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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

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

**(Stock code: 2899)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

The Board of Directors (the “Board”) of Zijin Mining Group Co., Ltd.\* (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2013. (China Accounting Standards for Business Enterprises (“CAS”) and the related laws and regulations were adopted for the preparation of the financial statements.)

Zijin Mining Group Co., Ltd.\*  
Consolidated Balance Sheet  
As at 31 December 2013  
RMB

<u>ASSETS</u>	<u>Note</u>	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,491,737,212	7,473,400,807
Financial assets at fair value through profit or loss		475,941,951	670,943,265
Bills receivable		780,847,129	575,499,815
Trade receivables	11	519,354,631	841,494,264
Prepayments		921,089,268	957,976,115
Other receivables		1,791,576,506	1,524,884,888
Inventories		8,200,028,550	11,602,493,132
Other current assets		<u>751,212,263</u>	<u>687,006,618</u>
Total current assets		<u>17,931,787,510</u>	<u>24,333,698,904</u>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments		343,624,001	576,013,498
Long-term equity investments		5,034,150,419	4,410,652,450
Investment properties		112,444,271	49,065,516
Fixed assets		19,353,330,551	15,595,461,755
Construction in progress		9,986,200,612	8,394,603,506
Construction materials		189,696,519	136,501,422
Intangible assets		8,498,320,317	8,535,917,880
Goodwill		496,758,705	496,758,705
Long-term deferred assets		1,093,707,245	800,104,702
Deferred tax assets		795,179,740	574,768,328
Other non-current assets		<u>3,063,189,230</u>	<u>3,450,874,375</u>
Total non-current assets		<u>48,966,601,610</u>	<u>43,020,722,137</u>
<b>TOTAL ASSETS</b>		<u>66,898,389,120</u>	<u>67,354,421,041</u>

Zijin Mining Group Co., Ltd.\*  
Consolidated Balance Sheet (continued)  
As at 31 December 2013  
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Note</u>	<u>2013</u>	<u>2012</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings		2,774,147,375	6,399,851,000
Financial liabilities at fair value through profit or loss		6,746,734,855	6,521,435,369
Bills payable		281,648,206	313,152,032
Trade payables	12	4,593,524,531	4,174,006,563
Advances from customers		577,062,261	937,554,916
Employee benefits payable		321,424,528	318,116,747
Taxes payable		1,014,800,781	1,692,027,264
Dividends payable		5,534,343	57,397,500
Other payables		2,267,104,690	2,029,208,186
Current portion of non-current liabilities		<u>1,377,984,690</u>	<u>535,867,957</u>
Total current liabilities		<u>19,959,966,260</u>	<u>22,978,617,534</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		6,997,843,844	6,654,629,747
Bonds payable		5,405,880,513	2,987,766,076
Long-term payables		309,261,109	169,472,564
Provisions		147,115,898	167,021,572
Deferred tax liabilities		443,536,908	447,085,685
Other non-current liabilities		<u>549,332,668</u>	<u>366,862,124</u>
Total non-current liabilities		<u>13,852,970,940</u>	<u>10,792,837,768</u>
<b>TOTAL LIABILITIES</b>		<u>33,812,937,200</u>	<u>33,771,455,302</u>
<b>EQUITY</b>			
Share capital		2,170,015,765	2,181,196,365
Capital reserve		7,424,785,017	7,770,714,175
Special reserve		101,948,305	98,196,798
Surplus reserve		1,319,401,104	1,319,401,104
Retained earnings	15	16,978,322,418	17,034,164,960
Exchange differences arising from translation of financial statements denominated in foreign currencies		<u>(382,214,854)</u>	<u>(222,084,649)</u>
Equity attributable to owners of the parent		<u>27,612,257,755</u>	<u>28,181,588,753</u>
Non-controlling interests		<u>5,473,194,165</u>	<u>5,401,376,986</u>
<b>TOTAL EQUITY</b>		<u>33,085,451,920</u>	<u>33,582,965,739</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u>66,898,389,120</u>	<u>67,354,421,041</u>

Zijin Mining Group Co., Ltd.\*  
Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 December 2013  
RMB

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Operating income	2	49,771,511,898	48,414,719,206
Less: Operating costs	2	40,846,480,113	36,374,864,074
Taxes and surcharges	3	719,196,040	541,098,426
Selling expenses		525,665,748	596,860,745
Administrative expenses		2,165,817,191	1,874,254,433
Financial expenses	4	733,059,904	803,965,178
Impairment losses on assets	5	792,141,366	270,720,072
Add: Gains/(losses) on changes in fair value	6	18,736,057	12,986,146
Investment income	7	13,767,646	639,884,580
<i>Including: Share of profits of associates and joint ventures</i>		<u>117,156,560</u>	<u>242,514,892</u>
Operating profit		4,021,655,239	8,605,827,004
Add: Non-operating income	8	223,486,351	220,898,413
Less: Non-operating expenses	9	410,440,020	270,666,100
<i>Including: Losses on disposal of non-current assets</i>		<u>126,942,650</u>	<u>42,731,004</u>
PROFIT BEFORE TAX		3,834,701,570	8,556,059,317
Less: Income tax expenses	1	973,432,498	2,402,806,003
NET PROFIT		<u>2,861,269,072</u>	<u>6,153,253,314</u>
Attributable to owners of the parent		<u>2,125,353,823</u>	<u>5,211,208,977</u>
Non-controlling interests		<u>735,915,249</u>	<u>942,044,337</u>
Earnings per share			
Basic earnings per share	14	<u>0.10</u>	<u>0.24</u>
 OTHER COMPREHENSIVE INCOME			
Items that will be reclassified into profit or loss when satisfied with certain conditions in subsequent accounting periods			
Gain arising from changes in the fair value of available-for-sale investments		86,901,813	149,535,677
Exchange differences arising from translation of financial statements denominated in foreign currencies		<u>(178,359,352)</u>	<u>(2,937,920)</u>
Other comprehensive income, net of income tax effects	10	<u>(91,457,539)</u>	<u>146,597,757</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,769,811,533</u>	<u>6,299,851,071</u>
Attributable to:			
Owners of the parent		<u>2,052,125,431</u>	<u>5,357,778,200</u>
Non-controlling interests		<u>717,686,102</u>	<u>942,072,871</u>

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements  
For the year ended 31 December 2013  
RMB

**1. TAXES**

**Major categories of taxes and tax rates**

Value-added tax (“VAT”) Sales of final gold products and carrying-gold minerals are exempted from VAT. The VAT rate for sales of mining and processing of non-ferrous metals such as iron concentrates, gold concentrates, copper concentrates, zinc concentrates, copper cathodes, zinc bullion, and material sales and processing is 17%. VAT is levied at 17% on the invoiced value of sales and is payable by the purchaser. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Tax on the Implementation of the Pilot Policy in respect of Changing the Levy of Business Tax to Value-added Tax for Transportation and Certain Modern Service Industries in the 8 Provinces and Municipalities including Beijing (Cai Shui [2012] No.71), from 1 November 2012, VAT are levied at 11%, 6% and 6% on transportation service income, trademark royalty income and technical service income derived in Fujian Province, respectively; VAT of the income derived from the above business of small-scale taxpayers are levied at 3%.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Tax on the Implementation of the Pilot Policy in respect of Changing the Levy of Business Tax to Value-added Tax for Transportation and Certain Modern Service Industries in the whole country (Cai Shui [2013] No.37), from 1 August 2013, the levy of business tax for transportation service and certain modern service industries in the whole country were changed to VAT in pilot run, VAT are levied at 11%, 6% and 6% on transportation service income, trademark royalty income and technical service income respectively; VAT of the income from the above business of small-scale taxpayers are levied at 3%.

Business tax Business tax rate for rental income is 5%, for construction revenue income is 3% and for hotel service revenue is 5%. From 1 November 2012, the incomes of transportation service, trademark royalty and technical service derived in Fujian Province and originally subject to business tax are levied under VAT. From 1 August 2013, the levy of business tax for transportation service and certain modern service industries in the whole country was changed to be levied under VAT in pilot run, transportation service income, trademark royalty income and technical service income originally subject to business tax are levied under VAT.

City construction and maintenance tax Levied on actual payment of turnover tax at the rates ranging from 1% to 7%.

Resource tax Tax rates for gold resources ranged from RMB2 to RMB8.5 (2012: RMB2 to RMB8.5) per tonne depending on the gold ore quantity; tax rates for copper resources ranged from RMB6 to RMB7 (2012: RMB6 to RMB7) per tonne depending on the copper ore quantity; tax rate for iron resources was RMB9.52 (2012: RMB9.52) per tonne according to the ore quantity; tax rate for zinc-lead resources was RMB20 (2012: RMB20) per tonne according to the ore quantity.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

1. TAXES (continued)

Major categories of taxes and tax rates (continued)

Resource compensation fee	The resource compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: Mineral sales revenue x Resource compensation rate x Coefficient of mining recovery. Resource compensation rates range from 2% to 4%.
Enterprise income tax	Provision for the People's Republic of China ("PRC") income tax has been made at the rate of 25% based on the taxable profits except for certain companies in the Group which are further mentioned below. Provision for Hong Kong profits tax has been made at the rate of 16.5% on the assessable profits arising in Hong Kong for the year. Provision for Australian profits tax has been made at the rate of 30% on the assessable profits arising in Australia for the year. Provision for Tajikistan's profits tax has been made at the rate of 15% on the assessable profits arising in the Republic of Tajikistan for the year.

Tax incentives and approvals

Pursuant to the regulations of Notice of issues of tax policy related to the further implementation of Large-scale Development of Western China strategy issued by the Ministry of Finance, the State Administration of Tax and General Administration of Customs (Cai Shui [2011] No. 58), from 1 January 2011 to 31 December 2020, the corporations located in the western region whose main business operation is included in the "Catalogue of Encouraged Industries in the Western Region" and having 70% or more income from main business during the year, upon application and approval from the related tax authorities, can pay enterprise income tax at a preferential rate of 15%. In 2013, the following subsidiaries of the Company received approval from the related tax authorities and the enterprise income tax was provided at a preferential rate of 15%:

- (1) Pursuant to the Notice of Tax Matters issued by Local Taxation Bureau of Habahe County, Xinjiang Autonomous Region on 5 August 2013 (Ha Di Shui Tong [2013] No. 585), Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") can enjoy a tax concession of Large-scale Development of Western China at a preferential rate of 15% in 2013.
- (2) Pursuant to the Notice of Tax Matters issued by Local Taxation Bureau of Fuyun County, Xinjiang Autonomous Region on 18 December 2013 (Fu Di Shui Tong [2013] No. 54), Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") can enjoy a tax concession of Large-scale Development of Western China at a preferential rate of 15% in 2013.
- (3) Pursuant to the Notice in relation to Relevant Matters about Enterprise Income Tax on the Enterprises including Hunchun Zijin Mining Company Limited (Ji Guo Shui Suo Bian Han [2012] No.35) issued by the Jilin Provincial State Tax Bureau on 26 October 2012, Hunchun Zijin Mining Company Limited ("Hunchun Zijin") can enjoy a tax concession of Large-scale Development of Western China at a preferential rate of 15% in 2013.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

**1. TAXES (continued)**

	2013	2012
Current tax expenses		
—Mainland China	1,199,556,120	2,497,883,147
—Hong Kong	-	-
Deferred tax expenses	<u>(226,123,622)</u>	<u>(95,077,144)</u>
	<u>973,432,498</u>	<u>2,402,806,003</u>

Reconciliation of income tax expenses to profit before tax is as follows:

	2013	2012
Profit before tax	3,834,701,570	8,556,059,317
Income tax calculated at the applicable tax rate (Note 1)	958,675,393	2,139,014,829
Effect of different tax rates of certain subsidiaries	(155,990,286)	(84,222,712)
Underprovision in prior years	(59,119,178)	87,418,802
Income not subject to tax (Note 2)	(99,842,278)	(96,322,880)
Expenses not deductible for tax purposes (Note 3)	40,178,017	56,891,085
Previous tax losses utilised	(20,879,485)	(971,453)
Effect of unrecognized deductible temporary differences and deductible tax losses	<u>310,410,315</u>	<u>300,998,332</u>
Income tax expenses calculated at the Group's effective tax rate	<u>973,432,498</u>	<u>2,402,806,003</u>

Note 1: Provision for the PRC enterprise income tax expenses has been made at applicable tax rates based on the taxable profits. For the year 2013, there was no assessable profit arising in Hong Kong (2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the enterprise operates.

Note 2: The amount was mainly share of profits of long-term equity investments under the equity method of RMB117,156,560 for the year 2013 (2012: RMB242,514,892), share of profits of long-term equity investments under the cost method of RMB18,740,000 (2012: RMB12,540,344) and the sales income of products which was exempted from income tax due to fulfillment of national industrial policies was RMB16,482,399 for the year 2013 (2012: RMB12,970,130).

Note 3: The amount was mainly the donations not deductible for tax purposes of RMB118,289,509 for the year 2013 (2012: RMB15,913,590).

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

**2. OPERATING INCOME AND OPERATING COSTS**

Analyses of operating income and operating costs are as follows:

Operating income:

	2013	2012
Revenue from principal operations	49,236,394,951	47,732,636,436
Revenue from other operations	535,116,947	682,082,770
	<u>49,771,511,898</u>	<u>48,414,719,206</u>

Operating costs:

	2013	2012
Cost of principal operations	40,563,975,593	35,966,404,643
Cost of other operations	282,504,520	408,459,431
	<u>40,846,480,113</u>	<u>36,374,864,074</u>

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

	2013		2012	
	Revenue from principal operations	Cost of principal operations	Revenue from principal operations	Cost of principal operations
Gold bullion	4,922,447,589	2,451,432,568	7,036,036,225	1,870,486,058
Refinery, processed and trading gold	18,158,915,135	18,030,797,072	19,202,793,317	18,559,372,120
Copper cathodes	604,707,310	447,373,779	147,914,973	117,445,856
Refinery copper	8,710,197,645	8,843,762,500	5,087,480,380	4,967,106,830
Ore concentrates	11,182,560,241	5,823,332,072	8,380,971,824	3,410,003,010
Zinc bullion	1,974,786,158	1,909,299,060	1,996,915,340	1,896,540,579
Others	3,682,780,873	3,057,978,542	5,880,524,377	5,145,450,190
	<u>49,236,394,951</u>	<u>40,563,975,593</u>	<u>47,732,636,436</u>	<u>35,966,404,643</u>



Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

**3. TAXES AND SURCHARGES**

	2013	2012
Business tax	92,426,235	82,116,198
City construction and maintenance tax	52,079,582	42,639,112
Resource tax	421,386,497	323,181,140
Education surcharges	64,123,541	49,705,763
Others	89,180,185	43,456,213
	<u>719,196,040</u>	<u>541,098,426</u>

**4. FINANCIAL EXPENSES**

	2013	2012
Interest expenses:	1,124,578,070	943,245,114
<i>Including: *Bank loans</i>	962,834,530	806,886,927
<i>*Bonds payable</i>	161,743,540	136,358,187
Less: Interest income	103,767,418	149,763,930
Capitalised interest expenses	402,948,070	168,571,282
Exchange losses	29,887,533	64,697,959
Bank charges	85,309,789	84,982,647
Others	-	29,374,670
	<u>733,059,904</u>	<u>803,965,178</u>

Capitalised interest expenses are included in construction in progress. In 2013, no interest income arose from impaired financial assets (2012: Nil).

