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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 2014

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 2014. (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 2014
RMB

<u>ASSETS</u>	<u>Note</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents		4,139,672,768	4,491,737,212
Financial assets at fair value through profit or loss		312,247,627	475,941,951
Bills receivable		538,484,702	780,847,129
Trade receivables	11	1,228,075,464	519,354,631
Prepayments		649,968,149	921,089,268
Other receivables		1,266,545,176	1,791,576,506
Inventories		10,353,917,540	8,200,028,550
Other current assets		1,129,315,164	751,212,263
Total current assets		19,618,226,590	17,931,787,510
NON-CURRENT ASSETS			
Available-for-sale investments		495,285,702	698,616,484
Long-term equity investments		5,346,350,207	4,679,157,936
Investment properties		174,284,695	112,444,271
Fixed assets		25,003,524,624	19,353,330,551
Construction in progress		7,964,785,151	9,986,200,612
Construction materials		274,012,010	189,696,519
Intangible assets		9,385,134,080	8,498,320,317
Goodwill		496,758,705	496,758,705
Long-term deferred assets		1,126,092,176	1,093,707,245
Deferred tax assets		867,406,609	795,179,740
Other non-current assets		4,407,727,099	3,063,189,230
Total non-current assets		55,541,361,058	48,966,601,610
TOTAL ASSETS		75,159,587,648	66,898,389,120

Zijin Mining Group Co., Ltd.*
Consolidated Balance Sheet (continued)
As at 31 December 2014
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Note</u>	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES			
Short-term borrowings		4,551,121,572	2,774,147,375
Financial liabilities at fair value through profit or loss		8,597,538,500	6,746,734,855
Bills payable		282,976,147	281,648,206
Trade payables	12	4,011,412,543	4,593,524,531
Advances from customers		1,005,215,386	577,062,261
Employee benefits payable		389,444,043	321,424,528
Taxes payable		656,071,856	1,014,800,781
Dividends payable		35,938,170	5,534,343
Other payables		2,626,729,259	2,267,104,690
Current portion of non-current liabilities		1,347,611,097	1,377,984,690
Total current liabilities		23,504,058,573	19,959,966,260
NON-CURRENT LIABILITIES			
Long-term borrowings		8,339,476,546	6,997,843,844
Bonds payable		7,923,716,925	5,405,880,513
Long-term payables		413,864,086	309,261,109
Provision		177,486,513	147,115,898
Deferred income		538,727,221	549,332,668
Deferred tax liabilities		593,335,439	443,536,908
Total non-current liabilities		17,986,606,730	13,852,970,940
TOTAL LIABILITIES		41,490,665,303	33,812,937,200
EQUITY			
Share capital		2,157,281,365	2,170,015,765
Capital reserve		7,329,951,989	7,502,349,142
Other comprehensive income	10	(447,341,491)	(459,778,979)
Special reserve		108,445,194	101,948,305
Surplus reserve		1,319,401,104	1,319,401,104
Retained earnings	15	17,591,716,635	16,978,322,418
Equity attributable to owners of the parent		28,059,454,796	27,612,257,755
Non-controlling interests		5,609,467,549	5,473,194,165
TOTAL EQUITY		33,668,922,345	33,085,451,920
TOTAL LIABILITIES AND OWNERS' EQUITY		75,159,587,648	66,898,389,120

