.20	Yes	Construction basically completed		Year of 2011: Production of gold of 16,165.13kg , recovering copper of 1,409.88 tonnes , copper concentrates containing copper of 7,494.22tonnes, realized net profit of RMB2.75192 billion (including the production capacity before technological innovation)	Yes		
2.Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500.00	457,380.40	Yes	Construction completed and commenced production		Year of 2011: production of gold of 2,334.51kg , copper of 9,048.91tonnes , realized net profit of RMB527.41 million(including the production capacity before technological innovation)	Yes		
3.200 tonnes daily refractory gold processing and refining project	No	198,094.00	198,094.00	Yes	Construction completed and commenced production		Year of 2011: production of processed gold of 4,073.06kg, silver of 26,972.95kg, realized net profit of RMB38.3122 million	Yes		
4.Mining resources exploration project	Yes	17,067.60	17,067.60							
5.Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project	No	196,800.00	196,800.00	Yes	Acquisition completed					
6.Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals plc project in the United Kingdom	No	603,000.00	603,000.00	Yes	Acquisition completed					
7.Acquisition and development of	Yes	763,629.70	763,706.90	Yes	Acquisition completed,		Acquisition completed, under			

the ZGC Gold Mine in Tajikistan					under development and construction		development and construction, year of 2011: production of gold of 1,329.2kg , realized net profit of RMB103.3212 million			
8.Acquisition of 70% interest in Zijin Longxing (owned the mining rights of Kuton Lead, Zinc and Multi-metals Mine in Tuva Republic of Russia)	No	271,600.00	271,600.00	Yes	Acquisition completed		Under development and construction			
9.Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project	Yes	342,105.10	255,427.90	Yes	Project construction basically completed, entering into pilot production					
10.200,000 tonnes/year copper refinery project of Zijin Copper Co., Ltd.	Yes	807,835.40	513,406.80	Yes	Project construction basically completed, entering into pilot production					
11.Supplemental working capital	Yes	4,768,000.00	4,768,000.00							
Total	/	9,952,158.60	9,568,596.80	/	/		/	/	/	/

Notes:

- 1.The gains in projects no. 4, 5, 6, and 8 could not be separately measured in a short-term, in which projects no. 5, 6, and 8 were involved in mines acquisition. The resources reserve and core competitive strength of the Company have been enhanced after the completion of these acquisitions and it will benefit the Company in a long-run.
- 2.For the details of the use of proceeds, please refer to the specific report.

Status of change of use of proceeds

RMB'000

Name of new project	Corresponding original project	Proposed investment	Actual investment	On Schedule	Expected gains	Gains	Progress	Expected gains achieved	Explanation of projects not meeting the expected progress and gains
Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project	Mining resources exploration project	342,105.10	255,427.90	Yes	—	Project construction basically completed, entering into pilot production			
200,000 tonnes/year copper refinery project of Zijin Copper Co., Ltd.	Acquisition and development of the ZGC Gold Mine in Tajikistan and supplemental working capital	807,835.40	513,406.80	Yes	—	Project construction basically completed, entering into pilot production			
Total	/	1,149,940.50	768,834.70	/		/	/	/	/

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 the investment returns accurately. As

approved by 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 (refer to the circular dated 3 November 2010 for details).

Due to the overseas logistic supply difficulty problem, the development project of the Tajikistan ZGC Gold Mine was delayed. To improve the efficiency in using the proceeds, according to the proceeds management and with the approval of the general meeting of shareholders in 2010, the unused proceeds of RMB552.5272 million (interest included) for "Acquisition and development of the ZGC Gold Mine in Tajikistan" will be injected in "200,000 tonnes/year copper refinery Project of Zijin Copper Co., Ltd."; and the unused proceeds of RMB255.3082 million from supplemental working capital (interest included) will also be injected in "200,000 tonnes/year copper refinery Project of Zijin Copper Co., Ltd.". This change has been announced in accordance with the listing rules (refer to the notice of 2010 annual general meeting dated 13 April 2011 for details).

PROSPECTS

Business Environment

2012 is a crucial year which the Group implemented the Twelfth Five-year Plan and a new round of entrepreneurship. Under the influence of the uncertainty in the international economy, managed low growing speed in the domestic economy, the appropriate tight monetary policy and many other factors, the economic situation will become more complicated in 2012, the demand for basic metals and gold is facing greater pressure. It is expected that the prices of basic metals will fluctuate with a downward trend.

Business Objectives

Thoroughly implement the concept of scientific development, strengthen the safety and environmental protection, corporate governance and enhance the nurture of technological innovation capability, speed up construction of projects, mergers and acquisitions of resources, and the pace of internationalization, improve and enhance the corporate image to enhance the ability for the enterprise's economic growth and the growth of capability of sustainable development.

