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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

ANNOUNCEMENT

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED

30 JUNE 2012

The board of directors (the "Board") of Zijin Mining Group Co., Ltd.* (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 (the "reporting period"). This announcement has been reviewed and passed by the Board and the audit committee.

The following unaudited consolidated financial information was prepared in accordance with China Accounting Standards for Business Enterprises ("CAS") and the related laws and regulations.

On 5 May 2011, the Company sold all the portion of shares it held in Continental Minerals Corporation ("Continental Minerals"), a company listed in Canada, to an offeror for an investment income of RMB227,153,047.21, as recognized in the 2011 interim report. The Company subsequently entered into agreements with the same offeror in July and November 2011 to acquire 45% equity interest of Gold Eagle Mining Investment Limited ("Gold Eagle"), a subsidiary of the offeror. As the sale of shares of Continental Minerals and acquisition of equity interests of Gold Eagle involved the same mining assets and the acquisition of equity interests of Gold Eagle was formally concluded around a 6-month period after the sale of shares of Continental Minerals, at a matter of prudence, the Company reversed the investment income in the annual consolidated financial statements of year 2011, which was recognized in the 2011 interim report.

For sake of the comparability between 2012 and 2011 interim reports, the Company has made relevant adjustment to 2011 interim results in this report and reversed the investment income recognized in the 2011 interim report.

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2012

<u>ASSETS</u>	<u>30 June 2012</u> (Unaudited) RMB	<u>31 December 2011</u> (Audited) RMB
Current assets		
Cash and cash equivalents	7,220,946,043.46	6,180,009,655.00
Held-for-trading financial assets	345,891,093.38	264,029,003.00
Bills receivables	747,996,213.10	574,697,737.00
Trade receivables	1,080,843,029.89	489,112,425.00
Prepayments	829,785,319.47	1,691,517,698.00
Other receivables	1,765,925,247.80	987,302,617.00
Inventories	8,339,798,517.86	7,160,297,387.00
Other current assets	858,571,526.86	584,909,276.00
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Total current assets	21,189,756,991.82	17,931,875,798.00
Non-current assets		
Available-for-sale financial assets	834,654,454.23	938,012,473.00
Held-to-maturity investments		
Long-term equity investments	4,608,025,649.85	3,203,933,411.00
Investment properties	50,034,683.72	51,056,575.00
Fixed assets	12,117,765,897.63	10,145,321,562.00
Construction in progress	8,469,894,070.66	7,898,525,167.00
Construction materials	287,106,036.60	333,854,223.00
Intangible assets	7,409,991,320.00	7,138,194,099.00
Goodwill	338,979,724.60	338,979,724.00
Long-term deferred expenses	810,682,815.61	769,907,533.00
Deferred income tax assets	521,891,965.27	434,359,241.00
Other non-current assets	3,898,340,802.75	3,136,179,526.00
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Total non-current assets	39,347,367,420.92	34,388,323,534.00
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Total assets	60,537,124,412.74	52,320,199,332.00

<u>LIABILITIES AND EQUITY</u>	<u>30 June 2012</u> (Unaudited) RMB	<u>31 December 2011</u> (Audited) RMB
Current liabilities		
Short-term loans	5,212,949,460.15	3,815,092,312.00
Held-for-trading financial liabilities	5,697,727,002.43	4,005,648,200.00
Trade payables	4,144,921,826.34	3,232,112,911.00
Advances from clients	1,389,050,581.97	1,012,751,443.00
Accrued payroll and welfare	203,327,314.21	276,852,910.00
Tax and levies payables	1,309,241,672.87	1,709,391,219.00
Dividends payables	2,189,076,365.00	23,125,841.00
Other payables	2,017,438,609.79	2,073,223,413.00
Non-current liabilities due within one year	161,394,990.00	216,444,590.00
Other current liabilities		
Total current liabilities	<u>22,325,127,822.76</u>	<u>16,364,642,839.00</u>
Non-current liabilities		
Long-term loans	4,226,094,322.41	2,360,713,448.00
Bonds payables	3,004,437,828.30	2,987,514,948.00
Long-term payables	162,478,740.46	159,595,217.00
Deferred income tax liabilities	222,882,292.84	226,385,417.00
Other non-current liabilities	285,535,309.30	88,670,506.00
Total non-current liabilities	<u>7,901,428,493.31</u>	<u>5,822,879,536.00</u>
Total liabilities	<u>30,226,556,316.07</u>	<u>22,187,522,375.00</u>
Owners' interest (or shareholders' interest)		
Paid-up (share) capital	2,181,196,365.00	2,181,196,365.00
Capital reserve	7,664,196,737.36	7,689,487,793.00
Special reserve	55,731,662.79	33,491,518.00
Statutory reserve	1,319,401,104.00	1,319,401,104.00
Retained profits	14,207,668,507.71	14,004,152,348.00
Exchange translation differences	(198,528,030.99)	(219,118,195.00)
Equity attributable to the owners of the parent	<u>25,229,666,345.87</u>	<u>25,008,610,933.00</u>
Non-controlling interests	<u>5,080,901,750.80</u>	<u>5,124,066,024.00</u>
Total equity	<u>30,310,568,096.67</u>	<u>30,132,676,957.00</u>
Total equity and liabilities	<u>60,537,124,412.74</u>	<u>52,320,199,332.00</u>

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	For the 6 months ended 30 June 2012 (Unaudited) RMB	For the 6 months ended 30 June 2011 (Unaudited) RMB
Operating revenue	20,992,524,396.47	15,852,267,784.94
Less: Operating cost	15,530,386,362.51	10,110,447,993.36
Sales taxes and levies	232,458,328.85	170,010,692.74
Selling expenses	293,800,158.63	177,271,288.35
Administrative expenses	887,298,205.47	689,176,321.06
Finance costs	327,823,100.87	139,171,923.08
Impairment provision of assets	375.00	187,753,240.00
Add: Gains/(Losses) from changes in fair value	-64,176,643.31	158,314,378.71
Investment income	247,959,419.06	181,091,382.18
Including: Share of profits of associates and jointly-controlled entities	121,606,792.29	120,029,043.83
Operating profits	3,904,540,640.89	4,717,842,087.24
Add: Non-operating income	48,127,181.88	48,238,594.15
Less: Non-operating expenses	108,671,386.37	91,480,781.59
Including: Loss on disposal of non-current assets	10,051,804.50	13,274,895.44
Total profits	3,843,996,436.40	4,674,599,899.80
Less: Income tax	1,003,983,712.55	1,137,070,227.53
Net profits	2,840,012,723.85	3,537,529,672.27
Including: Net profit attributable to the owners of the parent	2,384,712,524.71	2,978,982,425.55
Net profit attributable to non-controlling interests	455,300,199.14	558,547,246.72
Proposed interim dividends	-	-
Earnings per share		
Basic earnings per share	0.109	0.137
Other comprehensive income	(6,309,161.75)	(146,994,967.95)
Total comprehensive income	2,833,703,562.10	3,390,534,704.32
Including:		
Total comprehensive income attributable to the owners of the parent	2,378,403,362.96	2,835,690,387.67
Total comprehensive income attributable to non-controlling interests	455,300,199.14	554,844,316.65

CONSOLIDATED CASH FLOW STATEMENT

As at 30 June 2012

Items	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
1. Cash flow from operating activities:		
Cash received from sales of goods and rendering services	21,236,708,130.88	16,092,384,201.81
Refund of taxes and levies	15,443,033.24	12,843,388.48
Sub-total of cash inflows from operating activities	<u>21,252,151,164.12</u>	<u>16,105,227,590.29</u>
Cash paid for goods purchased and services rendered	14,349,341,777.84	9,511,039,096.30
Cash paid to and on behalf of employees	1,072,719,524.68	616,137,444.68
Payments for taxes and levies	2,358,000,972.07	1,922,057,362.04
Other cash paid relating to operating activities	536,967,561.37	412,247,871.21
Sub-total of cash outflows from operating activities	<u>18,317,029,835.96</u>	<u>12,461,481,774.23</u>
Net cash flows from operating activities	<u>2,935,121,328.16</u>	<u>3,643,745,816.06</u>
2. Cash flows from investing activities:		
Cash received from disposal of investments	43,871,800.60	390,995,258.23
Cash received from return on investments	29,812,289.29	42,144,199.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,896,646.75	6,025,601.79
Net cash received from disposal of subsidiaries and other business units	9,355,817.91	9,815,997.48
Other cash receipts relating to investing activities	442,471,314.84	402,456,303.73
Sub-total of cash inflows from investing activities	<u>529,407,869.39</u>	<u>851,437,360.97</u>
Cash paid for acquisition of, intangible assets and other long-term assets	3,945,719,649.08	2,075,775,552.08
Cash paid for investments	1,439,125,831.38	937,971,827.87
Cash paid for acquisition of subsidiaries and other business units	73,350,000.00	236,628,427.02
Other cash payments relating to investing activities	689,888,619.47	138,339,881.29
Sub-total of cash outflows from investing activities	<u>6,148,084,099.93</u>	<u>3,388,715,688.26</u>
Net cash flows from investing activities	<u>(5,618,676,230.54)</u>	<u>(2,537,278,327.29)</u>
3. Cash flows from financing activities:		
Cash received from investments	131,007,000.00	130,805,000.00
Cash received from borrowings	7,607,418,614.75	6,010,795,262.15
Other cash receipts relating to financing activities	170,490,387.16	37,005,965.29
Sub-total of cash inflows from financing activities	<u>7,908,916,001.91</u>	<u>6,178,606,227.44</u>
Cash paid for repayment of borrowings	3,532,137,347.28	2,596,546,690.73
Cash paid for dividends and profit distribution or interests repayment	870,105,768.43	735,925,994.48
Other cash payments relating to financing activities	108,732,949.25	260,459,550.97
Sub-total of cash outflows from financing activities	<u>4,510,976,064.96</u>	<u>3,592,932,236.18</u>
Net cash flows from financing activities	<u>3,397,939,936.95</u>	<u>2,585,673,991.26</u>
4. Effects of changes of exchange rate on cash and cash equivalents	15,480,802.22	(11,278,399.33)
5. Net increase in cash and cash equivalents	<u>729,865,836.79</u>	<u>3,680,863,080.70</u>