\*In 2013, interests on bank loans and bonds payable wholly repayable within five years amounted to RMB1,028,155,969 (2012: RMB792,561,203). Interests on bank loans not wholly repayable within five years amounted to RMB96,422,101 in 2013 (2012: RMB150,683,911).

**5. IMPAIRMENT LOSSES ON ASSETS**

	2013	2012
Bad debt provision for trade and other receivables	161,832,006	7,224,745
Inventory impairment loss	67,421,752	41,819,403
Impairment on available-for-sale investments	92,013,456	113,975,059
Impairment on long-term equity investments	189,468,007	-
Impairment on fixed assets	180,197,036	34,885,865
Impairment on construction in progress	9,839,091	-
Impairment on intangible assets	91,370,018	27,815,000
Impairment on other non-current assets	-	45,000,000
	<u>792,141,366</u>	<u>270,720,072</u>

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

6. GAINS/(LOSSES) ON CHANGES IN FAIR VALUE	2013	2012
Gains or losses on financial assets at fair value through profit or loss (Note 1)	(188,721,341)	122,697,578
<i>Including: unsettled provisional price arrangements</i>		
<i>- Non-effective hedging</i>	-	5,077,703
Gains or losses on financial liabilities at fair value through profit or loss (Note 2)	<u>207,457,398</u>	<u>(109,711,432)</u>
	<u>18,736,057</u>	<u>12,986,146</u>

Note 1: In year 2013, gains or losses on changes in fair value of financial assets at fair value through profit or loss include losses on changes in fair value of equity, fund and bonds investments of RMB63,280,631 (2012: RMB9,097,653), and losses on changes in fair value of forward and future contracts of RMB117,276,853 (2012: gains of RMB121,618,801). Losses on changes in fair value of other financial assets of RMB8,163,857 (2012: gains of RMB10,176,430).

Note 2: In year 2013, gains or losses on changes in fair value of financial liabilities at fair value through profit and loss include gains on changes in fair value arising from the gold leasing business of RMB1,124,808,398 (2012: losses of RMB178,555,092), losses on changes in fair value of gold futures for avoidance of the risk of the simultaneous price fluctuation from gold leasing business of RMB927,451,517 (2012: gains of RMB68,843,660), and gains on changes in fair value arising from other liabilities of RMB10,100,517 (2012: Nil).

7. INVESTMENT INCOME	2013	2012
Income from long-term equity investments under the cost method	18,740,000	12,540,344
Income from long-term equity investments under the equity method	117,156,560	242,514,892
<i>Including: Share of profits of associates</i>	145,858,676	238,988,380
<i>Share of (losses)/profits of joint ventures</i>	(28,702,116)	3,526,512
Gains on disposal of long-term equity investments	3,576,341	10,580,835
<i>Including: Gain on disposal of subsidiaries</i>	4,073,195	10,580,835
<i>Loss on disposal of other long-term equity investments</i>	(496,854)	-
Gains/(losses) on disposal of financial assets at fair value through profit or loss (Note 1)*	(73,311,904)	264,280,528
Gains/(losses) on disposal of available-for-sale investments (Note 2)*	(50,582,434)	65,055,893
Gains on acquisition of Norton Gold Fields Limited	-	41,190,727
Others	<u>(1,810,917)</u>	<u>3,721,361</u>
	<u>13,767,646</u>	<u>639,884,580</u>

\*In year 2013, investment losses from investments on listed companies are RMB44,772,902 (2012: gain of RMB144,405,542) and investment gain from investments on unlisted companies are RMB58,540,548 (2012: RMB495,479,038) respectively.

Note 1: In the year of 2013, the investment loss resulting from disposal of financial assets at fair value through profit or loss included loss of RMB81,713,954 on the settlement of future contracts (2012: gains of RMB226,121,606).

Note 2: In the years of 2013 and 2012, investment incomes or losses resulting from disposal of available-for-sale investments were generated from the gains or losses on disposal of equity investments.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

**8. NON-OPERATING INCOME**

	2013	2012
Gains on disposal of non-current assets	8,467,645	1,834,059
<i>Including: Gains on disposal of fixed assets</i>	<i>8,467,645</i>	<i>1,834,059</i>
Government grants	159,679,631	91,978,060
Penalty income	10,744,109	3,991,306
Others	44,594,966	123,094,988
	223,486,351	220,898,413

Analysis of government grants recognized in profit or loss is as follows:

	2013	2012
Government grants related to assets:		
Technical innovation and scientific research	2,490,000	438,893
Environmental protection	3,772,099	1,652,099
Exploration	-	1,200,000
The government land compensation	552,709	552,709
Comprehensive utilization of mineral resource (Note 1)	33,502,393	3,350,000
Others (Note 2)	16,913,509	5,211,653
	57,230,710	12,405,354
Government grants related to income:		
Special government rewards (Note 3)	23,460,162	28,780,584
VAT subsidies	407	27,538,866
Tax refund	10,253,838	10,110,350
Others (Note 4)	68,734,514	13,142,906
	102,448,921	79,572,706
	159,679,631	91,978,060

Note 1: The government grant for the Company's Zijinshan gold and copper mine low-grade comprehensive utilization demonstration base amounted to RMB33,502,393 during 2013.

Note 2: Mainly included the amortization of Zijin Copper Company Limited's ("Zijin Copper") subsidy for public rental housing amounted to RMB15,171,500 during 2013.

Note 3: Mainly included Qinghai West Copper Mining Company Limited ("Qinghai West") received Deerni Copper Mine pyrite comprehensive utilization incentive fund from Bureau of Development and Reform of Maqin County amounted to RMB5,000,000 and financial subsidy fund for copper tailings recycling technological innovation project amounted to RMB2,700,000 in 2013. Zijin Copper received RMB7,000,000 of electricity consumption reward from Finance Bureau in 2013.

Note 4: Mainly included the import products finance discount fund amounted to RMB30,000,000, the third tranche of clean production demonstration project subsidy amounted to RMB7,000,000 and a rich water period electricity subsidy amounted to RMB8,297,000 received by Zijin Copper.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2013  
RMB

**9. NON-OPERATING EXPENSES**

	2013	2012
Losses on disposal of non-current assets	126,942,650	42,731,004
<i>Including: Losses on disposal of fixed assets</i>	126,939,629	42,731,004
<i>Losses on other long-term assets</i>	3,021	-
Donations	230,065,888	190,096,198
Penalties	24,189,776	31,045,236
Losses arising from natural disasters	401,975	170,975
Losses on stock taking	2,130,972	1,431,836
Others	26,708,759	5,190,851
	<u>410,440,020</u>	<u>270,666,100</u>

**10. OTHER COMPREHENSIVE INCOME**

	2013	2012
Losses arising from changes in fair value of available-for-sale investments recognised in other comprehensive income	(53,523,075)	(34,050,467)
Less: Originally recognised in other comprehensive income transferred out and recognised in profit or loss during the period	(134,016,284)	(180,535,220)
Income tax effects	(6,408,604)	(3,050,924)
	<u>86,901,813</u>	<u>149,535,677</u>
Exchange differences arising from translation of financial statements denominated in foreign currencies recognised in other comprehensive income	(178,359,352)	(2,937,920)
	<u>(91,457,539)</u>	<u>146,597,757</u>

**11. TRADE RECEIVABLES**

Trade receivables are interest-free with a credit period of 1 month in general. The credit period for major customers may be extended up to 4 months.

An ageing analysis of the trade receivables is as follows:

	2013	2012
Within 1 year	498,591,771	810,228,920
Over 1 year but within 2 years	12,565,676	26,405,155
Over 2 years but within 3 years	7,575,162	11,514,683
Over 3 years	8,065,554	739,441
	<u>526,798,163</u>	<u>848,888,199</u>
Less: Bad debt provision	7,443,532	7,393,935
	<u>519,354,631</u>	<u>841,494,264</u>

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**11. TRADE RECEIVABLES (continued)**

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

**12. TRADE PAYABLES**

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

	2013	2012
Within 1 year	4,440,449,426	3,960,375,645
Over 1 year but within 2 years	107,080,663	168,230,455
Over 2 years but within 3 years	12,830,510	30,893,363
Over 3 years	33,163,932	14,507,100
	4,593,524,531	4,174,006,563

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

**13. OPERATING SEGMENT INFORMATION**

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

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

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**13. OPERATING SEGMENT INFORMATION (continued)**

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

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

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

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

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**13. OPERATING SEGMENT INFORMATION (continued)**

2013

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	4,922,447,589	18,158,915,135	3,936,590,918	604,707,310	8,710,197,645	4,392,695,960	2,853,273,363	1,974,786,158	4,217,897,820	-	49,771,511,898
Intersegment sales	531,265,301	1,493,399,996	1,229,643,252	261,782,583	282,271,178	663,030,054	538,684,424	-	2,180,033,344	(7,180,110,132)	-
<b>Total</b>	<b>5,453,712,890</b>	<b>19,652,315,131</b>	<b>5,166,234,170</b>	<b>866,489,893</b>	<b>8,992,468,823</b>	<b>5,055,726,014</b>	<b>3,391,957,787</b>	<b>1,974,786,158</b>	<b>6,397,931,164</b>	<b>(7,180,110,132)</b>	<b>49,771,511,898</b>
Segment profit/(loss) #	1,777,579,945	74,069,867	861,979,659	90,516,260	(197,726,164)	1,706,456,665	1,200,098,575	(63,302,783)	(236,431,470)	-	5,213,240,554
Interest and dividend income											122,507,418
Unallocated expenses											(694,106,613)
Finance costs											(806,939,789)
<b>Segment profit before tax</b>											<b>3,834,701,570</b>
Assets and liabilities											
Segment assets:	7,301,193,194	2,353,738,610	5,420,436,145	1,502,595,498	5,792,620,538	8,254,547,123	9,086,450,405	3,061,701,465	16,635,719,988		59,409,002,966
Unallocated assets											7,489,386,154
<b>Total assets</b>											<b>66,898,389,120</b>
Segment liabilities:	2,633,120,685	946,217,103	1,992,017,432	340,676,900	4,716,051,544	2,389,597,278	4,309,318,156	2,196,379,410	4,361,745,477		23,885,123,985
Unallocated liabilities											9,927,813,215
<b>Total liabilities</b>											<b>33,812,937,200</b>
Other segment information:											
Share of profits or losses of:											
Associates	-	-	-	10,222,260	-	(12,442,401)	110,831,864	-	37,246,953		145,858,676
Joint ventures	-	27,359,216	-	-	-	-	-	-	(56,061,332)		(28,702,116)
Impairment losses recognised in the statement of profit or loss	181,417,179	30,197,425	44,760,990	8,129	24,984,164	336,381,743	9,364,681	7,502,484	205,252,237		839,869,032
Impairment losses reversed in the statement of profit or loss	(2,284,817)	(16,077,015)	(36,966)	-	(24,688,001)	(2,317,037)	-	-	(2,323,830)		(47,727,666)
Unallocated non-cash income											18,736,057
Depreciation and amortisation	410,803,511	495,336,976	279,514,553	43,622,844	369,565,672	265,145,006	213,845,468	84,115,108	231,830,432		2,393,779,570
Investments in associates	-	-	-	419,130,090	-	324,294,272	404,102,686	-	1,440,032,134		2,587,559,182
Investments in joint ventures	-	206,267,359	-	-	-	-	-	-	1,885,331,395		2,091,598,754
Capital expenditure	2,331,728,305	971,928,396	963,677,128	256,435,243	285,800,568	1,102,246,908	973,708,956	294,466,170	1,616,205,573		8,796,197,247
Unallocated capital expenditure											11,007,558

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**13. OPERATING SEGMENT INFORMATION (continued)**

2012

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	7,036,036,225	19,202,793,317	2,515,596,431	147,914,973	5,087,480,380	3,598,952,990	2,266,422,403	1,996,915,340	6,562,607,147	-	48,414,719,206
Intersegment sales	275,777,554	492,007,715	1,014,129,192	98,197,176	267,501,394	630,847,010	222,652,986	-	1,709,832,354	(4,710,945,381)	-
<b>Total</b>	<b>7,311,813,779</b>	<b>19,694,801,032</b>	<b>3,529,725,623</b>	<b>246,112,149</b>	<b>5,354,981,774</b>	<b>4,229,800,000</b>	<b>2,489,075,389</b>	<b>1,996,915,340</b>	<b>8,272,439,501</b>	<b>(4,710,945,381)</b>	<b>48,414,719,206</b>
Segment profit/(loss) #	4,771,272,771	590,817,384	839,904,434	15,942,569	36,038,032	2,048,950,108	1,111,963,321	(15,676,540)	(61,728,514)	-	9,337,483,565
Interest and dividend income											162,304,274
Unallocated expenses											(54,697,373)
Finance costs											(889,031,149)
<b>Segment profit before tax</b>											<b>8,556,059,317</b>
Assets and liabilities											
Segment assets:	7,196,836,713	2,401,334,558	2,103,100,459	2,690,891,490	9,469,717,495	7,500,928,296	8,440,127,745	3,197,198,244	13,943,161,969		56,943,296,969
Unallocated assets											10,411,124,072
<b>Total assets</b>											<b>67,354,421,041</b>
Segment liabilities:	2,125,425,737	929,182,999	1,445,895,409	1,734,831,510	5,782,807,567	1,501,619,207	4,644,255,821	2,355,514,098	2,977,435,317		23,496,967,665
Unallocated liabilities											10,274,487,637
<b>Total liabilities</b>											<b>33,771,455,302</b>
Other segment information:											
Share of profits or losses of:											
Associates	-	-	(11,700,124)	(1,918,134)	-	8,200,222	171,121,234	-	73,285,182		238,988,380
Joint ventures	-	19,003,944	-	-	-	-	-	-	(15,477,432)		3,526,512
Impairment losses recognised in the statement of profit or loss	3,263,368	13,218,156	-	-	29,685,864	2,639,574	-	2,265,501	235,377,672		286,450,135
Impairment losses reversed in the statement of profit or loss	-	-	(15,707,861)	-	-	-	-	-	(22,202)		(15,730,063)
Unallocated non-cash income											12,986,146
Depreciation and amortisation	248,675,894	197,102,314	129,262,752	50,839,160	113,983,150	219,515,093	232,526,587	156,437,498	333,675,484		1,682,017,932
Investments in associates	-	-	42,142,585	395,307,828	-	499,494,258	360,039,953	-	1,300,727,436		2,597,712,060
Investments in joint ventures	-	166,036,636	-	-	-	-	-	-	1,339,409,190		1,505,445,826
Capital expenditure	1,756,060,728	785,445,340	230,261,231	1,612,173,891	1,282,788,301	988,428,669	1,204,264,007	494,519,041	2,724,152,344		11,078,093,552
Unallocated capital expenditure											16,006,535



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**13. OPERATING SEGMENT INFORMATION (continued)**

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

**Geographical information**

Over 96% (2012: 97%) of the Group's revenue was derived from customers based in Mainland China, and over 68% (2012: 78%) of the Group's assets were located in Mainland China.