In 2012, the Group plans to produce gold of approximately 30 tonnes from mines; copper of approximately 100,000 tonnes from mines, silver of approximately 125 tonnes from mines, zinc of approximately 42,000 tonnes from mines, iron concentrates (containing iron calcine) of approximately 1.96 million tonnes; processed gold of approximately 50 tonnes, refinery silver of approximately 96.3 tonnes, refinery copper of approximately 124,800 tonnes, refinery zinc bullion of approximately 200,000 tonnes.

Please note that the said plan was made on the basis of the current economic situation, market situation and the existing conditions of the Company. The Board may, pursuant to circumstances, vary the production plan.

Business Strategies

I. Production and Operation

1. Ensure the Production and Environmental Safety

The Group will continue to fully adopt the strategy of "setting safety and environmental protection as the agenda of the highest priority; taking preventive measures, and using integrated management". All companies within the Group must be aware of setting up safety and environmental protection measures and operating in accordance with the law. In accordance with the requirements of national laws and regulations and industry standards, all companies should perfect the corporate safety and environmental responsibility policy, the safety and environmental regulations, safety operating procedures for different job positions and the contingency plans. All companies should also standardize the safety and environmental protection behavior for the corporate's production and construction.

The Group will also continue to increase efforts on the inspection of safety and environmental protection and on heavy metal pollution prevention, enhance troubleshooting, management and accident prevention, and strengthen regulatory for the tailing dam, dump and other highly hazardous facilities.

2. Save the costs through production skills and economic indicators management

Extensively carry out mass technological innovation activities to increase revenue and save costs and energy; strengthen the infrastructure of the enterprises comprehensively and strengthen the capital budget and cash flow management; improve the management of the production skills and economic indicators, and perfect the recording keeping for all the relevant indication date.

Strengthen the market analysis and forecasting works, refinery and processing enterprises should make full use of hedging to fix the prices of raw materials and products, carry out meticulous management, strengthen market development, and enhance cost management and implement the economic responsibility system, carry out metal balance work and strictly control the inventory, and accelerate cash flow.

3. Increase production volume and reach the production capacity

Zijinshan Gold and Copper Mine continues to serve as the Group's profit center, production of gold remained stable, the Company will strive for the resumption of copper production in second half year; for production and profit-making companies such as Xinjiang Ashele, they put efforts to increase productivity and production volume through technological innovation and strengthen management in the premise of ensuring safety and environmental protection and stable production; more efforts will be put in Qinghai Zijin circular economy project (finished construction and in pilot production), and 200,000 tonnes copper refinery project to improve their production flow and reach its production capacity, realise the commencement of production in Duobaoshan copper mine in Heilongjiang as soon as possible.

II. Mergers and Acquisitions, Exploration of Resources, and Construction of Projects

1. Internationalisation as the main direction to strive for achieving new breakthroughs in significant mergers and acquisitions of resources projects

Insist to choose internationalisation as the strategy focus for a new round of venture, seize possible market opportunities in 2012, concentrate the Group's strength and strive to achieve the acquisition of significant resources projects which is influential to the Group to increase the resources reserves and production capacity scale of the Group substantially.

Comprehensively summarize the experience and lessons learnt from mergers and acquisitions, operations and construction of the overseas projects, accelerate the introduction of high-quality international project management talents and the localization process of offshore project management staff, actively promote the Group's overseas personnel training base and the establishment of overseas capital platform, explore overseas mine management model which is practically suitable for the Group, improve the level of the operation of multinational companies.

2. Further increase the investment in geological exploration, strive for progress in searching for mines and increase reserves

Actively strengthen the exploration efforts in surrounding area of Xinjiang Ashele, anticline of Guizhou Huijiabao, Henan Luoning, Yunnan Honghezhou, Wenshanzhou, Shangri-la region, ensure that the Zijinshan Gold and Copper Mine and its surrounding area are included in the list of national exploration projects; highly concern and increase the new exploration area, new acquisitions projects and the exploration efforts in surrounding, and deepen area of existing producing mines; strengthen foreign project selection, and strive to achieve substantial breakthroughs and progress for foreign risk exploration work.

3. Enhance the level of construction project management, accelerate the pace of construction of projects

Set the goal to put Duobaoshan Copper Mine, Bayanhaer Gold Mine, Wulagen Zinc and Lead Mine, Zijinshan Copper Mine Dalongli Floatation Plant, Wengfu Zijin Phosphorous Chemical, Luoning Zijin Refinery Plant and Zhenfeng Refinery Plant into trial production in the first half of the year; ensure to put Tuva Lead-Zinc Mine, Sanguikou Lead-Zinc Mine, the transformation of ZGC Taror oxidized ore dressing plant, the Kuitun Tongguan tailings comprehensive utilization of circular economy projects into production in the second half of the year.