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014
RMB

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Operating income	2	58,760,533,928	49,771,511,898
Less: Operating costs	2	50,881,767,555	40,846,480,113
Taxes and surcharges	3	838,416,174	719,196,040
Selling expenses		905,512,920	525,665,748
Administrative expenses		2,175,124,236	2,165,817,191
Financial expenses	4	767,954,016	733,059,904
Impairment losses on assets	5	362,952,805	792,141,366
Add: Gains/(losses) on changes in fair value	6	(141,213,373)	18,736,057
Investment income	7	772,566,108	13,767,646
Including: Share of profits of associates and joint ventures		<u>21,433,814</u>	<u>117,156,560</u>
Operating profit		3,460,158,957	4,021,655,239
Add: Non-operating income	8	236,741,221	223,486,351
Including: Gains on disposal of non-current assets		53,043,654	8,467,645
Less: Non-operating expenses	9	372,762,188	410,440,020
Including: Losses on disposal of non-current assets		<u>151,038,028</u>	<u>126,942,650</u>
PROFIT BEFORE TAX		3,324,137,990	3,834,701,570
Less: Income tax expenses	1	688,695,999	973,432,498
NET PROFIT		<u>2,635,441,991</u>	<u>2,861,269,072</u>
Attributable to owners of the parent		<u>2,345,062,669</u>	<u>2,125,353,823</u>
Non-controlling interests		<u>290,379,322</u>	<u>735,915,249</u>
NET OTHER COMPREHENSIVE INCOME AFTER TAX			
Other comprehensive income to be reclassified to profit or loss			
Changes in fair value of available-for-sale investments		11,541,426	86,901,813
Exchange differences arising from translation of financial statements denominated in foreign currencies		896,062	(160,130,205)
Net other comprehensive income after tax attributable to owners of the parent		12,437,488	(73,228,392)
Net other comprehensive income after tax attributable to non-controlling interests		(19,781,959)	(18,229,147)
		<u>(7,344,471)</u>	<u>(91,457,539)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,628,097,520</u>	<u>2,769,811,533</u>
Attributable to:			
Owners of the parent		<u>2,357,500,157</u>	<u>2,052,125,431</u>
Non-controlling interests		<u>270,597,363</u>	<u>717,686,102</u>
Earnings per share			
Basic earnings per share	14	<u>0.11</u>	<u>0.10</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements
For the year ended 31 December 2014
RMB

1. TAXES

Major categories of taxes and tax rates

Value-added tax (“VAT”)	<p>Sales of final gold products and carrying-gold minerals are exempted from VAT. The VAT rate for mining and processing of non-ferrous metals such as iron concentrates, gold concentrates, copper concentrates, zinc concentrates, and copper cathodes, zinc bullions, material sales and processing is 17%. 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.</p> <p>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 Industry and Certain Modern Service Industries Nationwide (Cai Shui [2013] No.37), from 1 January 2014, the nationwide transportation industry, certain modern service industries, rail transportation and postal industry were included in the pilot policy of changing the levy of business tax to VAT. VAT tax rate for transportation service income is 11% and that for trademark royalty income and technical service income is 6%. Small-scale taxpayer’s VAT tax rate for all the income mentioned above is 3%.</p>
Business tax	Business tax rate for income derived from real estates leasing, construction labour and hotel services is 5%, 3% and 5% respectively.
City construction and maintenance tax	Levied on actual payment of turnover tax at rates ranging from 1% to 7%.
Resource tax	Tax rates for gold resources ranged from RMB2 to RMB8.5 (2013: RMB2 to RMB8.5) per tonne depending on the gold ore quantity; tax rates for copper resources ranged from RMB6 to RMB7 (2013: RMB6 to RMB7) per tonne depending on the copper ore quantity; tax rate for iron resource was RMB12 to RMB12.80 (2013: RMB9.52) per tonne according to the ore quantity; tax rate for zinc-lead resources was RMB20 (2013: RMB20) per tonne according to the ore quantity.
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 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 and the Democratic Republic of the Congo (the “DR Congo”) profits taxes have been made at the rate of 30% on the assessable profits arising in Australia and the DR Congo for the year respectively. Provision for Tajikistan profits tax has been made at the rate of 15% on the assessable profits arising in Tajikistan for the year.

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
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1. TAXES (continued)

Tax incentives

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Tax on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No.58), from 1 January 2011 to 31 December 2020, the enterprises in the western region, which engaged in encouraged industries as indicated in the Catalogue of Encouraged Industries of Western Region and Catalogue of Guidance on Industry Structure Adjustment (2011 version) (revised) (Guo Jia Fa Gai Wei Ling [2013] No.21) and derive 70% of their income of principal operation from the encouraged industries could apply for a tax incentives. After in-charge tax bureau approved, those enterprises could enjoy a reduced enterprise income tax (“EIT”) rate of 15%. In 2014, the following subsidiaries got in-charge tax bureau approval and were granted a reduced EIT rate of 15%.