Items	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Reconciliation of net profits to net cash flows from operating activities:		
1.Net profits	2,384,712,524.71	2,978,982,425.55
Add: Net profit attributable to non-controlling interests	455,300,199.14	558,547,246.72
Less: Unrealized loss on investment		
Add: Asset impairment provision	375.00	187,753,240.00
Depreciation of fixed assets	643,529,442.83	434,914,762.13
Amortisation of intangible assets and long-term deferred expenses	127,223,201.09	178,455,719.35
Loss/(gain) on disposal of fixed assets, intangible assets and other long-term assets	9,377,442.77	12,109,290.91
Loss on change in fair value	64,176,643.31	(158,314,378.71)
Finance costs	327,823,100.87	139,171,923.08
Loss/(gain) on investments	(247,959,419.06)	(181,091,382.18)
Decrease/(increase) in deferred income tax assets	(87,532,724.27)	(88,260,512.72)
Increase/(decrease) in deferred income tax liabilities	(3,503,124.16)	22,584,904.30
Decrease/(increase) in inventories	(1,179,501,130.86)	(576,955,665.06)
Decrease/(increase) in trade receivables	(1,729,112,488.06)	(269,043,572.39)
Increase/(decrease) in trade payables	2,098,302,107.61	389,025,301.85
Others	72,285,177.24	15,866,513.23
Net cash flows from operating activities	<u>2,935,121,328.16</u>	<u>3,643,745,816.06</u>
2.Non-cash investing and financing activities:		
Conversion of debt into capital		
Convertible bonds matured within 1 year		
Finance leased fixed assets		
3.Net increase in cash and cash equivalents:		
Closing balance of cash	<u>5,647,053,701.79</u>	<u>7,472,335,053.70</u>
Less: Opening balance of cash	4,917,187,865.00	3,791,471,973.00
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	<u>729,865,836.79</u>	<u>3,680,863,080.70</u>

Notes:

1. BASIS OF PREPARATION

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

The financial statements were prepared on the going concern basis.

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

2. OPERATING REVENUE AND COST

Operating revenue is shown as below:

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Revenue from main operations	20,507,368,899.43	15,561,655,009.63
Revenue from other operations	485,155,497.04	290,612,775.31
	<u>20,992,524,396.47</u>	<u>15,852,267,784.94</u>

Operating cost is shown as below:

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Cost from main operations	15,166,576,235.84	9,941,566,778.12
Cost from other operations	363,810,126.67	168,881,215.24
	<u>15,530,386,362.51</u>	<u>10,110,447,993.36</u>

Operating segment information is set out below:

	For the six months ended 30 June 2012 (Unaudited) RMB		For the six months ended 30 June 2011 (Unaudited) RMB	
	Revenue	Cost	Revenue	Cost
Gold bullion	3,393,681,205.54	984,749,959.84	3,146,098,964.78	737,263,649.56
Processed gold	9,279,953,675.90	9,004,017,122.31	5,897,344,478.40	5,711,853,708.93
Ore concentrates	3,571,935,846.13	1,197,212,990.45	3,867,163,269.49	1,080,828,770.45
Zinc bullion	1,193,801,863.74	1,137,450,594.96	1,388,664,621.47	1,307,942,537.32
Copper cathodes	1,608,807,020.31	1,604,200,926.87	149,423,559.07	94,153,139.22
Others	1,459,189,287.81	1,238,944,641.41	1,112,960,116.42	1,009,524,972.64
Total	<u>20,507,368,899.43</u>	<u>15,166,576,235.84</u>	<u>15,561,655,009.63</u>	<u>9,941,566,778.12</u>

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

During the first half of 2012 and the whole year of 2011, more than 98% of the operating revenue comes from the sales of commodity. As such, the management of the Group considers that there is no need to disclose the segmental revenue and cost based on the nature of income.

The operating revenue derived from the top five customers for the six months ended 30 June 2012 is shown below:

	For the six months ended 30 June 2012 (Unaudited) RMB	Percentage of total operating revenue
Shanghai Gold Exchange*	11,645,292,758.28	55.47%
Jinchuan Group Co., Ltd.	781,932,719.92	3.72%
Silver Non-ferrous Metal Co.	779,238,680.55	3.71%
Shanghai Shangming Metal Materials Co., Ltd.	510,022,104.87	2.43%
Wuhan Central Western Steel Trading Co., Ltd.	337,376,798.33	1.61%
	<u>14,053,863,061.95</u>	<u>66.94%</u>

* The ultimate customers are not known.

3. SALES TAXES AND LEVIES

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Business Tax	20,468,731.12	12,963,633.91
Urban Maintenance and Construction Tax	19,239,089.37	16,927,287.20
Resources Tax	160,806,852.79	117,732,148.74
Educational levies	23,230,434.44	19,126,330.36
Others	8,713,221.13	3,261,292.53
	<u>232,458,328.85</u>	<u>170,010,692.74</u>

4. FINANCE COSTS

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Interest expenses (Note 1)	347,329,343.63	259,629,549.79
Less: Interest income	(60,841,606.78)	(143,369,487.97)
Exchange gains	30,285,583.06	(12,577,664.74)
Others	11,049,780.96	35,489,526.00
	<u>327,823,100.87</u>	<u>139,171,923.08</u>

Capitalised finance costs are included in construction in progress. For the six months ended 30 June 2012, the above mentioned interest income did not include the interest income that arises from the impaired financial assets (six months ended 30 June 2011: nil).

Note 1: The above interest expenses included interest of RMB64,373,466.51 on bonds payable for the six months ended 30 June 2012.

5. IMPAIRMENT PROVISION OF ASSETS

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Bad debt provision for trade and other receivables	375.00	18,240.00
Write down of inventories to net realizable value	-	-
Impairment provision for long-term equity investments	-	-
Impairment provision for construction in progress	-	-
Impairment provision for fixed assets	-	105,680,368.00
Impairment provision for goodwill	-	44,319,632.00
Impairment provision for intangible assets	-	37,735,000.00
	<u>375.00</u>	<u>187,753,240.00</u>

6. GAINS/LOSSES FROM CHANGES IN FAIR VALUE

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Share investment	(19,177,782.20)	157,318,011.88
Futures hedging	(16,767,802.19)	-
Futures contract and gold leasing	(28,231,058.92)	996,366.83
	<u>(64,176,643.31)</u>	<u>158,314,378.71</u>

7. INVESTMENT INCOME

	For the six months ended 30 June 2012 (Unaudited) RMB	For the 6 months ended 30 June 2011 (Unaudited) RMB
Investment income from long-term equity investments recognized and measured by equity method	121,606,792.29	120,029,043.83
Investment income from long-term equity investments recognized and measured by cost method	-	230,000.00
Investment income from disposal of certain subsidiaries	-	7,658,530.60
Investment gains/losses from disposal of held-for-trading financial assets (Note 1)	134,264,857.10	20,701,231.39
Interest income from Glencore's bonds	-	32,433,180.00
Investment income from disposal of available-for-sale financial assets (Note 2)	-	-
Others	(7,912,230.33)	39,396.36
	<u>247,959,419.06</u>	<u>181,091,382.18</u>

Note 1:

During the reporting period of 2012, the investment income from the disposal of held-for-trading financial assets includes the gains of RMB131,226,802 from the settlement of futures contracts (six months ended 30 June 2011: RMB20,701,231).

Note 2:

On 5 May 2011, the Company sold all the portion of shares it held in Continental Minerals Corporation ("Continental Minerals"), a company listed in Canada, to an offeror for an investment income of

RMB227,153,047.21, as recognized in the 2011 interim report. The Company subsequently entered into agreements with the same offeror in July and November 2011 to acquire 45% equity interest of Gold Eagle Mining Investment Limited (“Gold Eagle”), a subsidiary of the offeror. As the sale of shares of Continental Minerals and acquisition of equity interests of Gold Eagle involved the same mining assets and the acquisition of equity interests of Gold Eagle was formally concluded around a 6-month period after the sale of shares of Continental Minerals, at a matter of prudence, the Company reversed the investment income in the annual consolidated financial statements of year 2011, which was recognized in the 2011 interim report.

For sake of the comparability between 2012 and 2011 interim reports, the Company has made relevant adjustment to 2011 interim results in this report and reversed the investment income recognized in the 2011 interim report.

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

Investees	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB	Reason for the change between current period and last period
Nanjing China Net Communication Co., Ltd.	—	100,000	No dividend for the period
Luoyang Commercial Bank	—	130,000	No dividend for the period
	—	230,000	

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

Investees	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB	Reason for the change between current period and last period
Shandong Guoda	22,482,408.38	13,615,217.37	Change in net profit of the investee
Wancheng Commercial Mining Co., Ltd.	67,829,510.05	102,939,398.13	Change in net profit of the investee
Fujian Haixia Kehua Joint Stock Company Limited	19,568,748.86	15,142,426.00	Change in net profit of the investee
Fujian Longyan Makeng Mining Co., Ltd.	13,998,007.66	18,571,733.16	Change in net profit of the investee
Ting River Hydro-power Co., Ltd.	1,877,004.23	2,637,317.44	Change in net profit of the investee
	125,755,679.18	152,906,092.10	

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

As at 30 June 2012, there is no material restrictions on the realisation of the investment income back to the Group.

8. NON-OPERATING INCOME

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Gain on disposal of non-current assets	516,956.78	1,165,604.53
Including: Gain on disposal of fixed assets	516,956.78	803,083.80
Gain on disposal of intangible assets	-	-
Net income from penalty	3,084,427.42	1,073,625.68
Government grants	38,012,706.75	29,747,202.41
Others	6,513,090.93	16,252,161.53
	48,127,181.88	48,238,594.15

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

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Government grants related to assets	167,465.10	8,268,276.59
Grants related to technological improvement projects	94,383.00	178,276.59
Grants related to environmental protection	73,082.10	-
Exploration fee	-	8,090,000.00
Scientific research fee	-	-
Others	-	-
Government grants related to income	37,845,241.65	21,478,925.82
Special government incentives	10,032,600.00	8,092,499.00
Tax refund	1,691,044.72	5,327,689.41
Others	26,121,596.93	8,058,737.41
	<u>38,012,706.75</u>	<u>29,747,202.41</u>

9. NON-OPERATING EXPENSES

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Donation	88,681,704.78	65,005,319.38
Loss on disposal of non-current assets	10,051,804.50	13,274,895.44
Including: Loss on disposal of fixed assets	10,051,804.50	13,274,895.44
Loss on disposal of intangible assets	-	-
Penalty expenses	5,680,240.94	4,472,054.22
Others	4,257,636.15	8,728,512.55
	<u>108,671,386.37</u>	<u>91,480,781.59</u>

10. INCOME TAX

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Current income tax	1,086,180,490.47	1,160,610,930.07
Deferred income tax	(82,196,777.92)	(23,540,702.54)
	<u>1,003,983,712.55</u>	<u>1,137,070,227.53</u>

The reconciliation from total profits to income tax is shown below:

For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
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Total profits	3,843,996,436.40	4,674,599,899.80
Income tax calculated based on applicable tax rate (Note 1)	960,999,109.10	1,168,649,974.95
Effect on different tax rates applicable to certain subsidiaries	(15,249,645.36)	(37,102,123.82)
Underprovision/(overprovision) in prior years	(21,590,071.00)	(5,591,756.49)
Non-taxable income	(42,487,268.36)	(39,178,766.96)
Non-deductible expenses and unrecognized temporary timing differences and deductible losses	110,739,103.79	50,292,899.85
Others	11,572,484.38	-
Income tax charge at the Group's effective tax rate	<u>1,003,983,712.55</u>	<u>1,137,070,227.53</u>

Note 1: The income tax of the Group is estimated based on the taxable income in China and applicable tax rates. Income tax in other countries where the Group operates are based on the taxable income in those countries and applicable tax rates according to the prevalent laws, explanatory announcements and conventions in those countries.