**Information about a major customer**

Revenue of approximately RMB22,533,573,715 (2012: RMB23,456,655,918) was derived from sales of the gold bullion segment and the processed, refinery and trading gold segment to the Shanghai Gold Exchange.

**14. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the consolidated net profit for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. 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.

There were no potential dilutive ordinary shares for the Company.

Basic earnings per share is calculated as follows:

	2013	2012
Earnings		
Consolidated net profit attributable to the owners of the parent	<u>2,125,353,823</u>	<u>5,211,208,977</u>
Shares		
Weighted average number of ordinary shares outstanding	<u>21,796,121,080</u>	<u>21,811,963,650</u>

Note: Due to the implementation of repurchase of H shares in 2013, the calculation of "Basic Earnings Per Share" is based on balance of the total issued shares after deduction of the repurchased H shares as at 31 December 2013.

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**15. RETAINED EARNINGS**

	2013	2012
At 1 January	17,034,164,960	14,004,152,348
Net profit attributable to the owners of the parent	2,125,353,823	5,211,208,977
Less: Appropriation for the statutory reserve	-	-
Dividends distribution	<u>2,181,196,365</u>	<u>2,181,196,365</u>
At 31 December	<u><u>16,978,322,418</u></u>	<u><u>17,034,164,960</u></u>

On 28 May 2013, the 2012 annual general meeting of the Company approved the final cash dividend of RMB0.1 per ordinary share in aggregate of RMB2,181,196,365.

On 28 May 2012, the 2011 annual general meeting of the Company approved the final cash dividend of RMB0.1 per ordinary share in aggregate of RMB2,181,196,365.

**16. NET CURRENT (LIABILITIES)/ASSETS**

	2013	2012
Current assets	17,931,787,510	24,333,698,904
Less: Current liabilities	<u>19,959,966,260</u>	<u>22,978,617,534</u>
Net current (liabilities)/assets	<u><u>(2,028,178,750)</u></u>	<u><u>1,355,081,370</u></u>

**17. TOTAL ASSETS LESS CURRENT LIABILITIES**

	2013	2012
Total assets	66,898,389,120	67,354,421,041
Less: Current liabilities	<u>19,959,966,260</u>	<u>22,978,617,534</u>
Total assets less current liabilities	<u><u>46,938,422,860</u></u>	<u><u>44,375,803,507</u></u>

**18. PROVISION FOR DEPRECIATION**

	2013	2012
Fixed assets	1,887,658,780	1,319,998,832
Investment properties	<u>3,064,520</u>	<u>1,991,059</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Overview

In 2013, the world economy was in slow recovery but the global mining industry was in low tide which caused a substantial drop in gold price and prices of base metals fluctuated in its low range while costs continuously climbed up. In 2013, the opening price of London spot gold was US\$1,676.49/oz, the highest price was US\$1,697.25/oz and the lowest price was US\$1,180.45/oz. The year-end closing price was US\$1,205.60/oz, representing a decrease of 28.03% over the previous year. The average gold price dropped 15.44% over the previous year. The opening price of major gold product at Shanghai Gold Exchange was RMB332.8/g, the highest price was RMB341/g and the lowest price was RMB235.7/g. The year-end closing price was RMB237.31/g, representing a decrease of 29.02% over the previous year. The average gold price dropped 18.62% over the previous year. The average prices of copper in London and Shanghai dropped 7.85% and 6.85% respectively. The average prices of zinc in London and Shanghai dropped 1.93% and 0.82% respectively.

### Position in the industry

According to the latest statistics of the Ministry of Industry and Information Technology of the PRC, the 2013 national gold production in the PRC amounted to 428.2 tonnes (in which 350.9 tonnes was mine-produced gold) representing an increase of 6.2% over the previous year. The PRC was the largest gold production country in the world for 7 consecutive years. In 2013, the Group produced 31.69 tonnes of mine-produced gold, representing approximately 9.03% of mine-produced gold in the PRC. The large scale enterprises in domestic gold industry realized RMB35.97 billion profit in total and the Group realized a total profit of RMB3.835 billion, representing 10.66% of the total profit realized by large scale enterprises in domestic gold industry.

According to the statistics of the National Bureau of Statistics of China, the 2013 national production of mineral product - copper in the PRC amounted to 1,772,915 tonnes (copper metal), the Group produced 125,060 tonnes mine-produced copper, representing 7.05% of national mine-produced copper.

### Business Overview

During the reporting period, the Group realized turnover of RMB49.772 billion, representing an increase of 2.80% when compared with the same period last year (2012: RMB48.415 billion), and net profit attributable to owners of the parent of RMB2.125 billion, representing a decrease of 59.22% when compared with the same period last year (2012: RMB5.211 billion).

As at the end of 2013, the Group's total assets was RMB66.898 billion, representing a decrease of 0.68% when compared with last year (2012: RMB67.354 billion), and net assets attributable to owners of the parent of RMB27.612 billion, representing a decrease of 2.02% when compared with last year (2012: RMB28.182 billion).

### GOLD MINE BUSINESS

During the reporting period, the Group produced a total of 108,540kg (3,489,639 ounces) of gold, representing an increase of 20.16% when compared with same period last year (2012: 90,328kg).

In which, 31,693kg (1,018,953 ounces) of mine-produced gold was produced, representing a decrease of 1.19% when compared with same period last year (2012: 32,075kg); in which 11,742kg (377,513 ounces) was produced from Zijinshan Gold Mine, 1,793kg (57,646 ounces) was produced from Hunchun Zijin, 2,101kg (67,549 ounces) was produced from Guizhou Shuiyindong Gold Mine, 5,373kg (172,745 ounces) was produced from Norton Gold Fields Limited ("Norton") of Australia; 1,617kg (51,988 ounces) was produced from

ZGC, 1,399kg (44,979 ounces) was produced from Inner Mongolia Jinzhong Mining and 7,668kg (246,532 ounces) of mine-produced gold was produced from other gold production entities in the Group.

During the reporting period, the Group produced a total of 76,847kg (2,470,687 ounces) of refinery gold, representing an increase of 31.92% over the same period last year (2012: 58,253kg).

Sales income from the gold business of the Group represented about 54.28% (after elimination) of the total annual sales income, and the net profit of the gold business represented about 52.05% of the total consolidated net profit of the Group.

(1 troy ounce = 31.1035g)

#### COPPER MINE BUSINESS

During the reporting period, the Group produced a total of 332,792 tonnes copper, representing an increase of 53.64% over the same period last year (2012: 216,599 tonnes).

In which, 125,060 tonnes copper was produced from mines (including 14,224 tonnes copper cathodes), representing an increase of 19.56% over the same period last year (2012: 104,603 tonnes). In which, Ashele Copper Mine produced copper concentrates containing copper of 31,514 tonnes; Zijinshan Copper Mine produced 30,678 tonnes copper (including 12,744 tonnes copper cathodes); Qinghai Deerni Copper Mine produced copper concentrates containing copper of 23,858 tonnes; Duobaoshan Copper Mine produced 25,253 tonnes copper (including 1,479 tonnes copper cathodes); Hunchun Zijin produced copper concentrates containing copper of 7,667 tonnes.

The Group produced 207,732 tonnes of copper from refinery plants, representing an increase of 85.48% over the same period last year (2012: 111,996 tonnes).

Sales income from the copper mine business represented 27.54% (after elimination) of the annual total sales income, while it represented about 30.68% of the total consolidated net profit of the Group.

#### LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 253,388 tonnes, representing an increase of 37.34% over the same period last year (2012: 184,502 tonnes).

In which, the Group produced zinc concentrates containing zinc of 72,076 tonnes, representing an increase of 97.26% when compared with same period last year (2012: 36,539 tonnes). In which: the newly commenced production entity - Wuqia Jinwang produced 30,684 tonnes, Wulatehouqi Zijin produced zinc concentrates containing zinc of 29,275 tonnes, representing an increase of 14.78% over the same period last year (2012: 25,506 tonnes); Ashele Copper Mine produced zinc concentrates containing zinc of 10,048 tonnes and other entities in the Group produced concentrates containing 2,069 tonnes of zinc.

Zinc bullion from refinery of 181,312 tonnes was produced, representing an increase of 22.54% over the same period last year (2012: 147,963 tonnes).

During the reporting period, the Group produced lead concentrates containing lead of 8,904 tonnes, representing an increase of 85.15% over the same period last year (2012: 4,809 tonnes).

Sales income from lead and zinc mine business represented about 5.21% (after elimination) of total annual sales income, while net profit from lead and zinc mine business represented

about 2.69% of the total consolidated net profit of the Group.

#### IRON MINE, SILVER AND OTHER BUSINESS

During the reporting period, the Group produced silver of 327,506kg, representing an increase of 24.36% over the same period last year (2012: 263,348kg), of which 153,773kg of silver was produced from mines representing an increase of 8.96% over the same period last year (2012: 141,125kg); 173,733kg of silver was produced from refinery as by-product, representing an increase of 42.14% over the same period last year (2012: 122,223kg).

During the reporting period, the Group produced iron concentrates of 2,610,000 tonnes, representing an increase of 12.50% over the same period last year (2012: 2,320,000 tonnes).

Sales income from iron mine, silver and other mineral products represented about 12.97% (after elimination) of total annual sales income, which represented about 14.58% of the total net profit attributable to the owners of the parent.

#### Geological exploration work and status of resources and reserves

During the reporting period, the Group invested RMB450 million in geological exploration in aggregate and the volume of the actual works completed includes the following: 405,000 metres drilling, 36,400 metres tunnel exploration, and 57,200 cubic metres trench exploration, which increased the resources (unaudited) by exploration as follows: 60.5 tonnes of gold, 402,000 tonnes of copper, 1.91 million tonnes of lead and zinc, 32,000 tonnes of molybdenum, 21,000 tonnes of tungsten, 216 tonnes of silver and 23,480,000 tonnes of iron ores.

As at the end of 2013, the Group owns 245 mining rights with a total area of 844.253 square kilometers and 244 exploration rights with a total area of 3,970.42 square kilometers.

**The table below sets out the assessed resources / reserves of the Group's major mines at the end of 2013:**

#### Summary of resources / reserves of the Group's major mines in 2013

Type of mine	2013 (grade 333 or above)	2012 (grade 333 or above)	Growth rate over same period last year (%)
Gold (t)	1,072.7	1,077.34	-0.43%
Gold associated with other metals (t)	127.4	114.88	10.90%
Sub-total of Gold (t)	1,200.1	1,192.22	0.66%
Copper (Mt)	13.624	11.7939	15.52%
Silver (t)	1,413.2	1,510.00	-6.41%
Molybdenum (Mt)	0.724	0.4211	71.93%
Zinc (Mt)	9.268	6.3470	46.02%
Lead (Mt)	1.719	1.2842	33.86%
Tungsten (Mt)	0.1699	0.1697	0.12%
Tin (Mt)	0.1399	0.1399	0.00%
Iron (Mt)	236	208	13.46%

Coal (Mt)	489	489	0.00%
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During the reporting period, the Company appointed Golder Associates Consulting Limited (“Golder”) and SRK Consulting China Ltd. (“SRK”) to conduct mineral resources and ore reserves evaluation and update of the mines owned by the Company in accordance with the “NI 43-101” technical standards or JORC technical indication, and submitted the mineral resources disclosure reports signed by the competent persons. As at the reporting date, the mineral resources and ore reserves evaluations of the Company’s major mines in accordance with the “NI 43-101” technical standards or JORC technical indication have been completed and 22 resources disclosure reports and 7 reserves disclosure reports have been submitted so far.