To accelerate integration efforts for Gansu Yate Gold Mine and the new merger and acquisition project of Long Jin and Long Ao, speed up the construction of mineral processing systems, and accelerate the pace of project constructions such as the Guizhou Changtian Gold Mine, Taipingdong Gold Mine, technological transformation of Yunnan Yuanyang Gold Mine; obtain relevant necessary licenses of several projects such as the Kyrgyzstan Zuoan Gold Mine, Hunchun Zijin technological transformation project, Lianchenggutian Copper and Molybdenum Mine, Yunnan Lannitang Copper Mine, integration of coal and electricity in Xinjiang, and Tibet Xietongmen Copper Mine, to strive for starting the construction as early as possible.

Complete the overall development of Zijinshan Copper Mine and the overall planning and project design of the establishment of Zijinshan national comprehensive utilization of mineral resources demonstration base with high standards and high quality; start the major construction projects for a new phase of business development.

III. Scientific Research

Following the Group's development strategy to increase the investment in construction of scientific research platform, based on the construction of State's Key Laboratory to adhere to the production of applied research, mainly focus on the development and breakthroughs in the key technologies with common or guiding nature, make important progress in integrated usage of low-grade refractory gold ore, strive to realize industrial breakthroughs in the complex high-arsenic ore pressure leaching, gold mine of high-copper oxide ammonia cyanide leaching, integrated mine drainage treatment etc.

IV. Regulated Operation and Human Resources Work

Further improve the group management system of the basic framework of the three-level hierarchy control.

Continue to deepen and strengthen internal control, further improve the organizational structure of the internal control system, improve the Group's management system of internal control evaluation on project and working standards, and continuously expand the scope of internal control evaluation, specify internal control evaluation work to ensure internal control is running effectively.

Continue to put efforts in the recruitment of high caliber personnel in management, technical and international business fields, further execute and implement "high pay for elites" policy with "human orientation" management concept.

V. Corporate Social Responsibility

Further improve the positioning of corporate social responsibility, fix the dual goals of enterprise development and community service, pay attention to and strengthen the community work, provide much support to the project site, in particular to its surrounding countryside, work hard to build a relaxing and harmonious environment for corporate development.

Continue to handle the aftermath and coordinating work for the litigation and claims of Xinyi Zijin "9.21" incident, bear the responsibility according to law while safeguard the enterprises' and shareholder's legitimate rights and interests, strive for an objective, fair and reasonable solution as early as possible.

Future capital need and usage plan and sources of fund

In accordance with the Company's initial plan, it is expected that the Company might invest approximately RMB6.5 billion in project construction and technology innovation, approximately RMB0.4 billion in geological exploration; approximately RMB5.5 billion (rough estimation with uncertainty) in external capital investment such as mining rights investment and equity holdings investment in 2012. All the above capital expenditure will be financed by the Group's available cash, bank loans and other feasible financing methods.

SUPPLEMENTAL INFORMATION

Major litigation and arbitration

Unit: Yuan Currency: RMB

Plaintiff (s)	Defendants	Jointly and severally liable parties	Type of proceedings (arbitration)	Basic information of proceedings (arbitration)	Amount involved in proceedings (arbitration)	Progress of proceedings (arbitration)	Hearing results and impacts of proceedings (arbitration)	Execution progress of verdict (arbitration)
Longyan City Xinluo District People's Procuratorate	Zijinshan Gold and Copper Mine	No	Criminal	"7.3" Zijinshan Copper Mine hydro-metallurgical plant environmental	A fine of RMB30 million (including administrative fine) as a result of the judgment of the first	Fujian Province Longyan City Middle	Zijinshan Gold and Copper Mine of Zijin Mining Group Co., Ltd.* was sentenced to	Executed

				incident, Zijinshan Gold and Copper Mine and other five individual defendants have been sued by prosecutor for committing substantial environmental pollution offence	trial	People's Court has completed the hearing	have committed a substantial environmental pollution offence and has been sentenced to pay a fine in the sum of RMB30 million (including administrative fine).	
Guangdong Province Xinyi City People's Government	Xinyi Zijin, Xinyi Baoyuan	No	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflow 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 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 and 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 overflow and broke, caused 5 deaths in Datong Village downstream and the collapse of Shihuadi power plant caused 17 deaths in Shuanghe Village. Villagers commenced personal injury proceedings in December 2010.	Originally claimed RMB11,678,317.33 as compensation, changed to RMB12,674,539 later	Under the auspices of the court, Xinyi Zijin reached a mediation agreement with the plaintiffs in December 2011 and March 2012 respectively	Xinyi Zijin paid RMB7,928,800.68 in total to the plaintiffs for compensation, bore the litigation costs of RMB101,207. Also, Fujian Shanghang Charity Federation donated RMB4,745,739 to Qianpai Town, Xinyi City for giving financial assistance to the victims' families of the 15 cases in Shuanghe Village.	
Villagers of Qianpai Town, and Qingyuan water supply plant in Xinyi City (Total 2,478 cases)	Xinyi Zijin, Xinyi Baoyuan, Zijin Mining	Engineering, Design, Construction, and Supervision unites as defendants, in latest 2,000 lawsuits, Xinyi City Shihuadi power plant and its 13 partners have been joined as additional defendants	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 in 2011.	Originally claimed RMB311,929,227 as compensation f, changed to RMB371,419,020.29 later	Case is in progress		