11. EARNINGS PER SHARE

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

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

Basic earnings per share is calculated as follows:

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Profit		
Net profit attributable to the equity holders of the parent	<u>2,384,712,524.71</u>	<u>2,978,982,425.55</u>
Shares		
The weighted average number of ordinary shares in issue	<u>21,811,963,650</u>	<u>21,811,963,650</u>

12. OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Gain/(loss) related to available-for-sale financial assets	(68,483,957.32)	(121,494,237.71)
Less: Effects on income tax related to available-for-sale financial assets	(8,372,409.44)	-
Reclassification adjustments for gains included in the consolidated income statement	(33,212,222.12)	-
	<u>(26,899,325.76)</u>	<u>(121,494,237.71)</u>
Share of other comprehensive income of investee recognized and measured by equity method		
Exchange differences on the translation of foreign operations	20,590,164.01	(25,500,730.24)
	<u>(6,309,161.75)</u>	<u>(146,994,967.95)</u>

13. OPERATING SEGMENT INFORMATION

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

- (a) the gold bullion segment is the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (b) the processed gold segment is the production of gold bullion by refining gold concentrates;
- (c) the copper cathodes segment is the production of copper cathodes;
- (d) the zinc bullion segment is the production of zinc bullion;
- (e) the ore concentrates segment comprises, principally, the production of gold concentrates, copper concentrates, zinc concentrates and iron concentrates; and
- (f) others segment comprises, principally, the production of vitriol, copperplate, silver, iron, etc.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a benchmark after adjustment to total operating profit. The benchmark is consistent with the Group's total operating profit excluding interest income, finance costs, dividend income, gains/(losses) from changes in fair value of the Group's financial instruments and head office overheads.

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

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

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

Segment Report (continued)
For the six months ended 30 June 2012(Unaudited)
Currency: RMB

Items	Gold bullion	Processed gold	Copper cathodes	Refinery copper	Copper concentrates	Ore concentrates	Zinc bullion	Others	Unallocated assets, liabilities and operating expenses	Eliminations	Consolidated
1.Operating revenue	<u>3,394,666,179.16</u>	<u>9,495,887,104.36</u>	<u>61,523,627.71</u>	<u>1,647,884,958.13</u>	<u>1,909,512,258.72</u>	<u>2,572,159,191.51</u>	<u>1,193,801,863.74</u>	<u>2,755,870,842.28</u>	<u>0.00</u>	<u>(2,038,781,629.14)</u>	<u>20,992,524,396.47</u>
Including: Sales to external customers	3,393,681,205.54	9,279,953,675.90	41,388,503.61	1,567,418,516.70	1,620,717,866.42	1,951,217,979.71	1,193,801,863.74	1,944,344,784.85			20,992,524,396.47
Intersegment sales	984,973.62	215,933,428.46	20,135,124.10	80,466,441.43	288,794,392.30	620,941,211.80	0.00	811,526,057.43	0.00	(2,038,781,629.14)	
2.Operating expenses											
(1)Operating cost	(1,000,623,234.75)	(9,456,953,847.19)	(65,843,604.25)	(1,697,508,632.17)	(542,857,828.34)	(1,066,846,265.14)	(1,220,187,226.80)	(2,287,834,746.12)	0.00	1,808,269,022.25	(15,530,386,362.51)
Including: Cost of sales to external customers	(984,749,959.84)	(9,004,017,122.31)	(34,624,419.14)	(1,569,576,507.73)	(417,435,816.93)	(779,777,173.52)	(1,137,450,594.96)	(1,602,754,768.08)			(15,530,386,362.51)
Intersegment cost of sales	(15,873,274.91)	(452,936,724.88)	(31,219,185.11)	(127,932,124.44)	(125,422,011.41)	(287,069,091.62)	(82,736,631.84)	(685,079,978.04)	0.00	1,808,269,022.25	
(2)Sales taxes and levies	(82,048,985.77)	(3,000.00)	0.00	(5,565.26)	(56,451,399.84)	(66,551,070.59)	(1,570,688.67)	(25,827,618.72)	0.00	0.00	(232,458,328.85)
(3)Others	(93,661,248.01)	(25,338,571.26)	(12,253,143.80)	(21,861,349.78)	(163,526,124.83)	(278,012,405.55)	(62,233,909.64)	(172,767,573.56)	(679,267,138.54)	0.00	(1,508,921,464.97)
3.Operating profit	<u>2,233,221,011.92</u>	<u>250,594,982.33</u>	<u>(5,489,059.33)</u>	<u>(24,024,906.07)</u>	<u>983,304,524.83</u>	<u>826,877,330.05</u>	<u>(7,453,329.53)</u>	<u>142,994,824.49</u>	<u>(679,267,138.54)</u>		<u>3,720,758,240.15</u>
4.Total assets	7,380,286,860.56	2,292,340,131.12	3,888,041,404.63	4,950,757,794.78	3,480,975,967.70	10,782,642,728.84	3,635,810,985.79	12,371,517,309.42	11,654,751,229.90		60,437,124,412.74
5.Total liabilities	2,473,163,151.88	1,090,526,675.21	1,577,862,033.49	3,193,406,370.16	565,544,880.81	6,570,558,319.53	2,395,185,198.20	3,979,214,307.01	8,281,095,379.77		30,126,556,316.07
6.Supplemental information											0.00
(1)Depreciation and amortisation expenses	123,455,672.79	86,231,425.53	9,612,926.88	44,862,672.27	140,065,727.92	223,714,201.80	63,572,942.27	110,021,972.38			801,537,541.84
(2)Capital expenditure	992,544,641.09	586,084,102.40	125,325,700.02	880,458,166.87	627,483,897.80	1,153,973,530.37	226,122,620.08	577,226,384.40			5,169,219,043.03

Segment Report (continued)

For the six months ended 30 June 2011(Unaudited)

Currency: RMB

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

Segment Report (continued)

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

	For the six months ended 30 June 2012 (Unaudited) RMB	For the six months ended 30 June 2011 (Unaudited) RMB
Profits before tax		
Segmental profits	3,720,758,240.15	4,566,189,566.35
Interest income and dividend income	60,841,606.78	176,032,667.97
Unallocated expenses	299,168,921.77	109,599,630.14
Finance costs	(358,379,124.59)	(295,119,075.79)
Profits attributable to associates	111,194,438.47	335,360,227.46
Profits attributable to jointly-controlled entities	10,412,353.82	9,689,930.88
Profits before tax	3,843,996,436.40	4,901,752,947.01

14. EARNINGS PER SHARE

On the basis of the Group's profit attributable to equity holders of the parent in the sum of RMB2,384,712,524.71 during the reporting period (six months ended 30 June 2011: RMB2,978,982,425.55 (adjusted)) and the total number of 21,811,963,650 ordinary shares in issue during the reporting period, the earnings per share attributable to the ordinary equity holders of the parent is RMB0.109 (the earning per share for the six months ended 30 June 2011: RMB0.137 (adjusted)).

Diluted earnings per share for the six months ended 30 June 2011 and 2012 have not been disclosed as there were no diluting events during respective periods.

15. TRADE RECEIVABLES

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

An ageing analysis of the trade receivables is as follows:

	As at 30 June 2012 (Unaudited) RMB	As at 31 December 2011 (Audited) RMB
Within 1 year	980,402,189.12	475,470,028
Over 1 year but within 2 years	65,635,653.78	13,069,973
Over 2 years but within 3 years	27,850,870.64	421,188
Over 3 years	7,122,256.20	318,801
	1,081,010,969.74	489,279,990

Movement of bad debt provision for trade receivables:

	As at 31 December 2011 (Audited) RMB	Provision in this year	Reduction in the year		As at 30 June 2012 (Unaudited) RMB
			Reversal	Write off	
2012	167,565	374.85	-	-	167,939.85

16. RETAINED PROFITS

	As at 30 June 2012 (Unaudited) RMB	As at 31 December 2011 (Audited) RMB
Retained earnings at the beginning of period	14,004,152,348.00	10,065,314,920
Net profits attributable to the owners of the parent	2,384,712,524.71	5,712,569,100
Less: Transfer to statutory reserve	-	319,600,762
Proposed final dividend in cash for ordinary shares	2,181,196,365.00	1,454,130,910
Retained earnings at the end of period	<u>14,207,668,507.71</u>	<u>14,004,152,348</u>

On 7 May 2012, the Board of Directors proposed a final dividend of RMB0.1 (tax included) per ordinary share in aggregate of RMB2,181,196,365. The resolution was passed at the 2011 annual general meeting on 28 May 2012.