(a) The mineral resources amount recognized by “NI 43-101” or JORC technical standards of the 22 mines are as follows:

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by “NI 43-101” or JORC CPR	
				Measured+ Indicated	Inferred
1 Golder	Fujian Zijinshan Gold and Copper Mine	Gold	Ore Volume (Mt)	184	25
			Grade (g/t)	0.4	0.4
			Metal Volume (t)	73.6	10
		Copper	Ore Volume (Mt)	417	118
			Grade (%)	0.48	0.44
			Metal Volume (10kt)	200.16	51.92
2 Golder	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	Gold	Ore Volume (Mt)	131.58	29.89
			Grade (g/t)	0.43	0.42
			Metal Volume (t)	56.58	12.55
		Copper	Ore Volume (Mt)	131.58	29.89
			Grade (%)	0.17	0.16
			Metal Volume (10kt)	22.37	4.78
3 SRK	Xinjiang Ashele Copper Mine	Copper	Ore Volume (Mt)	23.99	11.21
			Grade (%)	2.03	2.04
			Metal Volume (10kt)	48.70	22.87
		Zinc	Ore Volume (Mt)	23.99	11.21
			Grade (%)	0.95	0.64
			Metal Volume (10kt)	22.79	7.17
		Sulfur	Ore Volume (Mt)	23.99	11.21
			Grade (%)	23.86	34.18

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" or JORC CPR	
				Measured+ Indicated	Inferred
			Pure Sulfur Volume(10kt)	572.40	383.16
4 SRK	Heilongjiang Duobaoshan Copper Mine	Copper	Ore Volume (Mt)	424.19	178.86
			Grade (%)	0.39	0.36
			Metal Volume (10kt)	165.43	64.39
		Molybdenum	Ore Volume (Mt)	424.19	178.86
			Grade (%)	0.011	0.019
			Metal Volume (10kt)	4.67	3.40
5 SRK	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)	10.93	15.05
			Grade (g/t)	2.69	2.28
			Metal Volume (t)	29.40	34.31
6 Golder	Qinghai Deerni Copper Mine	Copper	Ore Volume (Mt)	20.6	6.8
			Grade (%)	1.16	1.05
			Metal Volume (10kt)	23.90	7.14
		Cobalt	Ore Volume (Mt)	20.6	6.8
			Grade (%)	0.07	0.06
			Metal Volume (10kt)	1.44	0.41
		Zinc	Ore Volume (Mt)	20.6	6.8
			Grade (%)	0.4	0.29
			Metal Volume (10kt)	8.24	1.97
		Sulfur	Ore Volume (Mt)	20.6	6.8
			Grade (%)	30.59	26.79
			Pure Sulfur Volume (10kt)	630.15	182.17
7 Golder	Gansu Dujiagou Gold Mine	Gold	Ore Volume (Mt)	22.6	12.2
			Grade (g/t)	1.43	1.29
			Metal Volume (t)	32.32	15.74
8 SRK	Inner Mongolia Aobao Gold Mine	Gold	Ore Volume (Mt)	30.79	14.2
			Grade (g/t)	0.7	0.62
			Metal Volume (t)	21.55	8.80

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" or JORC CPR	
				Measured+ Indicated	Inferred
9 Golder	Fujian Luoboling Copper and Molybdenum Mine	Copper	Ore Volume (Mt)	379.3	107.9
			Grade (%)	0.33	0.37
			Metal Volume (10kt)	125.17	39.92
		Molybdenum	Ore Volume (Mt)	379.3	107.9
			Grade (%)	0.029	0.021
			Metal Volume (10kt)	11.00	2.27
10 Golder	Fujian Yueyang Silver and Multi-metals Mine	Gold	Ore Volume (Mt)	24.5	32.1
			Grade (g/t)	0.41	0.36
			Metal Volume (t)	10.05	11.56
		Copper	Ore Volume (Mt)	24.5	32.1
			Grade (%)	0.16	0.2
			Metal Volume (10kt)	3.92	6.42
		Silver	Ore Volume (Mt)	24.5	32.1
			Grade (g/t)	51.69	30.67
			Metal Volume (t)	1,266.41	984.51
	Fujian Longjiangting Copper Mine	Copper	Ore Volume (Mt)	30.54	16.63
			Grade (%)	0.37	0.36
			Metal Volume (10kt)	11.30	5.99
		Gold	Ore Volume (Mt)	30.54	16.63
			Grade (g/t)	0.32	0.33
			Metal Volume (t)	9.77	5.49
Silver		Ore Volume (Mt)	30.54	16.63	
		Grade (g/t)	8.97	10.22	
		Metal Volume (t)	273.94	169.96	
11 Golder	Guizhou Shuiyindong Gold Mine	Gold	Ore Volume (Mt)	32.5	17.7
			Grade (g/t)	4.22	4.18
			Metal Volume (t)	137.15	73.99
12 Golder	Guizhou Taipingdong Gold	Gold	Ore Volume (Mt)	16.6	0.6
			Grade (g/t)	2.5	2.82



Serial No.	Name of Mine (Project)  Mine	Type of Mine	Unit	Resources identified by "NI 43-101" or JORC CPR	
				Measured+ Indicated	Inferred
			Metal Volume (t)	41.50	1.69
13 Golder	Guangdong Dongkeng Gold Mine	Gold	Ore Volume (Mt)	7.1	2.6
			Grade (g/t)	1.78	1.6
			Metal Volume (t)	12.64	4.16
14 SRK	Fujian Gutian Copper and Molybdenum Mine	Copper	Ore Volume (Mt)	48.4	145.71
			Grade (%)	0.18	0.14
			Metal Volume (10kt)	8.71	20.40
		Molybdenum	Ore Volume (Mt)	48.4	145.71
			Grade (%)	0.046	0.038
			Metal Volume (10kt)	2.23	5.54
15 Golder	Yunnan Lannitang Copper Mine	Copper	Ore Volume (Mt)	47	69
			Grade (%)	0.33	0.3
			Metal Volume (10kt)	15.51	20.70
		Gold	Ore Volume (Mt)	47	69
			Grade (g/t)	0.14	0.19
			Metal Volume (t)	6.58	13.11
16 Golder	Yunnan Langdou Copper Mine	Copper	Ore Volume (Mt)		3.97
			Grade (%)		1.92
			Metal Volume (10kt)		7.62
17 Golder	Inner Mongolia Sanguikou Zinc and Lead Mine	Zinc	Ore Volume (Mt)	133	8
			Grade (%)	2.25	1.74
			Metal Volume (10kt)	299.25	13.92
		Lead	Ore Volume (Mt)	133	8
			Grade (%)	0.5	0.36
			Metal Volume (10kt)	66.50	2.88
		Sulfur	Ore Volume (Mt)	133	8
			Grade (%)	8.45	7.25
			Metal Volume (10kt)	1,123.85	58.00

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by “NI 43-101” or JORC CPR	
				Measured+ Indicated	Inferred
18 Golder	Xinjiang Wulugentashi lead zinc mine	Zinc	Ore Volume (Mt)	136.4	29.5
			Grade (%)	2.46	2.36
			Metal Volume (10kt)	335.54	69.62
		Lead	Ore Volume (Mt)	136.4	29.5
			Grade (%)	0.48	0.42
			Metal Volume (10kt)	65.47	12.39
19 Golder	Guangdong Yinyan Tin Mine	Tin	Ore Volume (Mt)	17.4	62.6
			Grade (%)	0.29	0.28
			Metal Volume (10kt)	5.05	17.53
		Molybdenum	Ore Volume (Mt)	17.4	57.3
			Grade (%)	0.02	0.013
			Metal Volume (10kt)	0.35	0.74
20 SRK	Yunnan Nanwenhe Tungsten Mine	Tungsten	Ore Volume (Mt)	9.88	16.5
			Grade (%)	0.49	0.55
			Metal Volume (10kt)	4.84	9.08
21 SRK	Xinjiang Fuyun Mengku Iron Mine (East, Middle Sections)	Iron	Ore Volume (Mt)	53.05	21.66
			Grade (%)	33.67	25.13
			Metal Volume (10kt)		
22 Golder	Xinjiang Qitai Heishantou Coal Mine	Coal	Coal ( Mt )	372.87	12.64

(b) There are seven “NI 43-101” technical standards mineral reserves reports which have been completed, the reserves are as follows:

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by “NI 43-101” or JORC CPR				Reserves identified by “NI 43-101” or JORC CPR		
				Measured	Indicated	Measured+ Indicated	Inferred	Proved	Probable	Total
1 Golder	Fujian Zijinshan Gold and Copper Mine	Gold	Ore Volume (Mt)	67	117	184	25	73	116	189
			Grade (g/t)	0.43	0.38	0.4	0.4	0.38	0.34	0.36
			Metal Volume (t)	28.81	44.46	73.6	10	27.74	39.44	67.18
		Copper	Ore Volume (Mt)	124	294	417	118	142	275	417
			Grade (%)	0.5	0.48	0.48	0.44	0.42	0.37	0.39
			Metal Volume (10kt)	62	141.12	203.12	51.92	59.64	101.75	161.39
2 Golder	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	Gold	Ore Volume (Mt)	53.59	77.99	131.58	29.89	38	48	86
			Grade (g/t)	0.44	0.43	0.43	0.42	0.47	0.47	0.47
			Metal Volume (t)	23.58	33.54	57.12	12.55	17.86	22.56	40.42
		Copper	Ore Volume (Mt)	53.59	77.99	131.58	29.89	38	48	86
			Grade (%)	0.17	0.17	0.17	0.16	0.19	0.18	0.18
			Metal Volume (10kt)	9.11	13.26	22.37	4.78	7.22	8.64	15.86
3 SRK	Xinjiang Ashele Copper Mine	Copper	Ore Volume (Mt)	14.11	9.88	23.99	11.21	13.99	7.62	21.61
			Grade (%)	2.46	1.41	2.03	2.04	2.47	1.55	2.15
			Metal Volume (10kt)	34.71	13.93	48.64	22.87	34.56	11.81	46.37
		Zinc	Ore Volume (Mt)	14.11	9.88	23.99	11.21	13.99	7.62	21.61
			Grade (%)	1.22	0.58	0.96	0.64	1.22	0.78	1.06
			Metal	17.21	5.73	22.94	7.17	17.07	5.94	23.01

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by “NI 43-101” or JORC CPR				Reserves identified by “NI 43-101” or JORC CPR		
				Measured	Indicated	Measured+ Indicated	Inferred	Proved	Probable	Total
				Volume (10kt)						
4 SRK	Heilongjiang Duobaoshan Copper Mine	Copper	Ore Volume (Mt)	149.94	274.25	424.19	178.86	142.63	246.85	389.49
			Grade (%)	0.4	0.38	0.39	0.36	0.38	0.37	0.37
			Metal Volume (10kt)	59.98	104.26	164.24	64.39	54.2	91.33	145.53
		Molybdenum	Ore Volume (Mt)	149.94	274.25	424.19	178.86	142.63	246.85	389.49
			Grade (%)	0.012	0.011	0.011	0.019	0.012	0.011	0.011
			Metal Volume (10kt)	1.8	3.02	4.82	3.4	1.71	2.72	4.43
5 SRK	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)		10.93	10.93	15.05		7.47	7.47
			Grade (g/t)		2.69	2.69	2.28		2.75	2.75
			Metal Volume (t)		29.4	29.4	34.31		20.54	20.54
6 SRK	Inner Mongolia Aobao Gold Mine	Gold	Ore Volume (Mt)		30.79	30.79	14.2		16.256	16.256
			Grade (g/t)		0.7	0.7	0.62		0.73	0.73
			Metal Volume (t)		21.55	21.55	8.8		11.87	11.87
7 SRK	Xinjiang Fuyun Mengku Iron Mine (East, Middle Sections)	Iron	Ore Volume (Mt)		53.05	53.05	21.66		48.37	48.37
			Grade (%)		33.67	33.67	25.13		31.71	31.71
			Metal Volume (10kt)							

### **Further strengthened safety and environmental protection and concept of civilised ecology construction**

Insisted on zero accident and zero tolerance as the basic management requirement for safe production and environmental protection, fully implemented the most stringent system requesting the business units to bear all their own responsibilities and supervisory responsibilities, set up and implemented supervisor policy, assessment and management policy and accident (incident) reporting system for safety and environmental protection.

In 2013, the Company established the “Outline of Zijin Mining’s development of civilized ecology and creation of green mines plan (2013-2020)” to intensively promote green mines, the concept of ecological mines and construction of civilised ecological mines, took charge of the “Refining gold in hydro-metallurgical way and environmental safety forum” for China Non-ferrous Metal Industry. The Zijinshan gold and copper mine’s copper hydrometallurgical plant resumed production after its environmental rectification has satisfied the standards. Xinjiang Ashele Copper Company Limited (“Xinjiang Ashele”) and Guizhou Zijin Mining Company Limited (“Guizhou Zijin”) won the titles of “National Green Mines Pilot Units”, “Demonstration mine for economical use of mineral resources and comprehensive utilization of application and promotion of advanced applicable technology”, and obtained tax incentives. Bayannaer Zijin Non-ferrous Metals Company Limited was awarded a title of “National key industry business model for clean production” by Ministry of Industry and Information Technology.

### **Strengthened project research, steadily promoted merger and acquisition**

Embraced the strategic goal of internationalization, focused on overseas project investment and acquisition, targeted on medium-to-large sized in production or advanced exploration projects and seriously carried out research and study on them, put efforts to improve resources reserves and production capacity.

For overseas projects, the Group’s subsidiary, Norton (a company listed on the Australian Securities Exchange, “ASX”), successfully acquired 100% equity interest of Kalgoorlie Mining Company Limited (“KMC”) of Australia. The Group entered into a share purchase framework agreement with NKWE Platinum Limited (“NKWE”) (a company listed on the ASX) and completed the first tranche of convertible bonds transaction for NKWE. The Group jointly established an offshore mining fund with Sprott Inc. (“Sprott”) and Americas Now Resources Investment Management Corp. (“Americas Now” a fund management company incorporated in Toronto, Canada) to try a new model for overseas mining investment. For domestic project, the Group acquired partial equity interests of Shanghang Luoboling copper and molybdenum mine, granting the Group additional copper of 321,500 tonnes and molybdenum of 26,700 tonnes according to the equity interest.

### **Actively promoted the construction of new production capacity projects, strengthened project construction management**

During the reporting period, the Group invested RMB4.874 billion in project construction. The constructions of the following projects have been completed and commenced production or trial production: Zijin Copper anode slime comprehensive recovery project, ZGC JV Co., Ltd. 5 tonnes/year gold refinery plant project, Bayannaer residual heat and pressure energy saving innovation project and Longnan Zijin 6,000 tonnes/day floatation processing project. The construction of Xinjiang Jinhao Iron’s 1 million tonnes graphite iron project was basically completed.

Strictly controlled the construction of non-productive projects, categorized all of the Group’s projects by importance, urgency and suspension, strictly controlled the investment in ineffective or inefficient projects, tightened the management of project construction, implemented a sunshine system to cleanse and rectify the out-sourced contracting teams ; carried out on-site inspections in key projects to rectify construction projects.

### **Gathered the Group’s scientific and technological power, continued strengthening innovation development**

Focused on the key production enterprises and organized to carry out enhancement and transformation for technological processes like exploring, mining, crushing, grinding, processing, smelting, etc. Achieved a major breakthrough for Tajikistan Taror gold mine oxide ore processing technology, successfully completed the stage goal of Zijinshan low grade resources comprehensive utilization demonstration base and obtained central government subsidy of RMB0.18 billion.

Completed the assessment of 4 scientific and technological achievements during the reporting period, 3 of which reached the international advanced level; 2 achievements in scientific and technological assessments reached the domestic leading level. The Group organized and applied for scientific and technological achievements and won 3 first prizes from the industry associations. Obtained 15 patents (including 10 invention patents) and completed the composition (amendment) task for 5 national/industrial standards including the plasma emission spectroscopy measurement method to determine 8 impurity elements in silver bullion, etc.

### **Actively fulfilled the social responsibilities**

Comprehensively promoted the project construction for employees’ housing; introduced humane caring system, built service facilities for staff to strengthen their sense of belonging and cohesion. Continued to actively fulfill social responsibilities, donated RMB0.23 billion this year, continued participating in the “Helping Shanghang senior citizens and orphans” charity project and benefited more than 10,000 people. The Group was ranked the third in 2013 at the

corporate social responsibility competitiveness of listed companies of metal industry in China and elected as the Top Ten Charity Enterprise in the 10<sup>th</sup> China Charity Corporation Ranking launched by the Ministry of Civil Affairs, the Central Comprehensive Social Management Commission, All-China Federation of Trade Unions, etc. The Chairman, Mr. Chen Jinghe was awarded the honorary title of Fujian Philanthropist by the Fujian Charity Federation.