(1) Pursuant to the Notice of Tax Issue (Ha Di Shui Tong Jian Mian [2014] No.104) and the Notice of Tax Issue (Ha Di Shui Tong [2014] No.498) issued by the Xinjiang Autonomous Region Habahe County Local Tax Bureau on 10 March 2014 and 2 December 2014 respectively, Xinjiang Ashele Copper Company Limited (“Xinjiang Ashele”) enjoyed a tax concession of Western Development at a preferential EIT rate of 15% in 2014.

(2) Pursuant to the Notice of Tax Issue (Fu Di Shui Tong [2014] No.54) issued by the Xinjiang Autonomous Region Fuyun County Local Tax Bureau on 12 December 2014, Xinjiang Jinbao Mining Company Limited (“Xinjiang Jinbao”) enjoyed a tax concession of Western Development at a preferential EIT rate of 15% in 2014.

(3) Pursuant to Approval of Tax Relief Application Form of Taxpayer issued by the Xinjiang Autonomous Region Wujia County State Tax Bureau accepted and approved on 17 June 2014, Wujia County Jinwang Mining Development Company Limited (“Wujia Jinwang”) enjoyed a tax concession of Western Development at a preferential EIT rate of 15% in 2014.

(4) Pursuant to the Reply on the Application of Enjoying Enterprise Income Tax Concession of Western Development Policy by Qinghai West Copper Mining Company Limited (Qin Guo Shui Han [2014] No.78) issued by the Qin Hai Province Maqin County State Tax Bureau on 30 October 2014, Qinghai West Copper Mining Company Limited (“Qinghai West”) enjoyed a tax concession of Western Development at a preferential EIT rate of 15% in 2014.

(5) Pursuant to the Enterprise Income Tax Concession Items Filing List accepted and approved by the Hunchun Border Economic Cooperation Zone State Tax Bureau on 22 May 2014, Hunchun Zijin Mining Company Limited (“Hunchun Zijin”) enjoyed a tax concession of Western Development at a preferential EIT rate of 15% in 2014.

	2014	2013
Current tax expenses	617,705,361	1,199,556,120
Deferred tax expenses	70,990,638	(226,123,622)
	<u>688,695,999</u>	<u>973,432,498</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
RMB

1. TAXES (continued)

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

	2014	2013
Profit before tax	3,324,137,990	3,834,701,570
Income tax calculated at the applicable tax rate (Note 1)	831,034,497	958,675,393
Effect of different tax rates of certain subsidiaries	(184,044,511)	(155,990,286)
Underprovision in prior years	(218,580,802)	(59,119,178)
Income not subject to tax (Note 2)	(77,417,192)	(99,842,278)
Expenses not deductible for tax purposes (Note 3)	50,265,301	40,178,017
Previous tax losses utilised	(48,493,671)	(20,879,485)
Effect of unrecognized deductible temporary differences and deductible tax losses	<u>335,932,377</u>	<u>310,410,315</u>
Income tax expenses calculated at the Group's effective tax rate	<u>688,695,999</u>	<u>973,432,498</u>

Note 1: Provision for the PRC enterprise income tax expenses has been made at applicable tax rates based on the estimated taxable profits. For the year 2014, there was no assessable profit arising in Hong Kong (2013: 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: Included share of profits of long-term equity investments under the equity method of RMB21,433,814 for the year 2014 (2013: RMB117,156,560), share of profits of available-for-sale investments at cost of RMB28,836,297 (2013: RMB18,740,000), and the sales revenue which comes from the products that shall be exempted from income tax in line with national industrial policies and regulations of RMB26,160,760 for the year 2014 (2013: RMB16,482,399).