17. NET CURRENT ASSETS

	As at 30 June 2012 (Unaudited) RMB	As at 31 December 2011 (Audited) RMB
Current assets	21,189,756,991.82	17,931,875,798
Less: Current liabilities	<u>(22,325,127,822.76)</u>	<u>(16,364,642,839)</u>
Net current (liabilities) /assets	<u>(1,135,370,830.94)</u>	<u>1,567,232,959</u>

18. TOTAL ASSETS LESS CURRENT LIABILITIES

	As at 30 June 2012 (Unaudited) RMB	As at 31 December 2011 (Audited) RMB
Total assets	60,537,124,412.74	52,320,199,332
Less: Current liabilities	<u>(22,325,127,822.76)</u>	<u>(16,364,642,839)</u>
Total assets less current liabilities	<u>38,211,996,589.98</u>	<u>35,955,556,493</u>

19. TRADE PAYABLES

An ageing analysis of the trade payables is as follows:

	As at 30 June 2012 (Unaudited) RMB	As at 31 December 2011 (Audited) RMB
Within 1 year	3,937,868,911.29	3,183,091,120
Over 1 year but within 2 years	175,241,048.71	32,755,004
Over 2 years but within 3 years	9,703,031.36	2,192,175
Over 3 years	22,108,834.98	14,074,612
	<u>4,144,921,826.34</u>	<u>3,232,112,911</u>

20. Provision for depreciation

	For six months ended 30 June 2012 (Unaudited) RMB	For six months ended 30 June 2011 (Unaudited) RMB
Fixed assets	643,529,442.83	434,914,762.13
Investment properties	1,021,891.28	1,021,891.28

21. Explanation in relation to the restatement of comparative figures in 2012 interim report

The Group has made adjustments to the comparative figures in 2012 interim report in relation to the investment income recognized in 2011 interim report for the disposal of Continental Minerals. The descriptions and amounts of the adjustments are as follows: investment income is reduced by RMB227,153,047.21; the income tax is reduced by RMB56,788,261.80. The net effect of the abovementioned retrospective adjustments for the periods ended on 30 June 2012 and 2011 on the net profits is stated as follows:

	For six months ended 30 June 2012 (Unaudited) RMB	For six months ended 30 June 2011 (Unaudited) RMB
Reversal of investment income for the disposal of Continental Minerals	-	(227,153,047.21)

2. OPERATION OVERVIEW

Market Review

During the reporting period, under the impact of the further deterioration of European debt crisis, the slowdown of the growth of the global economy, and the soft demand in investment and consumption, it casted a great pressure to the market demand. The gold price has substantially dropped from US\$1,920 per ounce, its highest price made in last year, the gold price was fluctuating in the low trend and it could not bounced back in the first half of 2012. The closing price by the end of June 2012 was US\$1,597.41 per ounce. Under the impact of the increase in inventory and substantial drop of demand, the non-ferrous metal continued its downturn from the fourth quarter last year. Although prices may slightly rebound from the support of the imports from China, the insufficient demand will cause the price to keep on dropping. The copper closing price in June 2012 in the London Metals Exchange (“LME”) was US\$7,738 per tonne and the zinc closing price was US\$1,878 per tonne.

(1 troy ounce = 31.1035 grammes)

3. PRODUCTION AND OPERATION

Operation Overview

During the first half of the year, under the impact of the slow demand of gold and other base metals, the prices of copper, iron, zinc and lead have dropped. In this serious complicated economic situation, the Group prioritised growth maintenance as the most important work in this year. Detail working plans and its execution measures have been issued. Under the hard working and effort of all staff, the Group gained the initial results in growth maintenance and the production restored to the right track.

During the reporting period, the Group generated a turnover of RMB20.993 billion, representing a 32.43% growth over the same period last year (same period last year: RMB15.852 billion), and realised a net profit attributable to the equity holders of the parent of RMB2.385 billion, representing a decrease of 19.95% over the same period last year (same period last year: RMB2.979 billion (adjusted)). As at the end of June 2012, the Group’s total assets was RMB60.537 billion, representing a 15.71% growth as compared with the beginning of the year (at beginning of the year: RMB52.320 billion), and the net assets attributable to the equity holders of the parent was RMB25.230 billion, representing a 0.88% growth as compared with the beginning of the year (at beginning of the year: RMB25.009 billion).

1. Gold Mine Business

During the reporting period, the Group produced 42,928.43kg (1,380,180 ounces) of gold representing a 27.27% growth over the same period last year (same period last year: 33,730.82kg).

Among which the Group produced 14,358.50kg (461,636 ounces) of mine-produced gold representing a 0.44% growth (14,295.56kg the same period last year) over the same period last year, among which Zijinshan Gold Mine produced 8,076.49kg (259,665 ounces); Hunchun Zijin produced 1,130.77kg (36,355 ounces); Guizhou Shuiyindong Gold Mine produced 1,200.13kg (38,585 ounces); ZGC produced 621.63kg (19,986 ounces); and the other gold mines in the Group produced 3,329.48kg (107,045 ounces), of gold.

The Group produced 28,569.93kg (918,544 ounces) of refinery gold, representing a 47% growth over the same period last year (19,435.26kg the same period last year), of which, Henan Luoyang Zijin Yinhui Gold Refinery Co., Ltd. produced 15,336.60kg (493,083 ounces); the Company’s gold refinery plants produced 9,192.67kg (295,551 ounces); Fujian Jinshan Gold Refinery Plant produced 3,233.12kg (103,947 ounces); and the other plants in the Group produced 807.54kg (25,963 ounces).

Sales income generated from the Group’s gold business represented approximately 63.28% (after elimination) of the total sales income during the reporting period, and the gold business generated about 70.60% of the total net profit attributable to the equity holders of the parent company.

2. Copper Mine Business

During the reporting period, the Group produced 84,741.75 tonnes of copper, representing a 88.50% growth over the same period last year (44,955.87 tonnes the same period last year); the production of which include 1,406.46 tonnes of mine-produced copper cathodes, (1,475.70 tonnes the same period last year); 44,181.08 tonnes of mine-produced copper in concentrates form, representing a 5.18% growth over the same period in the last year (42,005.58 tonnes

the same period last year); and 39,154.21 tonnes of new refinery-produced copper.

In which, Ashele Copper Mine produced 16,010.24 tonnes of copper in concentrates form, representing a decrease of 10.01% over the same period last year (17,790.94 tonnes the same period last year); Qinghai Deerni Copper Mine produced 14,241.81 tonnes of copper in concentrates form, representing a 1.38% growth over the same period last year (14,047.89 tonnes the same period last year); Zijinshan Copper Mine recovered and produced 513.40 tonnes copper cathodes from waste water (801.94 tonnes the same period last year), and produced 5,886.01 tonnes copper in concentrates form, representing a 71.87% growth over the same period last year (3,424.73 tonnes the same period last year); Hunchun Zijin produced 4,734.84 tonnes of copper in concentrates form, representing a 2.12% growth over the same period last year (4,636.46 tonnes the same period last year); and 39,154.21 tonnes of new refinery-produced copper.

During the reporting period, sales income of the Group from copper business represented approximately 15.38% (after elimination) of the total sales income of the Group and net profit from the copper business represented about 17.32% of the total net profit attributable to the equity holders of the parent company.

3. *Zinc Mine and Lead Mine Business*

During the reporting period, the Group produced 104,079.04 tonnes of zinc, which decreased by 4.65% over the same period last year (109,151.70 tonnes the same period last year), among which Bayannaer Zijin Zinc Refinery Plant produced 87,426.78 tonnes zinc bullion, representing a decrease of 6.92% over the same period last year (93,924.85 tonnes the same period last year); 16,652.26 tonnes mine-produced zinc in concentrates form, representing an increase of 9.36% over the same period last year (15,226.85 tonnes the same period last year). Among which, Wulatehaoqi Zijin produced 11,066.14 tonnes mine-produced zinc in concentrate form, representing an increase of 41.40% over the same period last year (7,826.15 tonnes the same period last year); Ashele Copper Mine produced 4,253.01 tonnes of zinc in concentrate form and other mines produced 1,333.11 tonnes of zinc in concentrate form.

During the reporting period, 1,999.70 tonnes lead in concentrates form was produced, representing a 38.44% growth over the same period last year (1,444.42 tonnes the same period last year).

During the reporting period, sales income from zinc and lead business of the Group represented approximately 5.95% (after elimination) of the total sales income of the Group, and net profit from zinc and lead business represented about 1.1% of the total net profit attributable to the equity holders of the parent company.

4. *Iron, Silver and Other Businesses*

During the reporting period, the Group produced 91,361.41kg silver, representing an increase of 47.39% over the same period last year (61,987.35kg the same period last year), among which 23,876.74kg of silver as by-product produced in refineries, representing an increase of 239.79% over the same period last year (7,026.96kg the same period last year); and 67,484.67kg was mine-produced silver, representing a 22.79% growth over the same period last year (54,960.39kg the same period last year).

Among which Wuping Zijin produced 26,171.21kg of silver, Ashele Copper Mine produced 12,967.71kg silver from other associated metals, Shanxi Zijin produced 9,418.37kg silver from other associated metals, Wulatehouqi Zijin produced 7,679.20kg of silver from other associated metals, the other mines in the Group produced 11,248.18kg of silver from associated metals, Zijin Copper Refinery produced 16,699.87kg of silver (by-product) and Fujian Jinshan Gold Refinery produced 7,176.87kg of silver (by-product).

During the reporting period, the Group produced 971,900 tonnes of iron concentrates, representing an increase of 32.57% over the same period last year (733,100 tonnes the same period last year).

Sales income from the Group's iron ore, silver and other businesses represented approximately 15.39% (after elimination) of the total sales income of the Group during the reporting period, and net profit of iron ore, silver and other businesses represented about 10.98% of the total net profit attributable to the equity holders of the parent company.

5. *External Investment*

Following the principle of "acquisition of large projects while leaving small ones, gold in priority, upholding copper and other base metals", the Company has conducted specific studies, evaluation, investment analysis, field studies,

due diligent works and kept track of the major domestic and overseas projects.

During the reporting period, the Company completed the acquisition of Guangxi Longsheng Pannei Gold Mine in the domestic market. In the overseas market, the Company has made a cash offer for acquisition of an Australian company Norton Gold Fields Limited. Currently, the Company has controlled more than half of its equity interest and made a reorganisation of its board of directors. The offer will be closed on 20 August 2012.

6. *Projects Construction*

During the reporting period, the constructions of some major projects have been completed and commenced their production. The constructions of Heilongjiang Duobaoshan Copper Mine, Luoning Zijin gold refinery plant, and Guizhou Zijin Jingfeng refinery plant have basically been completed and started the trial run. The progress of the construction of Bayanhaer Gold Mine, Wulagen Zinc-Lead Mine, renovation of ZGC Taror oxidize ores process plant, Zijin Copper copper anode sludge recovery project, Yuanyang Huaxi new 450t/d plant innovation project and Kuitun Tongguan tailings comprehensive utilization of circular economy project was smooth and will have trial run after the completion of construction by the end of this year. The development progress of Zijin Longxing Tuva Zinc-lead Mine and Inner Mongolia Wulatehouqi Zijin Sanguikou Zinc-lead Mine was smooth.

The rectification of Zijinshan Copper Mine hydro-metallurgical plant has been completed and it commenced its trial run.

7. *Safety and Environmental Protection*

The Group upholds the principle of “safety first, environmental protection in priority, prevention as main measure, consolidated control and management” as working directives, continuously enforces the rectification work and input in safety and environmental protection. It generally increased the awareness of safety and environmental protection, perfect the related facility and equipment and apparently uplift the related standards in all subsidiaries.