### Analysis of major businesses

During the reporting period, the Group recorded sales income of RMB49.772 billion in the year, representing an increase of 2.8% over the previous year (2012: RMB48.415 billion).

The table below sets out the sales by products for the two years ended 31 December 2012 and 2013:

Item	2013 (Jan – Dec)					2012 (Jan – Dec)					% increase/d decrease in unit price
	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)					
Mine-produced gold	266.09 /g	32,050 kg	8,528,010	326.95 /g	33,160 kg	10,841,540	-18.61%				
Refinery, processed and trading gold	274.39 /g	77,225 kg	21,189,880	338.09 /g	58,254 kg	19,694,800	-18.84%				
Mine-produced silver	2.92 /g	157,397 kg	459,090	4.07 /g	138,434 kg	562,760	-28.26%				
Mine-produced copper	39,422 /t	125,571 t	4,950,270	42,003 /t	106,561 t	4,475,910	-6.14%				
Refinery copper	45,155 /t	209,063 t	9,440,210	48,437 /t	110,557 t	5,354,980	-6.78%				
Mine-produced zinc	7,570 /t	75,327 t	570,200	7,782 /t	37,033 t	288,180	-2.72%				
Refinery zinc	12,881 /t	181,228 t	2,334,350	12,965 /t	154,028 t	1,996,920	-0.65%				
Iron concentrates	631 /t	2.5689 Mt	1,621,480	614 /t	2.4014 Mt	1,475,020	2.77%				
Others (Note 1)			7,858,130			8,435,560					
Less: Internal sales			-7,180,110			-4,710,950					
Total			49,771,510			48,414,720					

Note:

1. During the reporting period, other sales income mainly includes: RMB623 million income from copper pipe, RMB590 million income from copper belts, RMB627 million from refinery and processing silver, RMB639 million from real estates and RMB5.379 billion income from other products, intermediate services and other services.

The Group's operating income increased slightly for the year ended 31 December 2013 as compared with same period last year which was mainly due to the following reasons: (i) the sales volume of the Company's refinery products increased sharply over the same period last year: the sales volume of refinery, processed and trading gold and refinery copper increased by 32.57% and 89.10% respectively; (ii) the newly acquired or newly commenced production enterprises including Norton (consolidated in August 2012), Duobaoshan Copper, Inner Mongolia Jinzhong Mining, Wuqia Jinwang, etc.

### An Analysis of Cost and Gross Profit Margin

The Group is mainly engaged in mine development and refinery processing. The Group's cost of sales mainly includes mining, processing, refining, mineral products and concentrates procurement costs, ore transportation costs, raw materials consumption, energy, salaries and depreciation of fixed assets, etc.

The table below sets out the details of the unit cost of sales and gross profit margin by products for the two years ended 31 December 2012 and 2013. (Note 1)

Item	Unit cost of sales (RMB)				Gross profit margin (%)		
	Year	2013 (Jan – Dec)	2012 (Jan – Dec)	Unit	Compared with same period last year %	2013 (Jan – Dec)	2012 (Jan – Dec)
Mine-produced gold (Note 2)		152.34	120.82	/g	26.09	42.75	63.05
Refinery, processed and trading gold		275.22	335.03	/g	-17.85	-0.30	0.90
Mine-produced silver		1.76	2.05	/g	-14.15	39.66	49.48
Mine-produced copper		17,908	14,511	/t	23.41	54.57	65.45
Refinery copper		45,861	50,069	/t	-8.40	-1.56	-3.37
Mine-produced zinc		3,862	2,697	/t	43.20	48.98	65.34
Refinery zinc		12,519	13,243	/t	-5.47	2.81	-2.15
Iron concentrates		213	221	/t	-3.62	66.26	63.99
Overall						17.93	24.87
Overall (refinery and processing enterprises excluded)						48.97	64.94

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: If the effects of the 2012 acquired project, Norton, and the newly commenced production entities in 2013, Inner Mongolia Jinzhong Mining project and Duobaoshan copper mine were eliminated, the Group's unit cost of sales of mine-produced gold would be RMB134.76/g representing an increase of 29.36% over the same period last year. The gross profit margin of mine-produced gold was 42.75%, representing a decrease of 20.3 percentage points.

The Group's overall gross profit margin was 17.93%, representing a decrease of 6.94 percentage points over the same period last year. It was mainly attributed to the increase in the sales income proportion from refinery, processing and trading sector. The overall gross profit margin of mining products (excluding processed and refined products) was 48.97%, representing a decrease of 15.97 percentage points over the same period last year, which was mainly due to the adverse impacts of substantial decrease in selling price and increase in costs.

The table below sets out the details of the direct cost structure for the two years ended 31 December 2012 and 2013.

Product	Cost structure	Amount for the current period (RMB'000)	Current amount to total cost %	Amount for the same period last year (RMB'000)	Amount for the same period last year to total cost %	Changes ratio for current amount over same period last year %
Mine-produced gold	Raw materials	2,063,420	42.26	1,832,230	45.74	12.62
	Salary	610,570	12.51	464,710	11.60	31.39
	Depreciation	589,890	12.08	332,840	8.31	77.23
	Energy consumption	341,170	6.99	271,670	6.78	25.58
	Others	1,277,430	26.16	1,104,740	27.58	15.63
Mine-produced silver	Raw materials	146,890	53.03	153,680	54.06	-4.42
	Salary	29,520	10.66	25,940	9.13	13.79
	Depreciation	22,220	8.02	33,590	11.81	-33.85
	Energy consumption	19,840	7.16	19,130	6.73	3.73
	Others	58,540	21.13	51,960	18.28	12.65
Mine-produced copper	Raw materials	834,000	37.09	698,180	45.15	19.45
	Salary	181,530	8.07	122,820	7.94	47.81
	Depreciation	291,830	12.98	134,960	8.73	116.23
	Energy consumption	307,620	13.68	204,970	13.26	50.08
	Others	633,750	28.18	385,420	24.92	64.43
Mine-produced zinc	Raw materials	157,320	54.07	50,320	50.37	212.66
	Salary	27,200	9.35	8,930	8.94	204.53
	Depreciation	39,760	13.67	8,870	8.88	348.44
	Energy consumption	22,570	7.76	9,960	9.97	126.58
	Others	44,070	15.15	21,810	21.84	102.06
Iron concentrates	Raw materials	374,430	68.44	348,750	65.66	7.36
	Salary	21,150	3.87	20,070	3.78	5.39
	Depreciation	29,310	5.36	35,710	6.72	-17.92
	Energy consumption	33,920	6.20	42,390	7.98	-19.99
	Others	88,250	16.13	84,200	15.85	4.82

Note: 1. The cost structure – raw materials include the cost of purchasing raw and auxiliary materials and outsourcing. The major energy consumption is electricity.  
2. A large number of engineering works of the exploitation and mining of the corporate's mines were outsourced, in which the outsourcing cost was included in raw materials.

During the reporting period, the effect of the increase of processing low-grade ores, the increase of major 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 most of the main products including mine-produced gold, mine-produced copper, and mine-produced zinc increased by 26.09%, 23.41% and 43.20% respectively except for the unit selling costs of iron concentrates which decreased by 3.62%.

#### Information of major suppliers and customers

During the reporting period, the Group's total purchases from the five largest suppliers amounted to approximately RMB17.64 billion, representing 43.67% of the total purchases of the Group.

#### Details of the five largest suppliers are as follows

Supplier	Transaction amount in 2013 (RMB'000)	Transaction amount to total procurement amount (%)
Shanghai Gold Exchange	7,786,540	19.28
Glencore International AG	4,171,580	10.33



MRI Trading AG	3,328,600	8.24
Louis Dreyfus Commodities Metals Trading Co., Ltd.	1,447,040	3.58
Hangzhou Mairen Non-ferrous Metals Co., Ltd.	906,580	2.24
Total	17,640,340	43.67

During the reporting period, the Group's total sales income from the five largest customers amounted to approximately RMB30.425 billion, representing 61.13% of the total income of the Group.

**Details of the five largest customers are as follows**

	Transaction amount in 2013 (RMB'000)	Percentage ratio to operating income (%)
Shanghai Gold Exchange	22,533,570	45.27
Fujian Shanghang Taiyang Copper Co., Ltd.	2,325,560	4.67
Zhejiang Hongda Metal Refinery Company Limited	1,998,900	4.02
Shenzhen Jiangtong Marketing Company Limited	1,844,630	3.71
Guangzhou Jinchuangli Trading Company Limited	1,722,380	3.46
Total	30,425,040	61.13

**SELLING EXPENSES**

During the reporting period, the Group's selling expenses was RMB525,670,000, representing a decrease of 11.93% over last year (2012: RMB596,860,000). The decrease in selling expenses was mainly due to the decrease of transportation and related expenses; Qinghai West adjusted the sales mode of pyrite during 2013, the unit selling price excluded the delivery charges and the goods were collected by the buyers.

**ADMINISTRATIVE EXPENSES**

During the reporting period, the Group's administrative expenses amounted to RMB2,165,820,000 which represented an increase of 15.56% over last year (2012: RMB1,874,250,000), of which included controllable administrative expenses of RMB389,880,000, which represented a decrease of 3.22% over last year. The main reasons of the overall increase in administrative expenses were: (1) some enterprises turned into production phase from infrastructure phase, the change of scope of consolidation, etc., which increased the administrative expenses by RMB185,400,000; and (2) the rise of the commodity price and the growth of staff costs.

**FINANCIAL EXPENSES**

During the reporting period, the Group's financial expenses was RMB733,060,000, representing a decrease of 8.82% over last year (2012: RMB803,970,000). It was mainly due to the Company's issuance of mid-term bonds of RMB2.5 billion during 2013, which replaced part of the short-term borrowings with higher interest rates, and reduced the cost of capital.

**IMPARIEMENT LOSSES ON ASSETS**

During the reporting period, the Group's impairment losses on assets was RMB792,140,000, representing an increase of 192.6% over last year (2012: RMB270,720,000), including: after impairment tests, RMB91,370,000 was provided for impairment loss on intangible assets, RMB67,420,000 was provided for loss in stock valuation, RMB180,200,000 was provided for fixed assets impairment loss, RMB92,010,000 was provided for impairment on available-for-sale investments, RMB189,470,000 was provided for impairment on long-term equity investments, RMB161,830,000 was

provided for bad debts and RMB9,840,000 was provided for impairment on construction in progress.

#### **INVESTMENT INCOME**

During the reporting period, the investment income of the Group was RMB13,770,000, representing a decrease of RMB626,110,000 over last year (2012: RMB639,880,000). It was mainly due to: (1) the decrease in investment income from associates and joint ventures by RMB125,360,000 over last year; (2) profits achieved by the settlement of futures positions of derivative financial instruments decreased by RMB307,830,000 over last year (loss of RMB81,710,000 in 2013, gain of RMB226,120,000 in 2012); (3) the recognized gain on settlement of equity, bond and fund investments which are held-for-trading financial assets decreased by RMB29,760,000 over last year (gain of RMB8,400,000 in 2013, gain of RMB38,160,000 in 2012); and (4) gain on disposal of available-for-sale investments decreased by RMB156,830,000 over last year (in which loss on disposal of available-for-sale investments in 2013 was RMB50,580,000, gain on disposal in 2012 was RMB106,250,000).

#### **DERIVATIVE FINANCIAL INSTRUMENTS IN UNSETTLED POSITIONS**

As at 31 December 2013, the future contracts held by the Group incurred an unsettlement loss of RMB54,260,000 (2012: loss of RMB38,580,000).

As at 31 December 2013, the net gain on changes in fair value in unsettled gold leasing and gold future position entered for hedging risk of its price fluctuation was RMB132,740,000 (2012: net loss of RMB57,000,000).

#### **WORKING CAPITAL AND SOURCES OF FUND**

As at 31 December 2013, the Group's cash and cash equivalents was RMB4,021,000,000, representing a decrease of RMB2,294,000,000 or 36.32% over the same period last year.

During the reporting period, net cash inflow generated from the Group's operating activities was RMB8,842,000,000, representing an increase of RMB3,435,000,000 over the same period last year, in which, the cash inflow generated from operating activities was RMB53,885,000,000, representing an increase of RMB1,146,000,000 over the same period last year; cash outflow in operating activities was RMB45,043,000,000, representing a decrease of RMB2,289,000,000 over the same period last year. The main reasons for the increase in net cash inflow generated from the Group's operating activities were the Group's strengthened management on inventory control, decrease of procurement volume, the proposal of economic inventory level as an assessment indicator and increase in production and sales volume of products during 2013, which led to the increase in net inflow.

During the reporting period, net cash outflow used in the Group's investing activities was RMB8,480,000,000, representing a decrease of RMB1,457,000,000, in which, the main investing expenditures included (1) cash payment of RMB8,621,000,000 for the Group's purchase and construction of fixed assets, intangible assets and other long-term assets; and (2) cash payment of RMB1,424,000,000 for the external investments.

During the reporting period, net cash outflow used in the Group's financing activities was RMB2,595,000,000, representing an increase of outflow of RMB8,530,000,000 over the same period last year. It was mainly due to the decrease in loan financing.

As at 31 December 2013, the Group's total borrowings amounted to RMB23,571,000,000 (31 December 2012: RMB23,269,000,000). Among which, the amount repayable within one year was approximately RMB10,960,000,000, the amount repayable within one to two years was approximately RMB4,801,000,000, the amount repayable within two to five years was approximately RMB6,686,000,000, the amount repayable within more than five years was approximately RMB1,124,000,000. The interest rates of all borrowings ranged from 1.16% to 7.80% (2012: ranged from 1.16% to 7.87%).

The Group's daily capital requirements and capital expenditures for maintenance nature can be financed from its internal cash flow. The Group also has loan facilities with no usage restriction of approximately RMB100.5 billion provided by banks.