Note 3: Included donations not deductible for tax purposes of RMB52,775,730 for the year 2014 (2013: RMB118,289,509).

2. OPERATING INCOME AND OPERATING COSTS

	2014		2013	
	Revenue	Cost	Revenue	Cost
Principal operations	58,308,431,070	50,653,548,999	49,236,394,951	40,563,975,593
Other operations	452,102,858	228,218,556	535,116,947	282,504,520
	<u>58,760,533,928</u>	<u>50,881,767,555</u>	<u>49,771,511,898</u>	<u>40,846,480,113</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
RMB

3. TAXES AND SURCHARGES

	2014	2013
Consumption tax	646,464	914,506
Business tax	60,301,648	92,426,235
City construction and maintenance tax	58,657,813	52,079,582
Resource tax	637,241,752	421,386,497
Education surcharges	36,349,550	64,123,541
Others	45,218,947	88,265,679
	<u>838,416,174</u>	<u>719,196,040</u>

4. FINANCIAL EXPENSES

	2014	2013
Interest expenses:	1,336,798,557	1,124,578,070
<i>Including: *Bank loans</i>	<i>1,015,288,458</i>	<i>962,834,530</i>
<i>*Bonds payable</i>	<i>321,510,099</i>	<i>161,743,540</i>
Less: Interest income	168,134,064	103,767,418
Capitalised interest expenses	556,696,854	402,948,070
Exchange losses	49,486,592	29,887,533
Bank charges	106,499,785	85,309,789
	<u>767,954,016</u>	<u>733,059,904</u>

Capitalised interest expenses are included in construction in progress and inventories. In 2014, no interest income arose from impaired financial assets (2013: Nil).

*In the year of 2014, interests on bank loans and bonds payable wholly repayable within five years of the Group amounted to RMB1,265,956,380 (2013: RMB1,028,155,969). Interests on bank loans not wholly repayable within five years of the Group amounted to RMB70,842,177 (2013: RMB96,422,101).

5. IMPAIRMENT LOSSES ON ASSETS

	2014	2013
Bad debt provision for trade and other receivables	84,625,187	161,832,006
Provision for decline in value of inventories	114,800,602	67,421,752
Impairment on available-for-sale investments	26,810,425	92,013,456
Impairment on long-term equity investments	-	189,468,007
Impairment on fixed assets	20,782,402	180,197,036
Impairment on construction in progress	-	9,839,091
Impairment on intangible assets	23,280,000	91,370,018
Impairment on other current assets	2,650,000	-
Impairment on other non-current assets	90,004,189	-
	<u>362,952,805</u>	<u>792,141,366</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
RMB

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

	2014	2013
Financial assets at fair value through profit or loss (Note 1)	74,386,856	(188,721,341)
Financial liabilities at fair value through profit or loss (Note 2)	<u>(215,600,229)</u>	<u>207,457,398</u>
	<u>(141,213,373)</u>	<u>18,736,057</u>

Note 1: In the year of 2014, gains or losses on changes in fair value of financial assets at fair value through profit or loss include net gains on changes in fair value arising from stocks and funds of RMB28,688,646 (2013: Net losses of RMB63,280,631), net gains on changes in fair value of futures of RMB15,637,586 (2013: Net losses of RMB117,276,853). In which, the net gains on changes in fair value of gold leasing futures amounted to RMB2,540,478 (31 December 2013: The losses on changes in fair value of such futures were included in financial liabilities at fair value through profit or loss), which arose from gold forward contracts entered into by the Group in accordance with the repayment terms of gold leasing business for the purpose of hedging its risks arising from gold price fluctuation, and net gains on changes in fair value of other financial assets amounted to RMB30,060,624 (2013: Net losses of RMB8,163,857).