During the reporting period, a great progress has been made in the follow-up reconstruction and consolidated rectification and management of environmental protection of Zijinshan Copper Mine, it has completed 61 items of rectification as required and it entered into examination stage. The appointed evaluation institutes have fully completed all the evaluation works. Xinjiang Ashele Copper and Guizhou Zijin have been evaluated as “excellent mining business of economic use and integrated utilisation in mining resources” by the Ministry of Land and Resources. Shanxi Zijin gained a prize of “2011 non-coal mining safety production model business”.

8. *Geological Exploration*

During the reporting period, the Group invested RMB180 million in exploration and 64 exploration projects have commenced their field work. The volume of actual works of the Group includes the following: 129,900 metres drilling, 12,000 metres tunnel exploration, and 18,600 sq. metres trench exploration. The volume of exploration work increased substantially when compared over the same period last year.

The Group has made good achievements in Zijinshan Mine Luoboling section copper (molybdenum) detailed exploration, ZGC Taror gold mine supplementary detailed exploration, Guizhou Zijin Nayang section detailed exploration and Gansu Yate Dujiagou gold mine detailed exploration. The Group has reported Xinjiang Wuqia Wulugen Tashi I district 39-24 lines zinc-lead exploration project and Fujian Liancheng Gutian mining district Guokeng section copper multi-metal detailed exploration project and gained second grade prize and third grade prize of China Non-ferrous Exploration Prize respectively.

As at 30 June 2012, the Group has a total of 219 exploration rights, covering an area of 4,341 sq.km and a total of 60 mining rights, covering an area of 151 sq.km.

9. *Enterprise management and control*

During the reporting period, the Company continuously followed the requirement of “the basic internal control standard of enterprises” and other supplemental directives to design and implement the annual working plan of internal control. The Company fully implemented the building of internal control system and internal control evaluation work which enables a sustained perfection in the internal control system and business flow. The building

of ERP information system progressed smoothly. The scientific measures in evaluation of internal control system has been further improved.

During the reporting period, the Company steadily put forward the management in technology projects which gradually strengthened the ability in technological innovation. Zijinshan integrated utilization resources demonstration base has gained RMB200 million fund from central government. The Group gained one first grade prize and three second grade prizes from China Gold Association, two second grade prizes from Fujian Scientific and Technological Prize, and four items of patents (of which two are invention patents). “ZIJIN” brand high purity zinc ingots produced in Bayannaer Zijin registered successfully in LME.

The Company gained a prize of “donation with caring heart enterprise” from the Seventh Zhonghua Charity Prize.

4. MANAGEMENT REVIEW AND ANALYSIS

Operation results

During the reporting period, the management of the Company implemented comprehensively and intensively the resolutions of the general meetings and the meetings of board of directors and meticulously organised the production. The Group realised a sales income of RMB20.993 billion (same period last year: RMB15.852 billion), representing an increase of 32.43% over the corresponding period last year.

The table below sets out the sales by products for the six months ended 30 June 2012 and 30 June 2011 respectively:

Items	January – June 2012					January – June 2011				
	Unit price (tax excluded) RMB		Volume		Amount RMB'000	Unit price (tax excluded) RMB		Volume		Amount RMB'000
Mine-produced gold	321.63	/g	13,943	Kg	4,484,360	297.95	/g	14,013	Kg	4,175,170
Refinery, processed and trading gold	334.48	/g	28,390	Kg	9,495,890	306.30	/g	19,354	Kg	5,928,070
Mine-produced silver	3.99	/g	64,760	Kg	258,140	4.65	/g	54,853	Kg	255,280
Mine-produced copper	42,043	/t	46,881	t	1,971,040	52,921	/t	41,174	t	2,178,960
Refinery copper	48,205	/t	34,185	t	1,647,880	51,377	/t	1,415	t	72,710
Mine-produced zinc	7,821	/t	16,530	t	129,280	9,483	/t	14,574	t	138,200
Refinery zinc	12,999	/t	91,840	t	1,193,800	15,288	/t	90,836	t	1,388,660
Iron concentrates	624	/t	1.155	Mt	721,240	709	/t	0.4847	Mt	343,710
Others					3,144,450					2,219,630
Internal sales elimination					-2,053,560					-848,120
Total					20,992,520					15,852,270

Note:

During the reporting period, the other sales include: RMB418 million income from copper pipes, RMB340 million income from copper belts, RMB355 million income from tungsten products, RMB368 million income from silver products, and RMB1.663 billion income from other products, intermediate services and other services.

The Group's sales revenue increased sharply for the six months ended 30 June 2012 as compared with same period last year which was mainly due to the following reasons: (1) the sales volume of the Company's refinery products increased sharply over the last year: the sales volume of refinery, processed and trading gold and refinery copper increased by 46.69% and 2,315.60% respectively; in which approximately RMB820 million (before elimination) increase of sales revenue was attributed to the changes in sales volume of mining products while approximately RMB5.513 billion (before elimination) increase of sales revenue was attributed to the changes in sales volume of refinery and processed products.

Analysis of gross profit and gross profit margin

The Group is mainly engaged in mine development. The Group's cost of sales mainly includes mining, processing and refining cost, ore transportation cost, raw materials consumption, salary and depreciation on fixed assets, etc. The table below sets out details of the gross profit margin for the periods ended 30 June 2012 and 30 June 2011. (Note 1)

Product	Unit selling cost (RMB)				Gross profit margin (%)	
	Jan-Jun 2012	Jan-Jun 2011	Unit	Compared with the same period last year %	Jan-Jun 2012	Jan-Jun 2011
Mine-produced gold	106.93	81.27	/g	31.57	66.75	72.72
Refinery, processed and trading gold	333.11	304.74	/g	9.31	0.41	0.51
Mine-produced silver	1.99	1.96	/g	1.44	50.06	57.84
Mine-produced copper	12,984	12,660	/t	2.56	69.12	76.08
Refinery copper (Note 2)	49,657	N/A	/t	N/A	-3.01	N/A
Mine-produced zinc	2,483	2,674	/t	-7.14	68.25	71.80
Refinery zinc	13,286	15,079	/t	-11.89	-2.21	1.36
Iron concentrates	224	200	/t	11.76	64.18	71.78
Overall					26.02	36.22
Overall(Refinery entities excluded)					68.37	73.52

Note 1: The gross profit margin by products were analyzed based on the figures before offsetting internal sales, the overall gross profit margin was calculated after offsetting internal sales.

Note 2: The 200,000 tonnes Copper Refinery project was put in trial production this year, while the small amount of refinery copper was produced as by-product in the zinc refinery project same period last year, therefore their costs are not comparable.

The Group's overall gross profit margin is 26.02%, representing a decrease of 10.20 percentage points over the same period last year. It was mainly attributed to the increase in the sales income proportion from the low gross profit margin refinery, processing and trading sector; the overall gross profit margin (excluding processed and refined products) is 68.37%, representing a decrease of 5.15 percentage points over the same period last year. During the reporting period, the adverse impact of decrease in selling price and increase in costs resulted in the general decline of gross profit margin as compared to the same period last year.

Detailed analysis as follow:

During the reporting period, the effect of the increase of processing low-grade ore, the increase of raw and auxiliary materials prices, the rise of labour costs, and the increased inputs in safety and environmental protection, led to the increase in costs. The unit selling costs of the main products like mine-produced gold, mine-produced copper, and iron concentrates increased by 31.57%, 2.56% and 11.76% respectively. Among the main products of the Group, only the price of gold and tungsten concentrates increased over the same period last year, and the prices of other products dropped significantly. The unit selling prices of the main products like mine-produced silver, mine-produced copper, mine-produced zinc, and iron concentrates decreased by 14.19%, 20.56%, 17.53% and 11.99% respectively.

Main activities by products

Unit: RMB'000

Products	Revenue	Cost	Gross profit margin (%)	Revenue increased/decreased compared the same period last year (%)	Cost increased/decreased compared the same period last year (%)	Gross profit margin increased/decreased in percentage compared the same period last year
Mine-produced gold	4,484,360	1,490,890	66.75	7.41	30.91	-5.97

Refinery, processed and trading gold	9,495,890	9,456,950	0.41	60.19	60.34	-0.10
Mine-produced silver	258,140	128,910	50.06	1.12	19.76	-7.78
Mine-produced copper	1,971,040	608,700	69.12	-9.54	16.78	-6.96
Refinery copper	1,647,880	1,697,510	-3.01	2,166.50	4,938.80	N/A
Mine-produced zinc	129,280	41,050	68.25	-6.45	5.33	-3.55
Refinery zinc	1,193,800	1,220,190	-2.21	-14.03	-10.92	-3.57
Iron concentrates	721,240	258,310	64.18	109.84	166.29	-7.60
Others	3,144,450	2,436,150	22.53	41.67	44.72	-1.64
Internal elimination	-2,053,560	-1,808,270				
Total	20,992,520	15,530,390	26.02	32.43	53.61	-10.20

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

Major suppliers and customers

During the reporting period, the total purchase from the top five suppliers was RMB3,502,390,000, representing 54.31% of the Company's total purchase.

During the reporting period, the total revenue from the top five customers was RMB14,053,860,000, representing 66.95% of the Company's total revenue.

Selling expenses

The selling expenses of the Group for the first half of 2012 was RMB293,800,000, representing an increase of 65.73% over the same period last year (the same period last year: RMB177,270,000). The increase in selling expenses was mainly due to the increase in sales volume and the unit cost for transportation, rendering an increase in transportation cost by RMB55,920,000 in Qinghai West and RMB42,030,000 in Xinjiang Jinbao respectively over the same period last year. In addition, the selling and distribution of products after the commencement of the production in Zijin Copper's refinery plant and Xiamen gold selling company's expansion in gold selling business also contributed to the increase in selling expenses.

Administrative expenses

The administrative expenses in the first half of 2012 amounted to RMB887,298,200, representing an increase of 28.75% over the same period last year (the same period last year: RMB689,176,300). It was mainly due to: the increase in commodity price under inflation, the Group increased RMB67,750,000 in administrative labour cost (including salaries, staff welfare, social insurances and housing contributions, etc.), representing an increase of 28.72% over the same period last year. In addition, the increase in depreciation expenses of RMB32,830,000 for fixed assets, such as the office buildings, motor vehicles, etc., the increase in consultancy fee of RMB21,620,000, the increase in travelling and office expenses of RMB12,360,000, the increase in the taxes of RMB12,380,000, the capitalization of construction costs into assets after the commencement of production of 200,000 tonnes copper refinery plant, Qinghai West, Duobaoshan copper mines etc. and the management fees were the main factors for the increase in administrative expenses.