#### **RESEARCH AND DEVELOPMENT EXPENDITURE**

	Currency: RMB
Expensed research and development expenditure for the year	86,416,400
Capitalized research and development expenditure for the year	13,042,500
Total research and development expenditure	99,458,900
Percentage of total research and development expenditure to net assets (%)	0.3
Percentage of total research and development expenditure to operating income (%)	0.2

## OPERATION ANALYSIS BY INDUSTRIES, PRODUCTS OR REGIONS

Currency: RMB'000

By product	Operating income	Operating costs	Gross profit margin (%)	Change of operating income compared with last year (%)	Change of operating costs compared with last year (%)	Change of gross profit margin compared with last year (percentage points)
Mine-produced gold	8,528,010	4,882,480	42.75	-21.34	21.87	-20.30
Refinery, processed and trading gold	21,189,880	21,254,120	-0.30	7.59	8.90	-1.2
Mine-produced silver	459,090	277,010	39.66	-18.42	-2.56	-9.82
Mine-produced copper	4,950,270	2,248,730	54.57	10.60	45.42	-10.88
Refinery copper	9,440,210	9,587,800	-1.56	76.29	73.21	1.81
Mine-produced zinc	570,200	290,920	48.98	97.86	191.24	-16.36
Refinery zinc	2,334,350	2,268,720	2.81	16.90	11.22	4.96
Iron concentrates	1,621,480	547,060	66.26	9.93	3.00	2.27
Others	7,858,130	6,870,140	12.57	-6.85	-4.46	-2.19
Offsetting internal sales	-7,180,110	-7,380,500				
Total	49,771,510	40,846,480	17.93	2.80	12.29	-6.94

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

## ANALYSIS OF THE CHANGES IN MAJOR FINANCIAL INFORMATION DURING THE REPORTING PERIOD

During the reporting period, the analysis of the changes in balance sheet of the Company:

Currency: RMB

Item	Amount at the end of 2013	Proportion of amount at the end of 2013 to total assets (%)	Amount at the end of 2012	Proportion of amount at the end of 2012 to total assets (%)	Change in the amount at the end of 2013 compared with end of 2012 (%)	Reasons for the change
Cash and cash equivalents	4,491,737,212	6.71	7,473,400,807	11.1	-39.90	Due to the lower inventory level, decrease of occupation of working capital, repayment of debts and borrowings and increase in investment in technical innovation by the Group during this year
Bills receivable	780,847,129	1.17	575,499,815	0.85	35.68	Due to the increased sales volume to customers using bank bills receivable for settlement during this year
Trade receivables	519,354,631	0.78	841,494,264	1.25	-38.28	Due to the receipts in the trade receivables of the previous years during the year
Available-for-sale investments	343,624,001	0.51	576,013,498	0.86	-40.34	Due to the fall of stock prices of investment entities and disposals of part of the available-for-sale investments during the year
Investment properties	112,444,271	0.17	49,065,516	0.07	129.17	Due to the increase of shops for external lease this year

Construction materials	189,696,519	0.28	136,501,422	0.2	38.97	Due to the increase in equipment pending for installation during this year
Long-term deferred assets	1,093,707,245	1.63	800,104,702	1.19	36.70	Due to the Group's increase in construction area and forest compensation fee for the expansion of production capacity this year
Deferred tax assets	795,179,740	1.19	574,768,328	0.85	38.35	Due to the increase in deferred tax assets generated by deductible loss of subsidiaries, provision in impairment on assets and accrued expenses
Short-term borrowings	2,774,147,375	4.15	6,399,851,000	9.5	-56.65	Due to the repayment in advance for part of the short-term borrowings by the funds obtained from the issuance of bonds in order to improve capital structure and the repayment of bank borrowings which were due by subsidiaries
Advances from customers	577,062,261	0.86	937,554,916	1.39	-38.45	Due to the transfer of receipt in advance from sales of real estates to sales income by the Group's subsidiary, Zijin Real Estate and the corresponding decrease in advances from customers due to decrease in sales of mineral products during this year
Taxes payable	1,014,800,781	1.52	1,692,027,264	2.51	-40.02	Due to the decrease of taxes payable because of the substantial decrease in product prices and rise in costs which lowered the total profit
Dividends payable	5,534,343	0.01	57,397,500	0.09	-90.36	Due to the distribution of dividends to non-controlling interests by some subsidiaries this year
Current portion of non-current liabilities	1,377,984,690	2.06	535,867,957	0.8	157.15	Due to the increase in bank borrowings of some subsidiaries for basic infrastructure and technical innovation projects which are repayable within one year
Bonds payable	5,405,880,513	8.08	2,987,766,076	4.44	80.93	Due to the newly issued mid-term bonds amounted to RMB2.5 billion during the year
Long-term payables	309,261,109	0.46	169,472,564	0.25	82.48	Due to the Group's increased injection into Zijin Charity Foundation
Other non-current liabilities	549,332,668	0.82	366,862,124	0.54	49.74	Due to the increase in government grants including Zijinshan low grade resources comprehensive utilization

						demonstration base during the year
Exchange differences arising on translation of financial statements denominated in foreign currencies	-382,214,854	-0.57	-222,084,649	-0.33	72.10	Due to the fluctuation of exchange rate of RMB during the year

**During the reporting period, the analysis of the changes in statement of profit or loss of the Company:**

Unit RMB

Item	2013	2012	% Change	Reasons for the change
Operating income	49,771,511,898	48,414,719,206	2.80	Please refer to Management Discussion above
Operating costs	40,846,480,113	36,374,864,074	12.29	Please refer to Management Discussion above
Selling expenses	525,665,748	596,860,745	-11.93	Please refer to Management Discussion above
Administrative expenses	2,165,817,191	1,874,254,433	15.56	Please refer to Management Discussion above
Financial expenses	733,059,904	803,965,178	-8.82	Please refer to Management Discussion above
Research and development expenditure	99,458,900	113,958,190	-12.72	
Taxes and surcharges	719,196,040	541,098,426	32.91	Increase of resource tax due to the newly commenced production mines
Impairment losses on assets	792,141,366	270,720,072	192.61	Please refer to Management Discussion above
Gains/(losses) on changes in fair value	18,736,057	12,986,146	44.28	Due to the changes in fair values of derivative financial instruments for this year
Investment income	13,767,646	639,884,580	-97.85	Please refer to Management Discussion above
Non-operating expenses	410,440,020	270,666,100	51.64	Due to the increase in the Group's donations and losses on disposal of non-current assets
Income tax expenses	973,432,498	2,402,806,003	-59.49	Due to the decrease in the Group's operating results during the year
Net profit for the year attributable to owners of the parent	2,125,353,823	5,211,208,977	-59.22	Due to the decrease in the Group's operating results during the year

**During the reporting period, the analysis of the changes in cash flow statements of the Company:**

Currency: RMB

Item	2013	2012	% Change	Reasons for the change
Net cash flow from operating activities	8,842,463,564	5,407,581,677	63.52	Please refer to Management Discussion above
Net cash flow from investing activities	-8,479,729,564	-9,936,412,127	-14.66	Please refer to Management Discussion above
Net cash flow from financing activities	-2,594,919,864	5,935,098,242	-143.72	Please refer to Management Discussion above

**Non-recurring profit or loss items and their amounts**

Currency: RMB

Non-recurring profit or loss items	Amount in 2013	Note (If applicable)	Amount in 2012	Amount in 2011
Gain or loss on disposal of non-current assets	-118,475,005		-40,896,945	-40,516,191
Government grants recognised in the statement of profit or loss, except for government grants closely related to the Company's normal operations, which are in line with the country's policies, calculated according to certain standards or continuously granted in fixed amount	159,679,631		91,978,060	90,944,316
Gain or loss on changes in fair value from held-for-trading financial assets and financial liabilities, net investment gain or loss on disposal of held-for-trading financial assets and liabilities and available-for-sale investments except for the effective portion of hedge closely related to the Company's normal operations	-105,461,015	Including the losses on changes in fair value of trading stocks, funds and bonds amounted to RMB63,280,631, loss on disposal of stocks amounted to RMB42,180,384	186,214,066	231,305,017
Other non-operating income and expenses other than the aforesaid items	-228,158,295	Including donations of RMB230,065,888 to charities organisations including the Shanghang Charity Federation and other non-operating net income of RMB1,907,593.	-100,848,802	-382,223,513
Interest income from Glencore convertible bond investment				31,504,500
Impairment loss on available-for-sale investments	-92,013,456			
Effect from non-controlling interests	58,478,116		-2,462,989	2,596,232
Effect from income tax	34,878,918		-64,942,617	58,348,013
Total	-291,071,106		69,040,773	-8,041,626

**Items measured under fair value**

Currency: RMB

Item	Beginning of the period	End of the period	Changes during the period	Impact on the profit of the current period
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Financial assets at fair value through profit or loss (excluding derivative financial assets)	529,899,154	460,998,410	-68,900,744	-63,280,631
Derivative financial assets	141,044,111	14,943,541	-126,100,570	-125,440,710
Available-for-sale financial investments	576,013,498	343,624,001	-232,389,497	-17,094,458
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-6,397,563,828	-5,665,210,229	732,353,599	1,124,808,398
Derivative financial liabilities	-123,871,541	-1,081,524,626	-957,653,085	-917,351,000
Total	-5,274,478,606	-5,927,168,903	-652,690,297	1,641,599

### Analysis of the Core Competitive Strength

As a mining corporation, the Company always insists in having mineral resources as the corporate's most important assets, obtains a batch of mining rights with significant value at a relatively lower cost through mergers, acquisitions, restructuring and self-exploration. The resources reserves owned by the Company keep growing. As at 31 December 2013, there were reserves of gold of 1,200 tonnes and copper of 13.62 million tonnes, and a relatively large amount of zinc, iron, tungsten and other mineral resources. The Company is one of the corporates owning the largest amount of metal mineral resources in the PRC.

The Company adheres to science and technology as a leading guide, technological innovation has become the core competitiveness to support the Company's development. The Company now has high-level research and development platforms and scientific research and design entities including the state's key laboratory, state-level enterprise technical centre, academicians and experts workstations, postdoctoral workstations, technology companies and design firms, etc., owns a batch of intellectual property rights and scientific research achievements with strong applicability and significant effectiveness which are applicable to its own mines. The Company is a leader within the industry in terms of research capability and industrial application standard in geological exploration, utilization of low-grade resources and refinery of gold in hydrometallurgical way.

Up to the end of 2013, the Group has organized and completed more than 500 various technological projects, in which it took up 12 national projects such as the national science and technology support program, project 863, project 973, innovation capacity-building, etc., and 23 provincial science and technology projects. Among the technological research results, there are over 100 intellectual property rights obtained. The Group gained 44 scientific and technological awards from provincial ministerial level and above (including: 16 first class awards). The Group has applied for 184 national patents (124 invention patents), in which 77 patents (including 36 invention patents) were approved. The Group organized and took charge of the organization and drafting of 11 national/industrial standards and participated in the drafting of more than 20 national/industrial standards.

### Gearing Ratio

Gearing ratio is defined the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2013, the Group's consolidated total liabilities was RMB33,812,937,200 (it was RMB33,771,455,302 as at 31 December 2012), and the Group's consolidated total equity was RMB33,085,451,920 (it was RMB33,582,965,739 as at 31 December 2012). As at 31 December 2013, the Group's gearing ratio was 1.022 (it was 1.006 as at 31 December 2012).

### Status of projects using non-proceeds funds

RMB billion

Project name	Amount	Progress	Investment for the year	Actual accumulated investment	Gains
Russia Tuva zinc and multi-metals mine	3	Expected to complete the construction and put into production in 2014	0.712	2.881	Planned to produce about 90,000 tonnes of

					zinc a year
Gansu Yate Li County gold mine project (including phase 1 of the 6,000 tonnes/day processing project and the 10,000 tonnes/day mining project at Liba mining area)	1.4	Phase 1 of the 6,000 tonnes/day floatation process project had run testing successfully in September 2013, put into production in October. Working on preparatory work like building road for mining transportation, waste disposal planning and relocation of residents within mining area for the 10,000 tonnes/day mining project at Liba mining area	0.227	0.386	Production capacity reaches producing about 5 tonnes of gold a year for completion of all projects
Kyrgyzstan Zuoan gold mine project	1.489	Expected to complete the construction and put into production in 2014	0.488	0.686	Planned production capacity is about 3.7 tonnes of gold a year
Phase 1 of Heilongjiang Duobaoshan Copper project	2.66	Put into production by the end of May 2012	0.199	2.59	Upon meeting production capacity for phase 1, production of about 25,000 tonnes of copper metals a year
Technological innovation of ZGC Gold Mine in Tajikistan	1.377	The stripping of infrastructure of Jilao open-pit mine and Taror open-pit mine had been completed for over 90% and 80% respectively. The transformation of industrial pilot production processing technology of Tarot oxide ore processing plant has been completed. The Jilao 10,000 tonnes processing plant project entered into civil engineering construction and installation stage.	0.487	1.002	Upon completion of technological innovation, additional production of about 3.5 tonnes of gold a year
Wulatehouqi Zijin Sanguikou Lead Zinc Mine	1.378	Expected to put into production in 2014	0.498	1.27	Planned to produce about 70,000 tonnes of zinc a year
Total	11.304	/	2.611	8.815	/

#### Analysis of major subsidiaries and associates

##### Operations status and result analysis of the Company's major subsidiaries

RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	2,136,899.5	1,925,511.6	745,086.0
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	1,278,588.5	616,709.3	522,601.2
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,622,465.7	965,071.2	332,249.6
Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	800,000	2,850,370.6	1,153,584.1	242,468.8



Hunchun Zijin Mining Company Limited	Copper and gold concentrates	200,000	1,910,979.2	1,698,082.6	201,266.5
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	1,632,842.5	557,261.8	173,963.0
Hebei Chongli Zijin Mining Company Limited	Gold	237,500	739,255.9	500,376.9	128,215.7
Wenshan Malipo Zijin Tungsten Company Limited	Tungsten products	1,000,000	1,859,799.3	1,268,575.4	125,513.9
Bayannaer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,573,405.8	874,906.7	-117,374.0
Zijin Copper Company Limited	Copper cathode	1,818,300	7,102,293.1	1,227,957.6	-376,699.1

**Operations status and result of subsidiaries or associates affecting the Company's net profit for over 10%**

RMB'000

Company name	Total assets	Net assets	Income from main businesses	Profit from main businesses	Net profit
Xinjiang Ashele Copper Company Limited	2,136,899.5	1,925,511.6	1,529,770.6	944,846.9	745,086.0
Xinjiang Jinbao Mining Company Limited	1,278,588.5	616,709.3	1,473,771.2	618,611.0	522,601.2
Qinghai West Copper Mining Company Limited	1,622,465.7	965,071.2	1,087,798.8	442,390.9	332,249.6

**PROSPECTS**

**The Board's discussion and analysis for the Company's future development**

**(1) Competition pattern and development trend on the industry**

In 2014, the world's economy will remain at a slow recovery trend, the international and domestic economic situation remains uncertain. The growing speed of China's economy has to face continuous and slow downward pressure. Gold price is expected to be adjusted in the bottom range, while bulk commodity price is expected to remain low. The mining corporations have to face a grim condition.