Note 2: In the year of 2014, gains or losses on changes in fair value of financial liabilities at fair value through profit or loss included net losses on changes in fair value arising from the gold leasing business of RMB741,580,718 (2013: Net gains of RMB1,124,808,398), net gains on changes in fair value of gold futures of RMB515,929,316 (2013: Net losses of RMB927,451,517), which arose from gold forward contracts entered into by the Group in accordance with the repayment terms of gold leasing business for the purpose of hedging its risks arising from gold price fluctuation, and net gains on changes in fair value of other financial liabilities of RMB10,051,173 (2013: Net gains of RMB10,100,517).

7. INVESTMENT INCOME

	2014	2013
Income from long-term equity investments under the equity method	21,433,814	117,156,560
<i>Including: Share of profits of associates</i>	21,540,546	145,858,676
<i>Share of losses of joint ventures</i>	(106,732)	(28,702,116)
Gains on disposal of long-term equity investments	4,676,957	3,576,341
<i>Including: Gain on disposal of subsidiaries</i>	4,676,957	4,073,195
<i>Loss on disposal of other long-term equity investments</i>	-	(496,854)
Gain/(loss) on disposal of financial assets and financial liabilities at fair value through profit or loss (Note 1)*	667,352,138	(73,311,904)
Gain/(loss) on available-for-sale investments	12,619,622	(31,842,434)
<i>Including: Income from available-for-sale investments at cost</i>	28,386,297	18,740,000
<i>Loss on disposal of available-for-sale investments at fair value (Note 2)*</i>	(15,766,675)	(50,582,434)
Others	<u>66,483,577</u>	<u>(1,810,917)</u>
	<u>772,566,108</u>	<u>13,767,646</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
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7. INVESTMENT INCOME (continued)

*In the year of 2014, investment losses from investments in listed companies were RMB54,460,952 (2013: Losses of RMB44,772,902) and investment income from investments in unlisted companies were RMB827,027,060 (2013: RMB58,540,548).

Note 1: In the year of 2014, the investment losses resulting from disposal of financial assets at fair value through profit or loss included gains of RMB631,373,077 on the settlement of futures contracts (2013: Losses of RMB81,713,954).

Note 2: In the years of 2014 and 2013, investment income resulting from disposal of available-for-sale investments were generated from disposal of stock.

8. NON-OPERATING INCOME

	2014	2013	Included in non-recurring profit or loss in 2014
Gains on disposal of non-current assets	53,043,654	8,467,645	53,043,654
<i>Including: Gains on disposal of fixed assets</i>	<i>11,043,785</i>	<i>8,467,645</i>	<i>11,043,785</i>
Government grants	161,694,394	159,679,631	161,694,394
Penalty income	8,290,123	10,744,109	8,290,123
Others	13,713,050	44,594,966	13,713,050
	<u>236,741,221</u>	<u>223,486,351</u>	<u>236,741,221</u>

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

	2014	2013
Government grants related to assets:		
Expenditures for science projects	6,945,023	2,490,000
Environmental protection	15,696,766	3,772,099
Refund of land compensation	4,543,158	552,709
Comprehensive utilisation of mineral resources (Note 1)	41,160,260	33,502,393
Others	<u>20,478,622</u>	<u>16,913,509</u>
	<u>88,823,829</u>	<u>57,230,710</u>
Government grants related to income:		
Special government rewards	6,189,578	23,460,162
VAT subsidies	498,142	407
Tax refunds	16,809,008	10,253,838
Others (Note 2)	<u>49,373,837</u>	<u>68,734,514</u>
	<u>72,870,565</u>	<u>102,448,921</u>
	<u>161,694,394</u>	<u>159,679,631</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
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8. NON-OPERATING INCOME (continued)

Note 1: In the year of 2014, non-operating income amounted to RMB41,160,260 in total regarding the amortisation of government's subsidies for the anti-seepage construction and infrastructure stripping construction of the Company's Zijinshan copper mine was recognised.