Shihuadi power plant	Xinyi Zijin, Xinyi Baoyuan, Zijin Mining	units: Engineering, Design, Construction, Supervision	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflowed and broke, plaintiff claimed that the collapse of tailing pool dam caused the collapse of the power plant dam and claimed for property damage	Claimed RMB13 million	Case is in progress		
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Appointment and Dismissal of Auditors

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 audited by local accounting firms according to local auditing standards. In order to reduce the 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”.

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).”

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.

In June 2011 and July 2011, the Company’s wholly owned subsidiary, Zijin International Finance Co., Ltd., (“Zijin Finance”) as the issuer, has offered US\$480,000,000 in aggregate principal amount of 4.25 per cent. credit enhanced bonds due 2016 to institutional and professional investors outside of the United States pursuant to Regulation S under the U.S. Securities Act. The bonds are backed by a standby letter of credit issued by Bank of China, Paris Branch. The bonds issue has been completed on 27 July 2011. The issue of the bonds is mainly used for purchase of copper concentrates and other overseas operations.

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 have 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.

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, 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 be available in the market on 25 April 2011.

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 2nd year realized distributable profit) \div 3 \times 60%. The cash dividends distribution proposal in 2010: based on the total share of 14,541,309,100 as at 31 December 2010, to distribute cash dividend of 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.

Annual General Meeting

The Group's annual general meeting for year 2010 was held on 30 May 2011, considered and passed the following matters had been considered and approved: Proposal for amendments of articles of association; Proposal of issuing bonds overseas by the Company through a domestic company's wholly-owned overseas subsidiary; Proposal of conversion of capital reserve to paid-up shares; The directors' report for year 2010; Report of the Independent Directors for year 2010; Report of Supervisory Committee for year 2010; Consolidated audited financial statements for year 2010; Company's 2010 annual report and its summary; The profit distribution proposal for year 2010; The remunerations of the executive directors and the chairman of supervisory committee for 2010; Proposal of non re-appointment of international auditors — Ernst & Young and appoint Ernst & Young Hua Ming to audit the Company's financial statements 2011 and the Board of Directors was authorised to determine their remuneration; and Proposal of usage change of part of proceeds.

Post Balance Sheet Event

The First Extraordinary General Meeting in 2012 (the "EGM") of the Company was convened on 22 March 2012, poll voting was taken in accordance with the Company's articles of association and the following ordinary resolutions were duly approved by the shareholders attending the EGM as follows:

1. to consider, approve and ratify the proposal of providing internal guarantee and external loan financing to Ding Jin Limited; and to authorise the Board to deal with on behalf of the Company the contract signing, application, approval, registration, filing procedures and other related matters arising from the financing arrangement;
2. to consider, approve and ratify the proposal of providing internal guarantee and external loan financing to Thrive Build Investments Limited; and to authorise the Board to deal with on behalf of the Company the contract signing, application, approval, registration, filing procedures and other related matters arising from the financing arrangement; and
3. to consider, approve and ratify the proposal of providing internal guarantee and external loan financing to the Company's overseas subsidiaries; and to authorise the Board to deal with on behalf of the Company the contract signing, application, approval, registration, filing procedures and other related matters arising from the financing arrangement. This authorization is valid from date of the approval of this proposal at the general meeting to the date of annual general meeting 2012 to be convened in 2013.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities as at 31 December 2011.

Corporate Governance

The Corporate Governance Report of the Company will be included in its 2011 Annual Report. The Audit Committee of the Board held a meeting on 27 March 2012 for the purpose of reviewing the annual report of the Group and providing advice and recommendations to the Board. The Board acknowledges that as at 31 December 2011, the Company has complied with the Code on Corporate Governance Practices without deviations.

This announcement is published 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, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mister. Peng Jiaqing as non-executive director, and Messrs. Su Congfu, Chen Yuchuan, Lin Yongjing, and Wang Xiaojun as independent non-executive directors.

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

Fujian, the PRC, 28 March 2012

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