Finance costs

During the reporting period, the Group's total finance costs was RMB327,823,100, representing an increase of 135.55% over the same period last year (the same period last year: RMB139,171,900). Compared to first half of last year, the increase of general finance costs was mainly due to the commencement of production of 2 refinery projects, the increase in acquisition projects causing the increase in demand of cash, the gold leasing and the bank loans. In addition, the issue of US dollar bonds last year also increased the interest expenses over the same period last year.

Provision for assets impairment

During the reporting period, the Group did not make provision for asset impairment (the same period last year: RMB187,750,000).

Financial Derivative Tools

During the reporting period, the Group's realised profits of RMB131,230,000 (the same period last year: RMB20,700,000) upon the settlement of derivative contracts, in which gold futures realised profits of RMB1,256,000, copper futures realised profits of RMB132,700,000, zinc futures realised losses of RMB2,880,000 (the same period last year: gold futures realised profits of RMB11,660,000, copper futures realised profits of RMB9,040,000).

During the reporting period, the Group recorded a loss of RMB45,000,000 from the change in fair value of financial derivative tools. The Group recorded an increase of unrealised loss amounted RMB43,714,600 from the change in the fair value the financial derivatives over the same period last year.

As at 30 June 2012, the Group held 17,477 kg gold position in futures contracts; (all for the hedging purpose of gold

leasing business), 14,735 tonnes copper position in futures contracts, and 10,950 tonnes zinc position in futures contracts.

Donations

During the reporting period, the Group donated a total amount of RMB88,680,000 (the same period last year: RMB65,010,000), in which, the Company donated RMB73,260,000 and Qinghai West donated RMB3,240,000.

Working capital and sources of fund

As at 30 June 2012, the Group's cash and cash equivalents was RMB5,647,000,000, representing a decrease of RMB1,825,000,000 or 24.4% over the same period last year, and an increase of RMB730,000,000 or 14.85% as compared to the beginning of 2012.

In the first half of 2012, net cash inflow generated from the Group's operating activities was RMB2,935,000,000, representing a decrease of RMB709,000,000 over the same period last year, in which, the cash inflow generated from operating activities was RMB21,252,000,000, representing an increase of RMB5,147,000,000 over the same period last year; cash outflow generated from operating activities was RMB18,317,000,000, representing an increase of RMB5,856,000,000 over the same period last year. The main reason for the decrease in net cash inflow generated from the Group's operating activities was due to the increase in production cost and resources tax resulted from processing of low cut-off grade ores and the decrease of selling price in copper and silver etc. over the same period last year.

In the first half of 2012, net cash outflow generated from the Group's investing activities was RMB5,619,000,000, representing an increase of RMB3,082,000,000, in which, the main investing expenditure included (1) cash payment of RMB3,946,000,000 for the Group's purchase of fixed assets, intangible assets and other long-term assets; (2) cash payment of RMB1,439,000,000 for the Group's external investment; (3) cash payment of RMB689,000,000 for other investing related activities.

In the first half of 2012, net cash inflow generated from the Group's financing activities was RMB3,398,000,000, representing an increase of RMB812,000,000 over the same period last year. It was mainly due to the increase in loan financing.

As at 30 June 2012, the Group's total borrowings amounted to RMB9,563,000,000 (31 December 2011: RMB6,349,000,000). Among which, the amount repayable within one year was about RMB5,330,000,000, the amount repayable within two to five years was about RMB1,714,000,000, the amount repayable within more than five years was about RMB2,519,000,000. The interest rates of all bank borrowings range from 1.75% to 7.879% (2011: range from 2.19% to 7.879%).

The Group's daily capital requirements and capital expenditures in maintenance nature can be financed from its internal cash flow. The Group also has about RMB64 billion loan credit lines for non-specified purposes provided by the major banks.

Gearing Ratio

Gearing ratio refers to the proportion of consolidated total liabilities to the consolidated total equity. As at 30 June 2012, the Group's consolidated total liabilities amounted to RMB30,226,550,000 (30 June 2011: RMB17,874,480,000) and the Group's consolidated total equity was RMB30,310,570,000 (30 June 2011: RMB27,648,540,000). As at 30 June 2012, the gearing ratio of the Group was 0.9972 (30 June 2011: 0.6465).

Investment Status

1. Use of proceeds

RMB'000

Year	Type of financing	Total proceeds	Proceeds used in this reporting period	Accumulated used proceeds	Total unused proceeds	Usage and placement of unused proceeds
2008	Initial Public Offering	9,806,960.20	339,211.2	9,907,808	-100,847.8	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	339,211.2	9,907,808	-100,847.8	/

The Company's initial public offering of A Shares raised net proceeds of RMB9,806,960,200 in April 2008 in the PRC. As at 30 June 2012, the Company has used an accumulated amount of RMB9,907,808,000. The overused net proceeds amounted to RMB100,847,800 (interest income excluded) and the total balance of the specific account deposited with proceeds raised amounted to RMB75,444,500. The difference of RMB176,292,300 was attributed to the interest income of specific account deposited with proceeds raised and expenses of bank charges, which is deposited in a specific bank account for the raised proceeds or in time deposit accounts of the Company.

2. Use of proceeds for different projects

RMB'000

Project Name	Project amended	Proposed investment	Actual investment	On schedule	Progress	Expected gains	Gains generated	Expected gains achieved	Explanation of projects did not meet the expected progress and gains	Reasons for amendments and procedure for change of use of proceeds
Zijinshan Gold and Copper Mine joint open pit mining project	No	1,522,526.8	1,524,113.2	Yes	Construction basically completed		First half of 2012: Production of gold of 8,076.49kg; recovering copper of 513.4 tonnes; copper concentrates containing copper of 5,886.01 tonnes, realized net profit of RMB1,307,331,200 (included the production capacity before technological innovation)	Yes		
Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500	461,815.6	Yes	Construction completed and commenced production		First half of 2012: Production of gold of 1,130.77kg; copper of 4,734.84 tonnes; realized net profit of RMB278,204,700 (included the production capacity before technological innovation)	Yes		
200 tonnes daily refractory gold processing and refining project	No	198,094	198,094	Yes	Construction completed and commenced production		First half of 2012: Production of processed gold of 3,233.12kg; silver of 7,176.87kg; realized net profit of RMB16,271,100	Yes		
Mining resources exploration project	Yes	17,067.6	17,067.6							
Acquisition of the exploration right in Zhonglao Copper Mine	No	196,800	196,800	Yes	Acquisition completed					

Wuziqilong Jintonghu section exploration project										
Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals plc project	No	603,000	603,000	Yes	Acquisition completed					
Acquisition and development of the ZGC Gold Mine in Tajikistan	Yes	763,629.7	763,706.9	Yes	Acquisition completed, under development and construction		The first half of 2012: Production of gold of 621.63kg, realized net profit of RMB98,292,000			
Acquisition of 70% interest in Zijin Longxing (Tuva Lead Zinc Mine)	No	271,600	271,600	Yes	Acquisition completed, under development and construction					
Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project		342,105.1	279,281.5	Yes	Project construction basically completed, entering into pilot production					
200,000 tonnes/year copper refinery project of Zijin Copper Co., Ltd.		807,835.4	824,329.2	Yes	Project construction basically completed, entering into pilot production					
Supplemental working capital	Yes	4,768,000	4,768,000	Yes						
Total	/	9,952,158.6	9,907,808	/	/	/	/	/	/	/

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

(2) For the details of the change of use of proceeds, please refer to the table of "Status of change of use of proceeds" below.

(3) For the details of the use of proceeds, please refer to the specific report.

3. Status of change of use of proceeds

Currency: RMB'000

Name of new project	Corresponding original project	Proposed investment	Actual investment	On Schedule	Income projection	Gains	Progress	Expected gains achieved	Explanation of projects did not meet the expected progress and gains
Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project	Mining resources exploration project	342,105.1	279,281.5	Yes		Project construction basically completed, entering into pilot production			
200,000 tonnes/year Copper Refinery Project of Zijin Copper Co., Ltd.	Acquisition & development of the ZGC Gold Mine in Tajikistan and supplemental working capital	807,835.4	824,329.2	Yes		Project construction basically completed, entering into pilot production			
Total	/	1,149,940.5	1,103,610.7	/	/	/	/	/	/

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 accurately estimate the investment returns. Thus, according to the approval of the first 2010 extraordinary general meeting, the proposed investment sum of RMB342,105,100 (including interest) not yet applied towards the mineral resources exploration project will be re-directed and invested in the Comprehensive Utilization of Circular Economy for the Qinghai Deerni Tailings Project. This change has been announced in accordance with the listing rules (for details please refer to the circular dated: 3 November 2010).

Due to the difficulty in the overseas logistic and other reasons, the development projects of ZGC Gold Mine in Tajikistan have been delayed. To improve the efficiency of use of proceeds, according to the proceeds management of the Company and the approval of 2010 Annual General Meeting, the unused proceeds of RMB552,527,200 (including interest) and the unused proceeds of RMB255,308,200 from supplemental working capital (including interest) will be injected in the 200,000 tonnes/year Copper Refinery Project of Zijin Copper Co., Ltd. (for details please refer to the notice of 2010 annual general meeting dated: 13 April 2011).

The status of formulation and execution of profit distribution policy during the reporting period

The profit distribution policy in the Company's Articles of Association: I. Reasonable returns to our investors is an important factor when the Company distributes its profit; II. The Company provides cash dividend or bonus share; III. Accumulated cash dividends for the latest three years are not less than 60% of average annual realized profit of last three years. The "Proposal to raise the proportion of cash dividend for profit distribution of the Company for the year ended 31 December 2011" submitted by a shareholder was considered and approved at the Company's 2011 Annual General Meeting, based on the total number of shares of 21,811,963,650 as at 31 December 2011, to distribute cash dividend RMB0.10 (including tax) per share to all shareholders. The Company distributed the cash dividends of RMB2,181,196,365 in total. The remaining undistributed profit will be carried forward to the next financial year. The above profit distribution proposal was implemented on 12 July 2012.