Note 2: Mainly included the government's subsidy on electricity for industrial use in 2014 amounted to RMB10,980,000 received and central interest discount fund for import from the Department of Commerce of Fujian Province in 2014 amounted to RMB14,228,300 recognised by Zijin Copper. Department of Finance of Heilongjiang Province disbursed loan interest discount to Heilongjiang Duobaoshan Copper Industry Co., Ltd. ("Heilongjiang Duobaoshan") amounted to RMB8,000,000 for its mine development project. Xinjiang Aletai Jinhao Iron Company Limited ("Jinhao Iron") received transportation fee subsidy amounted to RMB7,423,200 from the Economic and Information Commission of Xinjiang Uyghur Autonomous Region.

9. NON-OPERATING EXPENSES

	2014	2013	Included in non-recurring profit or loss in 2014
Losses on disposal of non-current assets	151,038,028	126,942,650	151,038,028
<i>Including: Losses on disposal of fixed assets</i>	<i>118,881,145</i>	<i>126,939,629</i>	<i>118,881,145</i>
<i>Losses on disposal of other non-current assets</i>	<i>32,156,883</i>	<i>3,021</i>	<i>32,156,883</i>
Donations	185,845,063	230,065,888	185,845,063
Penalties	8,047,755	24,189,776	8,047,755
Net losses arising from natural disasters	9,850	401,975	9,850
Losses on stock-taking	1,463,895	2,130,972	1,463,895
Others	26,357,597	26,708,759	26,357,597
	<u>372,762,188</u>	<u>410,440,020</u>	<u>372,762,188</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
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10. OTHER COMPREHENSIVE INCOME

2014

	At 1 January 2014	Changes during the year			At 31 December 2014
		Before tax	Taxation	After tax	
Changes in fair value of available-for-sale investments	(77,564,125)	18,122,450	(6,581,024)	11,541,426	(66,022,699)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(382,214,854)	896,062	-	896,062	(381,318,792)
	<u>(459,778,979)</u>	<u>19,018,512</u>	<u>(6,581,024)</u>	<u>12,437,488</u>	<u>(447,341,491)</u>

2013

	At 1 January 2013	Changes during the year			At 31 December 2013
		Before tax	Taxation	After tax	
Changes in fair value of available-for-sale investments	(164,465,938)	95,591,697	(8,689,884)	86,901,813	(77,564,125)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(222,084,649)	(160,130,205)	-	(160,130,205)	(382,214,854)
	<u>(386,550,587)</u>	<u>(64,538,508)</u>	<u>(8,689,884)</u>	<u>(73,228,392)</u>	<u>(459,778,979)</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2014
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11. TRADE RECEIVABLES

Trade receivables are interest-free with a credit period from one month to six months in general.

An ageing analysis of the trade receivables is as follows:

	2014	2013
Within 1 year	1,204,922,684	498,591,771
Over 1 year but within 2 years	17,117,052	12,565,676
Over 2 years but within 3 years	8,577,001	7,575,162
Over 3 years	<u>1,594,371</u>	<u>8,065,554</u>
	1,232,211,108	526,798,163
Less: Bad debt provision	<u>4,135,644</u>	<u>7,443,532</u>
	<u>1,228,075,464</u>	<u>519,354,631</u>

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 bullions and ore concentrates range from one month to six months. The Group maintains strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by senior management. As mentioned above and because of the fact that the Group's trade receivables were related 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:

	2014	2013
Within 1 year	3,798,019,773	4,440,449,426
Over 1 year but within 2 years	162,094,487	107,080,663
Over 2 years but within 3 years	20,381,490	12,830,510
Over 3 years	<u>30,916,793</u>	<u>33,163,932</u>
	<u>4,011,412,543</u>	<u>4,593,524,531</u>

The trade payables are interest-free and are normally settled within three 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 the gold bullion in the physical gold trading business;
- (3) the gold concentrates segment engages in the production of gold concentrates that are up to smelting requirement 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 that are up to smelting 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.

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 are excluded from this measurement.