Under the mining industry downturn circumstances, it is expected to increase the efforts on corporate and resources mergers, acquisitions and restructuring, there may be an opportunity of significant adjustment and re-shuffle for the industry. The mining corporations have to enhance competitive strengths in terms of scientific development, resources recycle and utilization, environmental protection and safety, regulated management and corporate social responsibility.

**(2) Guiding ideology and development strategies of the Company**

By using market force and norms to vigorously promote the comprehensive reform of the Company's systems, comprehensively and firmly promote a new round of development, ensure to build the Company as an extra-large scale international mining group with high technology and efficiency by 2030.

Adhere to have gold and copper mining as the principal business and associate them with other metal ores. Strictly control the investment in extended business and non-mining projects investment. Investment in non-mining projects must have significant synergies effect with principal business. Explore the opportunity in new energy mining (shale gas).

**(3) Business objectives**

The planned production volume of major products of the Company for year 2014: mine-produced gold of approximately 34 tonnes, mine-produced silver of approximately 160 tonnes, mine-produced copper of approximately 140,000 tonnes, mine-produced lead and zinc of approximately 160,000 tonnes, iron concentrates (containing iron calcine) of approximately 2.75 million tonnes; refinery gold of approximately 60 tonnes, refinery silver of approximately 150 tonnes, refinery copper of approximately 220,000 tonnes and refinery zinc of approximately 200,000 tonnes.

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.

#### **(4) Specific business strategies in 2014**

##### **Keep the pressure and account for responsibility, build up the Group's safety and environmental protection as the core competitiveness**

Deeply understand that civilized ecology and safety and environmental protection are the vital elements for the corporate's survival, strengthen and implement main responsibility for the corporate, effectively prevent and strictly scotch production safety accident, preclude environmental pollution event. Set up a safety and environmental protection long-term mechanism to achieve a basic of safety for production and environment gradually. Actively fulfill the social responsibility for environmental protection, conduct credit evaluation for the environment and strive for the highest environmental credit rating.

##### **Strive to improve the corporation's sustainability of development through internal integration and external expansion**

Carry out assets coordination works comprehensively, integrate and streamline internal management resources, improve assets quality; seize the opportunity to strive to achieve new breakthroughs in significant resources acquisition projects; actively carry on the works of integrating overseas assets and assets securitization, strive to establish overseas financing and management platform with significant value.

##### **Accelerate the pace of project construction, ensure new capacity can bring benefits as expected**

Arrange key production projects and project construction plans properly, work on quality, accelerate the process of attaining production and standards of projects, strengthen the consciousness and level on project optimization, achieve the harmonious advancement of production and construction, ensure new projects can bring benefits as expected.

Ensure Wulatehouqi Sanguikou lead and zinc mine project, Russian Tuva lead-zinc multi-metal mine (phase one), ZGC Jilao 10,000 tonnes/day processing factory project, Shaanxi Ankang Xiaohe gold mine project, Guizhou Xinhengji Huilong gold mine project, Kyrgyzstan Zuoan gold mine 2,500t/day mining, processing and refining construction, Hunchun Zijin 10,000t/day mullock comprehensive utilization project, Zijin Copper residual heat electricity generation system reformation project to be completed and put into production by the end of 2014, strive to complete the Zijinshan copper mine 330 the third adit transportation construction and put into production by the end of the year.

##### **Ensure the input in geological exploration, strive for significant progress in prospecting and increase of reserves**

Carry out prospecting and exploration works in key exploration areas including the surrounding of copper-polymetallic mine of Zijinshan, Guizhou Zhenfeng-Puan gold mine, Yunnan Shangri-La Gezan copper-polymetallic mine, Shaanxi Shiquan-Xunyang gold mine, the five exploration areas in Malipo tungsten mine, Duobaoshan copper and gold metallogenic belt, Gansu Li County Liba, Dujiagou-Jinshan area, the deep and surrounding areas of Xinjiang Ashele copper mine, Xinjiang Fuyun County Mengku iron mine area, Yunnan Yuanyang gold mine and its surrounding areas, Henan Luoning Luyuangou-Honglianggou gold mine, Hunchun gold and copper mine and its surrounding area.

Intensify the prospecting efforts in new exploration areas, newly acquired projects and the surrounding and deep areas of the existing mines which are in production; actively search for new prospecting target areas, strengthen the screening of overseas projects, strive to achieve substantial breakthroughs in overseas risk exploration works. Attain low-costs reserves and build follow-up exploration bases, establish quick assessment and cut-loss mechanism in risk exploration projects, highly focus the establishment of geological exploration teams, and further optimize the system of geological exploration management.

##### **Strengthen the building and management of managerial and talent team**

Setting world-class mining companies as a standard to strengthen learning and exchange, train up and introduce management and technical talents at all levels. Continue to carry out applicants' competition for job appointment and quantify assessment work, promote human resources allocation with marketing norms. Establish and improve the performance appraisal system and salary system which are beneficial to the growth of talents and can bring their strengths into full play.

#### **(5) Future capital need, usage plan and sources of fund**

In accordance with the Company's preliminary plan, it is expected that the Company might invest approximately RMB4 billion in project construction, approximately RMB320 million in exploration and development, approximately RMB8 billion of capital expenditures (rough estimation with high uncertainty) in external capital investment such as mining rights investment and equity investment in 2014. All the capital expenditures mentioned above will be financed by the Group's internal resources, bank loans, issuance of mid-term bonds and other feasible financing methods.

#### **(6) Possible risks**

The Group's main source of income is from metal products like gold, copper, zinc, iron, etc. If the price of metals like gold, copper, etc. fluctuates, the Company's operation results will become unstable. The price of gold dropped

significantly during 2013, which greatly affected the Company's profitability. If the price of gold, copper, etc. continues declining in the future, greater pressure will be imposed on the Group's operation results. The Group will strengthen cost control through various channels to achieve cost control and set low-cost operation as a usual practice, establish long-term competitive advantage for the corporation; the Group will also strengthen the studying and judging of market, work well for sale of goods in stock and avoid market price fluctuation risk through reasonable hedging simultaneously.

The Group continuously increases the investment in environmental protection and safety to enhance its management standard. However, mining is a relatively high risk business on environmental protection and safety and the possibility of accident exists. The Group treats accident prevention as the main direction, regulated production as the protection, technology advancement as the support, seriously implements various measures for safety and environmental protection, tackles the problems radically in a comprehensive way, gradually achieves the goal of fundamental safety for production and environment through untiring efforts.

#### (7) Status of special purpose vehicle under the Company's control

To issue US dollar bonds overseas, the Company set up a wholly-owned subsidiary Zijin International Finance Company Limited ("Zijin International Finance") in Hong Kong in April 2011 as the issuer, offered US\$480,000,000 in aggregate principal amount of 4.25 per cent credit enhanced bonds due 2016 to institutional and professional investors outside the United States pursuant to Regulation S under the U.S. Securities Act in June and July 2011 respectively. The bonds are backed by a standby letter of credit issued by Bank of China, Paris Branch. The issue of the bonds is mainly used for purchase of copper concentrates and other overseas operations.

#### Major litigation and arbitration

Summary and type of event	Index for details
On 21 September 2010, the collapse of Yinyan Tin Mine Gaoqiling tailing pool dam of Xinyi Zijin was affected by the extreme weather brought by typhoon "Fanapi", resulting in casualties and property damage downstream. Most of the litigations arose from this incident were solved by way of mediation in 2011 and 2012, while only part of the disputed litigations (mainly the 6 hydropower plants including Shihuadi and a water treatment plant made a claim of RMB52,284,733 to Xinyi Zijin for the property damage, Xinyi Zijin has applied to court to carry out technical examination of Shihuadi and Qianfeng power stations and filed a lawsuit to request them to bear the relevant portion of the compensation of RMB49,900,000) is still in progress.	For details, please refer to the Company's announcements on HKEx website ( <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a> ): dated 9 March 2012 and 13 September 2012.

Currency: RMB'000

During the reporting period:									
Plaintiff(s)	Defendant(s)	Jointly and severally liable parties	Type of proceedings (arbitration)	Basic information of proceeding (arbitration)	Amount involved in proceedings (arbitration)	Whether expected liabilities and amount are formed for the proceedings (arbitration)	Progress of proceedings (arbitration)	Hearing results and impacts of proceeding (arbitration)	Enforcement progress of verdict (arbitration)
Zijin Mining Group Company Limited	Zhongxing Henghe Investment Group Company Limited	Nil	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.	45,000	Fully impaired for the year ended 2012	The verdict in the second hearing requested the respondent to refund RMB45 million to the plaintiff and bear the relevant interest costs and legal fee.	The Company applied to the court to enforce the verdict.	

## External equity investment

### Overall analysis of external equity investment

(1) The Company, as a sole shareholder, funded the incorporation of Zijin Mining Group Gansu Mining Development Company Limited, in which both the registered capital and the paid-up capital are RMB30 million. The new company was incorporated on 1 February 2013 and is mainly engaged in the development of mining products and mine exploration business.

(2) Guizhou Zijin Mining Company Limited (“Guizhou Zijin”), the Company’s subsidiary and Southwest Energy and Mineral Group Company Limited jointly funded the incorporation of Guizhou Southwest Zijin Gold Sales Company Limited with each holding 50% equity interest. The registered capital of the new company is RMB100 million. The initial capital contribution was RMB20 million and each party contributed RMB10 million, the remaining balance will be paid up in two years. The new company was incorporated on 28 March 2013. As at 31 December 2013, Guizhou Zijin had contributed RMB25 million.

(3) In order to manage and operate the offshore mining fund, the Company’s wholly owned subsidiary, Jinyu (H.K.) International Mining Co., Ltd. established Gold Mountains Asset Management Limited on 29 April 2013 in Hong Kong. Its authorised capital is HK\$10 million.

(4) The Company’s associate, Wengfu Zijin Chemical Co., Ltd. increased its registered capital from RMB500 million to RMB782 million in 2013. The enlarged portion was contributed by the Company’s wholly owned subsidiary, Zijin Copper Company Limited with RMB114 million. After the completion of the capital enlargement, Zijin Copper holds 38.87% interest in Wengfu Zijin Chemical Co., Ltd.

(5) The Company’s associate, Fujian Makeng Mining Company Limited increased its registered capital from RMB520 million to RMB600 million in 2013. The Company contributed RMB25.2 million based on the 31.5% shareholding.

(6) The Company’s associate, Wancheng Commercial Dongshengmiao Co., Ltd. enlarged its registered capital from RMB12 million to RMB73.44 million in 2013. The enlarged capital will be financed from the conversion of capital reserves to registered capital of RMB29.14 million, the conversion of surplus reserves to registered capital of RMB4.5 million and by cash of RMB27.8 million. Based on the 10% shareholding, the Company contributed RMB2.78 million in cash, RMB2.914 million from capital reserves and RMB450,000 from surplus reserves, in which the Company’s total contribution in the capital enlargement amounted to RMB6.144 million. Based on the 37.5% shareholding, the Company’s subsidiary, Bayannaer Zijin Non-ferrous Metals Company Limited contributed RMB10.425 million in cash, RMB10.9275 million from capital reserves and RMB1.6875 million from surplus reserves, in which Bayannaer Zijin’s total contribution in the capital enlargement amounted to RMB23.04 million.

(7) Fujian Zijin Investment Company Limited (“Fujian Zijin Investment”), a wholly owned subsidiary of the Company acquired, through bidding, acquired 30% equity interest in Shanghang Jinshan Mining Co., Ltd. (“Shanghang Jinshan”), which was listed for sale by Fujian No. 8 geology division. The parties entered into the share transfer agreement on 12 December 2013, in which Fujian Zijin Investment invested RMB205 million to acquire 30% equity interest in Shanghang Jinshan held by Fujian No. 8 geology division. Originally, Fujian Zijin Investment held 70% equity interest in Shanghang Jinshan, upon completion of the acquisition, Fujian Zijin Investment holds 100% equity interest in Shanghang Jinshan. Shanghang Jinshan owns the exploration right of “Fujian Shanghang Nanshanping mining area Luoboling – Shicao copper mine exploration”. According to the “Report on value evaluation of all shareholders’ equity of Shanghang Jinshan Mining Co., Ltd. involved in the proposed transfer of ownership of the Fujian No. 8 geology division” issued by Beijing Jingwei Assets Evaluation Co., Ltd. (Jingwei Pingbaozi (2013) No.280), the assessed value of all the interest of shareholders of Shanghang Jinshan was RMB677.8187 million, the corresponding 30% assessed value of equity was RMB203.3456 million.

(8) On 7 September 2013, the Company successfully bid for the land use right and development right in respect of a piece of land located in the southern side of Shuanglong Road, east of Longyan Road in Xinluo District, Longyan City, Fujian Province (Zongdihao [2013pai – No.34]) (the “Longyan Shuanglong Road Project”) for a consideration of RMB1.116 billion. The piece of land was then transferred to the project company Longyan Zijin AVIC Real Estate Development Co., Ltd., which is jointly held by Fujian Zijin Real Estate Company Limited (“Zijin Real Estate”), a wholly-owned subsidiary of the Company and Shenzhen CATIC City Investment Ltd. (“CATIC City Investment”) for development. The initial registered capital of the project company was RMB10 million which was injected by Zijin Real Estate and the subsequent increase of registered capital to RMB20,408,163 was injected by CATIC City Investment, in which Zijin Real Estate holds 49% of equity interest and CATIC City Investment holds 51% of equity

interest after the capital enlargement. The shareholders of both parties invested the land fee and the relevant capital interest, etc. on shareholding basis in the project company by way of entrusted loans. The subsequent development construction funds of the project would be financed from external financing of the project company, the outstanding balance would be provided by shareholders on shareholding basis by way of shareholder loans.