According to the essence of the Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies (Zheng Jian Fa [2012] No.37) of China Securities Regulatory Commission and the Notice in Relation to Further implementing Cash Dividend Distribution (Min Zheng Jian Gongsizi [2012] No.28) of China Securities Regulatory Commission Fujian Bureau, in order to improve the decision making of the Company's profit distribution and supervisory mechanism, while overseeing the Company's production management and sustainable development and maintaining a reasonable return to investors of the Company, with reference to the terms related to profit distribution policy in the Company's Articles of Association, the board of the Company formulated profit distribution and return plan for the next three years (2012-2014) and will make amendments to the Company's Articles of Association accordingly (the above contents have been considered and approved by the board of directors, but subject to the Company's Annual General Meeting's approval), the amendments to the Articles of Association are as follows:

1.Principles of profit distribution

The Company should put the reasonable returns to the investors as an important matter in the distribution its profit, while taking into account the sustainable development of the Company, and maintaining the continuity and stability of the profit distribution policy which complied with the provisions of relevant laws and regulations. The Company's distribution of profits shall not exceed the scope of the cumulative distributable profits, and shall not harm the Company's sustainable business capacity. The Company is actively promoting the distribution of dividends in cash.

2.Form of profit distribution

The Company can adopt distribution of dividends in cash or bonus issue, and would actively promote the distribution of dividends in cash.

3.Conditions of profit distribution in cash

In accordance with the Company Law and the relevant laws and regulations and the provisions of the Articles of Association, when the distributable profit of net realized profit of the Company after covering losses, and deduction of statutory reserve fund and discretionary reserve is positive, and the audit body has issued a standard unqualified audit report for the Company's annual financial report (interim distribution of cash dividend can be unaudited), the Company shall make a cash distribution plan unless there is an occurrence of special circumstances (such as major investment plans or significant cash expenditures, etc.).

When the Company meets the above conditions to distribute dividends in cash but does not distribute dividends in cash for special reasons, the board should give specific explanations for the reasons of not distributing dividends in cash, the usage of non-distributed retained profits, and then submit them with the comments of independent directors to the shareholders' meeting for consideration and approval.

4.Interval and proportion of profit distribution

With satisfaction of the aforementioned conditions to distribute dividends in cash, the Company's cumulative distribution of cash profits for the latest 3 years shall not less than 60% of the average annual distributable profits realized for the last

3 years. That is:

(the accumulated cash dividends in last 3 consecutive years $\geq 60\%$ x the accumulation of annual distributable profit in last 3 consecutive years/3.)

In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realized distributable profits for the year (excluding the accumulated undistributed profits of last year).

The board of the Company can propose a distribution of interim cash dividends according to the Company's operating and financial situation.

5. Conditions for bonus issue

The board of the Company may consider adopting bonus issue and conversion of capital reserves to issued capital for distribution. The Company should consider the scale of the existing share capital when issuing bonus shares and dividends, and focus on capital expansion and performance growth simultaneously.

6. Formulation procedure of profit distribution policy

According to the provisions of the Articles of Association of the Company, after fully considering a variety of factors such as the Company's profitability, cash flow, repeat production, investment demand together with the requests of shareholders (especially minority shareholders), and the opinions of independent directors, supervisors, the board of directors proposes the annual or interim profit distribution proposal for the board's consideration and approval. The profit distribution proposal shall be approved by a majority vote of all directors of the board at the board meeting. The profit distribution proposal shall be approved by more than half of the voting rights held by shareholders attending the general meeting of shareholders.

When formulating the distribution of cash dividend policy, the board of the Company should actively communicate and exchange views with shareholders, especially minority shareholders through a variety of channels (including but not limited to telephone, fax and e-mail communication), to fully listen to the views and requests of the minority shareholders, and provide timely responses to minority shareholders' concerns.

7. Amendment procedure of profit distribution policy

If there were major changes in the external environment or the Company's own operating conditions, which required the adjustment of the profit distribution policy, the Company should fully consider protecting the minority shareholders' interests. The amended profit distribution policy must not violate the relevant laws and regulations and the relevant provisions of regulatory documents. The proposal to amend the profit distribution policy shall be submitted to the board and shareholders' meeting for consideration and approval. The proposal for amendment of the profit distribution policy shall be approved by more than two-thirds of the board of directors at the board meeting, independent directors should give independent opinions. The proposal for amendment of the profit distribution policy shall be approved by more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting.

The board of directors should fully listen to the opinions of shareholders (especially minority shareholders), independent directors and supervisors when considering and approving the amendment of profit distribution policy especially the distribution of cash dividends.

8. The Company's shareholders, independent directors and supervisory committee should supervise the execution progress and decision-making procedures of the Company's profit distribution policy executed by the board of directors and management.

9. In case where any shareholder has illegally taken up the Company's capital when the profit distribution proposal is brought into practice, the Company shall deduct the cash dividends allocated to such shareholder to repay the amount of capital taken.

10. The power to forfeit the uncollected dividends shall be exercised after the relevant limitation period expired.

11. The board of directors of the Company shall comply with applicable laws, administrative regulations, departmental rules and regulations, regulatory documents and the profit distribution policy set out in the Articles of Association when formulating, considering and executing the profit distribution policy.

12. The company should disclose in periodic reports the execution progress of distribution plan and cash dividend distribution policy during the reporting period, and indicate whether they have complied with relevant laws and regulations.

Material Litigation and Arbitration

Currency: RMB

Plaintiff(s)/ (Applicant(s))	Defendant(s)	Jointly and severally liable parties	Type of proceedings	Basic information of proceedings/(arbitration)	Amount involved in the litigation /(arbitration)	Progress of proceedings
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 for 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 Qianpai Town, Xinyi City and Qingyuan water supply plant, etc. (Total 2,480 cases)	Xinyi Zijin 、 Xinyi Baoyuan 、 Zijin Mining	Engineering, Design, Construction, and Supervision units as defendants, in about 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 for property damages in 2011.	Originally claimed RMB311,929,227 as compensation, changed to RMB371,948,239.8 later	Case is in progress
Shihuadi power plant	Xinyi Zijin 、 Xinyi Baoyuan 、 Zijin Mining	Engineering, Design, Construction and Supervision units as defendants	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflow and broke, plaintiff alleged 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
Zijin Mining Group Company Limited	Zhongxing Henghe Investment Group Company Limited	No	Civil	On 28 April 2010, the plaintiff entered into a Share Transfer Framework Agreement with the defendant. Since the defendant failed to refund the deposit on time, the plaintiff filed the claims.	Claimed RMB45 million	Case is in progress
Hubei Province Hefeng County Zijin Mining Company Limited	Hefeng County Hongfeng Mining Company Limited	No	Civil	On 5 August 2011, the plaintiff entered into a Mining and Exploration Rights Transfer Agreement with the defendant. Since the defendant breached the contract, the plaintiff filed the claims.	Claimed RMB20 million	Case is in progress

Save as disclosed above, the Company has no material litigation or arbitration during the reporting period.

Asset Acquisitions

Currency: RMB

Transaction parties	Target assets	Date	Price	Net profit contributed to the Company from date of acquisition to reporting period end	Net profit contributed to the Company from beginning of the year to reporting period end (applicable to business combination under same control)	Connected Transaction (If yes, explain pricing principles)	Pricing principles for asset acquisition	Completion of transfer of rights of property	Completion of transfer of liabilities	Proportion of net profit generated by asset acquired contributed to listed company to their total profit (%)	Type of connection
Natural persons Liu Zhendong and Pan Jianyun	70% of the shares in Guangxi Longsheng County Dexin Mining Company	1 April 2012	73,500,000			No	Valuation	Yes	Yes		
Shareholder (s) of Norton Gold Fields Limited	All the issued shares of Norton Gold Fields Limited (except for the shares held by the Company and its subsidiaries)	Offer starts from 18 July 2012	A\$180,300,000, equivalent to approximately RMB1.107 billion			No					

According to the agreement reached on 1 April 2012 among the Company and natural persons Liu Zhendong and Pan Jianyun, the capital of Guangxi Longsheng County Dexin Mining Company (“Dexin Mining”) was increased from RMB31.5 million to RMB105 million. The Company invested RMB53.55 million in cash, representing 51% interest in the increased capital of Dexin Mining. Funing Zhenglong Gold Mining Exploration Company Limited (“Funing Zhenglong”) a subsidiary of the Company invested RMB19.95 million in cash, representing 19% interest in the increased capital of Dexin Mining. The Company and Funing Zhenglong together hold 70% interest in Dexin Mining. Dexin Mining is principally engaged in the development of Pannei gold mine in Guangxi. According to the “Valuation Consultation Report of the Mining Rights for Guangxi Longsheng County Pannei Gold Mine” (Shaanqindekuangping (2011) No.53) issued by Shaanxi Qinde Mining Rights Asset Appraisal Company Limited, using the discounted cash flow method and the method of exploration cost-effectiveness, the assessed value of the mining rights of Pannei gold mine and the exploration rights of Dadi gold mine was RMB80.6255 million.

The Company entered into the “Bid Implementation Deed” with Norton Gold Fields Limited (“Norton”) on 31 May 2012. Through the Company’s wholly owned subsidiary Jinyu (H.K.) International Mining Company Limited (“Jinyu”), the Company issued a conditional off-market cash offer takeover bid of A\$0.25 per share (equivalent to approximately RMB1.535) for all the issued shares of Norton (except for the shares held by the Company and its subsidiaries), including any newly issued shares for any existing options exercised in accordance with related terms before the offer close. The transaction amount of this offer amounted to approximately A\$180,300,000, equivalent to approximately RMB1.107 billion. Jinyu issued the offer on 18 July 2012, in which it is still in progress and the offer will close on 20 August 2012, unless extended. Norton is mainly engaged in gold exploration and mining operations in Australia and its major asset is the Paddington gold project.

Formation of Joint Venture Company

According to the cooperation agreement entered into among the Company’s subsidiary, Fuyun Jinshan Mining Company Limited (“Fuyun Jinshan”), Xinjiang Jinbao Mining Company Limited (“Xinjiang Jinbao”) and Turpan Yurun Iron and Steel Industry Trading Company Limited (“Yurun Iron”) on 9 January 2012, the three parties jointly invested to establish Xinjiang Aleitai Jinhao Iron Industry Company Limited (“Jinhao Iron”), the shareholding ratios were 51%, 10% and 39%, respectively. The registered capital of the new company is RMB10 million, which will be increased to RMB500 million later, in which Fuyun Jinshan will invest RMB200 million as contribution in kind and RMB55 million as monetary contribution; Xinjiang Jinbao will invest RMB50 million as monetary contribution; Yurun Iron will invest RMB195

million as monetary contribution. As at 30 June 2012, Fuyun Jinshan and Xinjiang Jinbao invested RMB5.1 million and RMB25.5 million in cash respectively. Jinhao Iron is principally engaged in the iron ore, purchase and processing of iron ore and iron powder, etc.