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 or loss, derivative financial instruments, bank and other borrowings, deferred tax liabilities, taxes payable, bonds 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)

2014

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	3,772,700,143	28,576,978,492	3,749,519,460	640,766,970	8,843,099,727	4,042,981,754	3,312,472,587	2,436,801,233	3,385,213,562	-	58,760,533,928
Intersegment sales	52,392,342	2,550,842,509	261,629,424	101,706,071	994,296,414	113,939,505	142,547,107	385,047,343	3,003,882,431	(7,606,283,146)	-
Total	3,825,092,485	31,127,821,001	4,011,148,884	742,473,041	9,837,396,141	4,156,921,259	3,455,019,694	2,821,848,576	6,389,095,993	(7,606,283,146)	58,760,533,928
Segment profit/(loss) #	938,819,265	(32,373,610)	819,507,324	115,495,709	110,568,315	1,487,037,590	948,853,680	(1,773,988)	(453,378,100)	-	3,932,756,185
Interest and dividend income											196,520,361
Unallocated income											81,462,932
Finance costs											(886,601,488)
Segment profit before tax											3,324,137,990
Assets and liabilities											
Segment assets	33,565,848,457	10,879,383,581	9,835,508,955	6,266,229,998	6,129,709,370	15,275,109,225	14,173,606,233	2,948,935,298	45,535,752,841	(76,823,721,469)	67,786,362,489
Unallocated assets											7,373,225,159
Total assets											75,159,587,648
Segment liabilities	17,618,564,922	6,248,076,025	5,475,442,238	3,544,099,070	4,645,128,897	7,498,127,259	10,897,888,235	2,095,342,412	35,290,636,891	(74,399,691,908)	18,913,614,041
Unallocated liabilities											22,577,051,262
Total liabilities											41,490,665,303
Other segment information											
Share of profits or losses of:											
Associates	-	-	-	(34,784,963)	-	(5,280,344)	56,891,527	-	4,714,326		21,540,546
Joint ventures	-	4,304,549	-	-	-	-	-	-	(4,411,281)		(106,732)
Impairment losses recognised in the statement of profit or loss	34,528,623	55,530,137	50,308,877	1,948,295	139,796,237	24,968,621	92,790,563	28,370	149,395,710		549,295,433
Impairment losses reversed in the statement of profit or loss	(148,482)	(6,766,099)	(301,224)	-	(175,604,542)	(37,266)	-	-	(3,485,015)		(186,342,628)
Unallocated non-cash income											(141,213,373)
Depreciation and amortisation	97,365,189	1,385,271,766	120,208,328	21,351,872	433,803,372	91,375,622	72,756,098	119,953,831	308,377,306		2,650,463,384
Investments in associates	-	-	-	384,345,128	-	319,013,928	925,100,232	-	1,560,650,064		3,189,109,352
Investments in joint ventures	-	201,538,186	-	-	-	-	-	-	1,955,702,669		2,157,240,855
Capital expenditure	2,195,065,225	144,038,459	2,409,996,209	32,222,604	63,874,566	336,328,614	1,055,134,838	315,140,656	1,553,358,144		8,105,159,315
Unallocated capital expenditure											9,988,988

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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)	-
Total	5,453,712,890	19,652,315,131	5,166,234,170	866,489,893	8,992,468,823	5,055,726,014	3,391,957,787	1,974,786,158	6,397,931,164	(7,180,110,132)	49,771,511,898
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)
Segment profit before tax											3,834,701,570
Assets and liabilities											
Segment assets	28,413,655,609	3,528,590,907	7,867,643,159	5,193,904,003	5,131,641,830	13,601,657,723	12,037,788,008	3,205,468,899	37,052,333,291	(56,623,680,463)	59,409,002,966
Unallocated assets											7,489,386,154
Total assets											66,898,389,120
Segment liabilities	13,241,485,972	1,475,742,612	4,057,734,715	2,629,909,781	4,041,144,449	5,834,667,325	9,305,963,327	2,223,834,046	29,873,631,959	(48,798,990,201)	23,885,123,985
Unallocated liabilities											9,927,813,215
Total liabilities											33,812,937,200
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)

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

Geographical information

Over 97% (2013: 96%) of the Group's operating income was derived from customers based in Mainland China, and over 64% (2013: 68%) of the Group's assets were located in Mainland China.