#### Asset transaction, corporate mergers

#### Acquisition, disposal of assets and corporate mergers which have been published in provisional announcements and without changes for subsequent implementation

Summary and type of event	Index for details
<p>The Company, Sprott Inc. (“Sprott”) (a corporation listed on Toronto Stock Exchange with stock code of SII) and Americas Now Resources Investment Management Corp. (“Americas Now”) (a company incorporated in Toronto, Canada) entered into a joint venture agreement (“JV Agreement”) on 19 March 2013 to establish an offshore mining fund (the “Fund”). The target size of the Fund is US\$500 million. Pursuant to the JV Agreement, the Company agreed to make capital contributions to the Fund of US\$100 million. Sprott agreed to make initial capital contributions to the Fund of US\$10 million and to continue to invest to match at least 5% of the aggregate capital contributions of the Fund. The Fund will also seek other investors. Under the JV Agreement, Americas Now agreed to provide technical and marketing services to the joint venture. As at the end of the reporting period, the Company had injected US\$100 million to the Fund.</p>	<p>For details, please refer to the Company’s announcements on HKEx website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>): dated 20 March 2013 and 27 September 2013.</p>
<p>Jin Jiang Mining Limited (“Jin Jiang”), a wholly-owned subsidiary of the Company entered into a convertible bond subscription agreement (“CBS Agreement”) with NKWE Platinum Limited (“NKWE”) (a company incorporated in Bermuda and listed on the Australian Securities Exchange “ASX”, stock code “NKP”) on 25 April 2013, pursuant to which Jin Jiang will invest A\$20 million in NKWE by a placement of convertible bonds which, subject to adjustment for certain events, are convertible into 200 million NKWE shares. The first tranche of A\$7 million convertible bonds was completed. In addition to the convertible bond transaction, Jin Jiang entered into a conditional heads of agreement with Genorah, NKWE and other parties (the “Sale Transaction”) on 16 December 2013. Under the terms of the Sale Transaction, Jin Jiang will purchase 145,880,907 ordinary shares in NKWE from Genorah for a total purchase price of A\$18,364,518. The transaction had not been completed at the end of the reporting period. NKWE owns a diversified Platinum Group Metals (PGM) portfolio in South Africa.</p>	<p>For details, please refer to the Company’s announcements on HKEx website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>): dated 29 April 2013, 24 June 2013, 15 August 2013, 27 September 2013, 17 December 2013 and 31 December 2013.</p>
<p>Norton Gold Fields Limited (“Norton”, stock code “NGF”, listed on the ASX), a subsidiary of the Company, entered into a bid implementation deed with Kalgoorlie Mining Company Limited (“KMC”, stock code “KMC”, listed on the Australian Securities Exchange) on 17 April 2013, pursuant to which Norton will make a friendly off-market takeover offer to acquire all KMC shares at an offer price of 0.054</p>	<p>For details, please refer to the Company’s announcements on HKEx website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>): dated 17 April 2013, 23 May 2013, 24 July 2013 and 26 August 2013.</p>

<p>Norton shares and 0.054 Norton options for each KMC share (“Share Offer”). Norton also proposes a separate offer (“Option Offer”) to acquire all of the listed KMC options to subscribe for KMC shares at an offer price of 0.024 Norton options for each listed KMC Option.</p> <p>Upon acquisition of all KMC’s shares and options, Norton issued 70,270,397 new shares and 72,591,793 options for the transaction. The total value of shares and options issued by Norton for the transaction amounted to RMB66,379,114. The transaction was completed on 26 July 2013.</p> <p>KMC’s key asset is the wholly-owned Bullant Gold Project, located in Kalgoorlie, Western Australia, which is 28 kilometres West of Norton’s Paddington Operations.</p>	
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### Disposal of assets

On 30 April 2013, the Company’s wholly-owned subsidiary, Zijin International Mining Company Limited, entered into a share transfer agreement with natural person Liu Bing, which Zijin International Mining Company Limited sold the 80% equity interests of Luoyang Jialian Mining Company Limited for a consideration of RMB25 million. Luoyang Jialian Mining Company Limited owned an exploration right of a gold mine. After the completion of the disposal, the Company no longer holds its shares.

### Material connected transactions

Transactions	Index for details
<p>Fujian Shanghang Ting River Hydropower Co., Ltd. (“Ting River Hydropower”) is a subsidiary of Minxi Xinghang State-owned Assets Investment Co., Ltd., the Company’s substantial shareholder. Ting River Hydropower is also an associate of the Company’s subsidiary, Zijin Mining Group Finance Co., Ltd. (“Zijin Finance”). Zijin Finance provides financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance provided loans in the amount of RMB37.30 million to Ting River Hydropower.</p>	<p>For details please refer to the Company’s announcement on HKEx news website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>) of the Hong Kong Stock Exchange: dated 2 March 2011.</p>
<p>The Company’s subsidiary, Xinjiang Ashele Copper Co., Ltd. (“Xinjiang Ashele”), sold copper concentrates to China Non-ferrous Metals Import and Export Xinjiang Company, the wholly owned subsidiary of Xinjiang Non-ferrous Metals Industry (Group) Company Limited, a substantial shareholder of Xinjiang Ashele. Xinjiang Ashele’s ordinary business is selling copper concentrates and the contract is entered into under normal commercial terms, which reflects the principle of fairness and reasonableness. As at the end of the reporting period, no copper concentrate was sold to China Non-ferrous Metals Import and Export Xinjiang Company by Xinjiang Ashele.</p>	<p>For details please refer to the Company’s announcement on HKEx news website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>) of the Hong Kong Stock Exchange: dated 21 March 2013.</p>

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

#### (1) Formulation, execution or adjustment of profit distribution policy

According to the essence of the Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies (Zheng Jian Fa [2012] No.37) issued by China Securities Regulatory Commission and the Notice in Relation to Further Implementing Cash Dividend Distribution (Min Zheng Jian Gongsizi [2012] No.28) issued by China Securities Regulatory Commission Fujian Bureau, in order to improve the decision making of the Company’s profit distribution and supervisory mechanism, while considering the Company’s production operation and sustainable development and maintaining a reasonable return to investors of the Company, 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 to clearly define the principle, format, cash dividend conditions of the Company’s profit distribution policy, and the procedures for forming profit distribution policy, procedures for amending profit

distribution policy, etc. Unless there is a special circumstance, the Company's cumulative profit distribution by way of cash profits for the latest three years shall not be less than 60% of the average annual distributable profits realized for the last three years. 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 relevant changes were considered and approved at the 2012 annual general meeting.

The profit distribution proposal for 2012 was considered and approved at the Company's 2012 annual general meeting, based on the total number of shares of 21,811,963,650 as at 31 December 2012, to distribute cash dividends 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 fully implemented on 12 July 2013. The profit distribution for 2012 was in line with the relevant terms of the articles of association and the Company's profit distribution and return plan for the next three years.

As audited by Ernst & Young Hua Ming (LLP), the Group's net profit for the year ended 31 December 2013 prepared in accordance with CAS was RMB2,125,353,823. The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2013 of RMB0.08 per share (tax included). The total number of shares of the Company prior to repurchase was 21,811,963,650. The Company repurchased H shares of 166,108,000 in aggregate in the period from 21 August 2013 to 7 February 2014. On the basis of 21,645,855,650 shares after deducting the number of H shares repurchased, the distribution of cash dividends amounted to RMB1,731,668,452. No bonus issue and conversion of capital will be included in this distribution proposal. The remaining balance of undistributed profit will be reserved for further distribution in the next financial year. The proposal of the above-mentioned distribution will be tabled to 2013 annual general meeting for approval. The profit distribution for 2013 is in line with the relevant terms of the articles of association and the Company's profit distribution and return plan for the next three years, fully protects the legitimate rights and interests of minority investors. The independent directors of the Company agreed with the profit distribution proposal and delivered independent opinions.

To further improve the cash distribution policy of the Company, according to "Guidelines of Listed Companies No. 3 – cash dividends of listed companies" of the China Securities Regulatory Commission, the documents issued by China Securities Regulatory Commission Fujian Bureau, combined with the actual situation of the Company, it is proposed to amend the current articles of association of the Company to add cash distribution policy regarding differentiation and submit to 2013 annual general meeting for consideration and approval.

**(2) The Company's profit distribution proposal or plans, conversion of capital reserve into share capital proposal or plan for the latest three years (including year 2013):**

Currency: RMB

Year of profit distribution	Dividend for every 10 shares (RMB) (Tax included)	Amount of cash dividend (Tax included)	Net profit attributable to shareholders of listed company on consolidated financial statement for the dividend distribution year	Percentage of dividends to net profit attributable to shareholders of listed company accounted for in the consolidated financial statements(%)
2013	0.8	1,731,668,452	2,125,353,823	81.48
2012	1	2,181,196,365	5,211,208,977	41.86
2011	1	2,181,196,365	5,712,569,100	38.18

**General Meetings**

Session of meeting	Convening date	Resolutions for the meeting	Poll results of the resolutions	Date of publishing poll results of the resolutions
2012 annual general meeting	28 May 2013	Special resolutions: The proposal of amendments of the articles of association of the Company, the proposal of the Company's 3-year (2012-2014) profit distribution plan, the proposal of issuance of mid-term bonds of the Company, the proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares, the proposal of	All the tabled resolutions were passed at the 2012 annual general meeting	28 May 2013

		the Company to provide guarantee to its overseas subsidiaries for the loans; Ordinary resolutions: Report of the Board of Directors of the Company for 2012, Report of the Independent Directors of the Company for 2012, Report of Supervisory Committee of the Company for 2012, the Company's financial report for the year ended 31 December 2012, the Company's 2012 annual report and its summary report, a profit distribution proposal of the Company for the year ended 31 December 2012, the proposal of remunerations of the Executive Directors and Chairman of Supervisory Committee of the Company for the year ended 31 December 2012, the proposal of reappointment of domestic auditor for the year ended 31 December 2013 and the authorization to the Board of Directors to determine the auditor's 2013 remuneration.		
The first A Shareholders' class meeting in 2013	28 May 2013	The proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares	The special resolution was passed at the first A Shareholders' class meeting in 2013	28 May 2013
The first H Shareholders' class meeting in 2013	28 May 2013	The proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares	The special resolution was passed at the first H Shareholders' class meeting in 2013	28 May 2013
The first extraordinary general meeting in 2013	25 October 2013	The proposal of election of the Board of Directors of the Company, the proposal of election of Supervisors of the Supervisory Committee of the Company, the proposal of the remuneration and assessment policy of Directors and Supervisors of the fifth term of Board and Supervisory Committee	All of the three special resolutions were passed at the first extraordinary general meeting in 2013	25 October 2013

### Purchase, Redemption or Sale of Listed Securities of the Company

At the 2012 annual general meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013 convened by the Company on 28 May 2013, a resolution in relation to the proposal of granting a general mandate to the Board of Directors of the Company to repurchase H shares was approved. According to the authorization, the Company started to implement repurchases of H shares on 21 August 2013. As at 31 December 2013, the number of H shares repurchased was 111,806,000 in aggregate. The cancellation of H shares repurchased was completed at Computershare Hong Kong Investor Services Limited, but the change of business registration in the PRC for the cancellation of the repurchased H shares has not been completed yet.

Save as disclosed above, for the year ended 31 December 2013, the Board confirmed that neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities up to 31 December 2013.

### Corporate Governance

As required by A.1.8 of Appendix 14 Corporate Governance Code and Corporate Governance Report of the Listing Rules, 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 F.1.3 of Appendix 14 Corporate Governance Code and Corporate Governance Report of the Listing Rules, 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. The Corporate Governance Code provision A.5.6 stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Nomination and Remuneration Committee of the Company would review the board composition from time to time and from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender. It considered that the board diversity is in place and therefore the



update of policy is not required. As required by A.6.7 of Appendix 14 Corporate Governance Code and Corporate Governance Report of the Listing Rules, independent non-executive director Chen Yuchuan had a business trip and could not attend the Company's annual general meeting on 28 May 2013, independent non-executive director Wang Xiaojun had a business trip and could not attend the Company's extraordinary general meeting on 25 October 2013.

Save as disclosed above, for the year ended 31 December 2013, 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 2013 Annual Report).

#### **Independent Non-executive Directors**

In compliance with rules 3.10(1) and 3.10(2) of the 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 will be provided in the Group's 2013 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 12 months ended 31 December 2013.

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

As at 31 December 2013, Mr. Chen Jinghe, the Chairman of the Board of the Company held 132,000,000 shares, Mr. Lan Fusheng, Vice Chairman, held 7,500,000 shares, Mr. Zou Laichang, Director, held 1,500,000 shares, and Mr. Lin Hongfu, Director, held 750,000 shares, Mr. Liu Wenhong, Supervisor, held 24,450 shares in the Company.

#### **Appointment and Resignation of Director, Supervisor, and Senior Management**

Name	Position	Change	Reasons	Effective Date
Luo Yingnan	President	Resignation	Personal and health issue	31 May 2013
Wang Jianhua	President	Appointment	Board of directors' appointment	1 June 2013

Mr. Luo Yingnan 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.

For the constitution of the new term directors, supervisors and senior management, please refer to the Company's announcements dated 25 October 2013 and 2013 annual report.

#### **Audit and Internal Control Committee**

The audit and internal control committee has reviewed the Group's financial report for the 12 months ended 31 December 2013 and further discussed the auditing, internal control and financial reporting matters. The audit and internal control committee considers that the Group's financial report for the 12 months ended 31 December 2013 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.

#### **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 2012 annual general meeting, the Company reappointed Ernst & Young Hua Ming (LLP) to audit the Company's financial statements in 2013 according to the China Standards on Auditing.

Change of appointment of auditors:	No
	Currently appointed
Auditors in the mainland	Ernst & Young Hua Ming (LLP)
Remuneration for auditors this year	RMB7,460,000
Appointment term	Renew once a year

	Name
Internal control auditor	Ernst & Young Hua Ming (LLP)

#### **Other significant matters**

At the 2012 annual general meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013 convened by the Company on 28 May 2013, a resolution in relation to the proposal of granting a general mandate to the Board of Directors of the Company to repurchase H shares was approved. The Board of Directors was authorized to repurchase H shares not exceeding 10% of the total number of H shares of the Company in issue. According to the authorization, the Company implemented the repurchase in the period from 21 August 2013 to 7 February 2014, repurchased 166,108,000 H shares in aggregate with the total paid amount of HK\$285,569,440 (excluding commission and other expenses). In order to apply for changes of business registration, the Company's Board agreed to stop the repurchase of H shares in the period from 8 February 2014 to the convention day of 2013 annual general meeting. The Company will apply for a new general mandate to repurchase H shares at the 2013 annual general meeting, and continues carrying out repurchase of H shares upon the approval of the authorization.

In September 2013, the Company received the "Notice of acceptance of registration" issued by the National Association of Financial Market Institutional Investors, in which the Company was approved to register mid-term bonds which amounted to RMB4 billion and RMB6 billion respectively (in aggregate RMB10 billion). The registered mid-term bonds amounts will be valid for two years commencing from the issue of the "Notice of acceptance of registration". The Company shall issue the mid-term bonds by tranches during the registration period. On 22 October 2013, the Company carried out the first and second batches of mid-term bonds issue which amounted to RMB2.5 billion in total with a term of 5 years. Interests are distributed annually before the maturity of the bonds and the last payment of interests will be distributed together with the principal.

**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), Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang, and Lin Hongfu as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Ding Shida, Jiang Yuzhi, and Sit Hoi Wah, Kenneth as independent non-executive directors.

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

Fujian, PRC 28 March 2014

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