Material Connected Transaction During the Reporting Period
Connected transaction related to daily operations

Currency: RMB

Parties of the connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Method of pricing	Price of connected transaction	Total transaction amount	Percentage of amount related to similar transactions(%)	Payment method	Market price	Reason for the difference between transaction price and market price
Fujian Xinhua Engineering Company Limited	Others	Provision of service	Provision of exploitation contracting services for Qinghai Deerni Copper Mine and Zijinshan Gold Mine	Market price		97,082,711.08				
Fujian Shanghang Ting River Hydropower Co., Ltd.	A subsidiary of the shareholder of the Company	Loans	The Company's subsidiary, Zijin Mining Group Finance Co., Ltd. provided loans to its associate	Market price		30,000,000				
China Non-ferrous Metals Import and Export Xinjiang Company	Other connected person	Sale of goods	The Company's controlling subsidiary Xinjiang Ashele Copper Company Limited sold copper concentrates to it	Market price		29,564,008.93				

The pricing of the above connected transactions is based on the prevailing market price. There is no unfairness in these connected transactions and the transaction amounts are relatively small, therefore there is no adverse effect on the Company's independency.

Fujian Xinhua Engineering Company Limited ("Xinhua Engineering") has provided mining exploitation contracting services for Zijinshan Gold Mine and Deerni Copper Mine for many years. As modern large-scale mines, with reference to the requirements in working facilities, production techniques, safety and environmental protection, sustainable contractors are required. The connected natural person of the Company, Mr. Chen Fashu has transferred the 51% interest in all of Xinhua Engineering to an independent third party, and completed the change of business registration in May 2011. According to the Listing Rules of the Shanghai Stock Exchange, Xinhua Engineering will not be a connected person of the Company immediately after 12 months from the date when the change of business registration is completed.

Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower") is an associate of the Company's wholly-owned subsidiary, Zijin Mining Group Finance Co., Ltd. ("Zijin Finance"). It is Zijin Finance's ordinary business in providing financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB30 million to Ting River Hydropower.

The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), sold copper concentrates to the wholly owned subsidiary China Non-ferrous Metals Import and Export Xinjiang Company of its substantial shareholder Xinjiang

Non-ferrous Metals Industry (Group) Company Limited. It is Xinjiang Ashele's ordinary business in selling copper concentrates and the contract is entered into under normal commercial terms, which reflects the principle of fairness and reasonableness.

5. OUTLOOK

Business Environment

The gold price is expected to rise and continue fluctuating at a high level under the impact of the sustained European debt crisis, the uncertain prospect of the US economy, the sustained downward trend of the growth of the emerging economies and the continuing turbulence in global economy. In relation the price of base metals, the factors in favour of the short position seems stronger than the factors in favour of long position. A sustained soft price trend of the base metals will be expected in the short term.

Business Objectives

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.

The Company will not make any adjustment to its main products 2012 production plan at this stage. Please note that the above plan was made on the basis of the current economic condition, market situation and the existing conditions of the Company. The Board may amend the production plan from time to time in accordance with the relevant circumstances.

Measures

The Company will put "growth maintenance" as a target in the second half of 2012. Under the preconditions of safety and environmental protection, the Company will strive to achieve the production target of the year. The Company will organize and dispatch resources meticulously, emphasize dynamic management in production process, control and reduce the operating cost, improve requirements on cost analysis and promote meticulous management steadily. In the meantime, the Company will exercise strict control over the non-productive cost and explore the internal cost saving potential to ease the impact of the rising labour expenses and price inflation.

The Company will focus on the production restoration of Zijinshan Copper Mine hydro-metallurgical plant. Concerning the projects of 200,000 tonnes/year copper refinery, ZGC Taror oxidize ores process plant renovation, Kuitun Tongguan tailings comprehensive utilization of circular economy project, Wulagen Zinc-Lead Mine, Yuanyang Huaxi new 450t/d technical upgrading and Bayanhaer Gold Mine, the Company will collect and conclude the trial run data in these major projects to ensure the smooth production in second half of 2012. The Company will speed up the construction of the projects of Tuva Zinc-lead Mine, Sanguikou Zinc-lead Mine, Gansu Yate integrated development and Kyrgyzstan Zuonan Gold Mine.

The Company will further increase input in exploration and mainly focus on the exploration of the surrounding and bottom areas of productive mines and the risk exploration overseas.

In relation to investment and acquisition, the Company will focus on the integration works after the acquisition of an Australian company Norton Gold Fields Limited, and complete the rating and issue of bonds overseas. The Company will take the slowdown of economy and soft metal prices as an opportunity, by putting internationalisation as a main target, steadily proceeding with the due diligence works and follow-up work and try to make a substantial breakthrough in acquisition.

6. SUPPLEMENTAL INFORMATION

Corporate governance

During the reporting period, the Company strictly complied with the "Company Law", the "Securities Law", "Corporate Governance Guidelines of Listed Companies", "Listing Rules of the Shanghai Stock Exchange", "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited" and other domestic and overseas laws and regulations requirements, to constantly improve the corporate governance structure and standardize its operation.

During the reporting period, the Company strictly complied with the "Basic Norms of Corporate Internal Control" and the relevant requirements of its supporting guidelines, through the development and implementation of the annual internal control specification implementation of work to comprehensively promote the establishment of internal control and

internal evaluation work. With the continuing efforts of the first half of the year, the control system of the Company continued to improve with a sounder internal control system, business processes continued to optimize, ERP information system was established in an orderly manner, and the internal control evaluation system was further improved.

During the reporting period, as required by the “Notice in relation to further implementation of cash dividend distribution of listed companies” issued by China Securities Regulatory Commission, the Company planned to amend and improve the Articles of Association in relation to the terms on profit distribution, develop the rules on shareholders’ dividends return (subject to shareholder meeting’s approval), further improve the decision-making procedures and mechanisms of profit distribution matters on board meeting and shareholders’ meeting, and ensure the continuity and stability of the Company’s dividend distribution policy.

The execution of profit distribution policy during the reporting period

On 28 May 2012, the Company passed the resolutions of “The proposal to raise the proportion of cash dividend for profit distribution of the Company for the year ended 31 December 2011” submitted by shareholders at the 2011 annual general meeting. Based on the total shares of 21,811,963,650 of the Company as at 31 December 2011, a dividend of RMB0.10 (tax included) per share (a total of RMB2,181,196,365 in cash) was distributed, and the undistributed profit was retained for future distribution. The above profit distribution proposal was completed on 12 July 2012.

Interim dividend

The Board proposed to pay no dividend for the six months ended 30 June 2012. (The dividend for the six months ended 30 June 2011 was nil)

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2012.

Corporate Governance Report

As required by Corporate Governance Code A.1.8, an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors, the board of directors currently considers that the Company and the board of directors have adopted sufficient measures to prevent directors from committing errors and minimise the risk in claims against the directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the board of directors will review this policy of insurance from time to time and may arrange insurance cover later. As required by Corporate Governance Code F.1.3, an issuer’s company secretary should report to the board chairman and/or the chief executive. The board of directors considers that the company secretary in Hong Kong should report to the secretary of board of directors to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and mainland.

Save as disclosed above, for the six months ended 30 June 2012, the Board confirmed that the Group has adopted and complied with the provisions of the Corporate Governance Code and Corporate Governance Report and has followed most of its recommended best practices with no deviation (for details, please refer to the Group’s 2011 Annual Report).

Audit Committee

The audit committee has reviewed the Group’s unaudited financial report for the six months ended 30 June 2012 and further discussed the auditing, internal control and financial reporting matters. The audit committee considers that the Group’s financial report for the six months ended 30 June 2012 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.

Independent Non-executive Directors

In compliance with rules 3.10(1) and 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), which states the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting related financial management expertise. The Company appointed four independent non-executive directors and one of them possesses accounting and related financial management expertise. Details of the independent non-executive directors have been provided in the Group’s 2011 annual report.

Securities Transactions by Directors of the Company

During the reporting period, the Company adopted the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 of the Listing Rules. Having made reasonable inquiries to all directors, the Group confirmed that all directors complied with the Model Code for the six months ended 30 June 2012.

Shareholdings of Directors and Supervisors in the Company

As at 30 June 2012, Mr. Chen Jinghe, the Chairman of the Board of the Company held 132,000,000 shares, Mr. Luo Yingnan, President, held 7,500,000 shares, Mr. Lan Fusheng, Vice Chairman, held 7,500,000 shares, and Mr. Zou Laichang, Standing Vice President, held 1,500,000 shares in the Company.

Appointment and Dismissal of Auditors

According to the approval in the 2010 annual general meeting, the Company decided not to re-appoint international auditors — Ernst & Young since 2011. According to the approval in the 2011 annual general meeting, the Company reappointed Ernst & Young Hua Ming to audit the Company's financial statements in 2012 according to the China Auditing Standards.

Appointment and Resignation of Director, Supervisor, and Senior Management

The board of directors of the Company received a resignation letter from Mr. Liu Xiaochu (劉曉初) ("Mr. Liu") on 28 March 2012. Mr. Liu resigned as the Company's executive director, vice-chairman, and authorized representative under the requirement of The Stock Exchange of Hong Kong Limited with effect from 28 March 2012 due to his personal health issue.

Mr. Liu confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in relation to his resignation.

Mr. Qiu Xiaohua (邱曉華) was recommended as a director candidate at the Fourteenth meeting of the fourth Board of Directors and it has been proposed to be appointed at the 2011 annual general meeting. The 2011 annual general meeting reviewed and approved the resolution of "Election of Mr. Qiu Xiaohua as a director of the fourth Board of Directors of the Company". Mr. Qiu Xiaohua has been appointed as the Company's director with effect from 28 May 2012 till the end of the term of the fourth Board of Directors.

The Punishment and Rectification to the Company, Directors, Supervisors, Senior Managers, Shareholders and Substantial Shareholders

The Company received the "Decision of Administrative Punishment" ([2012]No.10) issued by the China Securities Regulatory Commission on 9 May 2012, for the Company's failure to timely disclose the 7.3 waste water leakage incident of Zijinshan copper hydrometallurgical plant, in which the Company violated Article 67 of the Securities Law, and constituted an offense described in Article 193 of the Securities Law. According to Article 193 of the Securities Law, the China Securities Regulatory Commission decided to issue:

1. a warning and order Zijin Mining to correct and impose a fine of RMB300,000;
2. a warning to Chen Jinghe and impose a fine of RMB100,000;
3. a warning to Luo Yingnan and Zou Laichang and impose each a fine of RMB50,000;
4. a warning to Liu Xiaochu, Lan Fusheng and Huang Xiaodong.

All the above fines had been settled.

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

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

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

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

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

Fujian, PRC 10 August 2012

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