Information about a major customer

In the year of 2014, the Group's income from Shanghai Gold Exchange was RMB32,129,711,740 (2013: RMB22,533,573,715). The operating income was mainly derived from gold bullion, processed, refinery and trading gold and gold concentrates segments.

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:

	2014	2013
Earnings		
Consolidated net profit attributable to owners of the parent	<u>2,345,062,669</u>	<u>2,125,353,823</u>
Shares		
Weighted average number of ordinary shares outstanding	<u>21,634,580,077</u>	<u>21,796,121,080</u>
Earnings per share	<u>0.11</u>	<u>0.10</u>

Due to the implementation of repurchase of H shares in 2013 and 2014, the calculation of "basic earnings per share", "diluted earnings per share" and "basic earnings per share after non-recurring profit or loss" are based on balance of the total issued shares after deduction of the repurchased H shares as at 31 December 2013 and 31 December 2014 respectively.

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15. RETAINED EARNINGS

	2014	2013
At 1 January	16,978,322,418	17,034,164,960
Net profit attributable to owners of the parent	2,345,062,669	2,125,353,823
Less: Appropriation for the statutory reserve	-	-
Dividends distribution	<u>1,731,668,452</u>	<u>2,181,196,365</u>
At 31 December	<u>17,591,716,635</u>	<u>16,978,322,418</u>

On 28 May 2014, the 2013 annual general meeting of the Company approved the final cash dividend of RMB0.08 (tax included) per ordinary share in aggregate of RMB1,731,668,452.

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

16. NET CURRENT LIABILITIES

	2014	2013
Current assets	19,618,226,590	17,931,787,510
Less: Current liabilities	<u>23,504,058,573</u>	<u>19,959,966,260</u>
Net current liabilities	<u>(3,885,831,983)</u>	<u>(2,028,178,750)</u>

17. TOTAL ASSETS LESS CURRENT LIABILITIES

	2014	2013
Total assets	75,159,587,648	66,898,389,120
Less: Current liabilities	<u>23,504,058,573</u>	<u>19,959,966,260</u>
Total assets less current liabilities	<u>51,655,529,075</u>	<u>46,938,422,860</u>

18. PROVISION FOR DEPRECIATION

	2014	2013
Fixed assets	2,064,139,532	1,887,658,780
Investment properties	<u>4,676,364</u>	<u>3,064,520</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

In 2014, under the backdrop of a slowdown in Chinese economy, the US leading the recovery in global economy, tightening in monetary policy by the US Federal Reserve and the exit of QE, metal prices were generally under pressure, remained in declining trends or fluctuated in their low ranges. The average prices of major types of gold at Shanghai Gold Exchange dropped 10.42% over the previous year. The average prices of copper in London and Shanghai dropped 6.37% and 7.87% respectively. The average prices of zinc in London and Shanghai rose 13.2% and 6.7% respectively.

Condition of the Industry

According to the statistics of China Gold Association, in 2014, the national gold production was 451.799 tonnes, representing an increase of 23.636 tonnes or 5.52% over the same period in 2013. Among that, 368.364 tonnes were mined-produced gold, representing an increase of 4.96% over the same period in 2013; 83.435 tonnes were non-ferrous gold by-product, representing 8.07% increase over the same period in 2013. China has been the country of the largest gold production in a succession of 8 years. Most of the gold enterprises suffered from significant decline in profits.

Business overview

During the reporting period, in the face of the severe challenges posed by continual declines in the prices of gold, copper and other major products, the Company had taken an early step to study and determine strategic plans, pushed for early implementation of working plans, and firmly gripped on its role to motivate both production and operation, thus enabling certain degree of increase in the production volume across all mineral products in 2014 compared with the same period last year.

During the reporting period, the Group realized operating income of RMB58.761 billion, representing an increase of 18.06% when compared with the same period last year (2013: RMB49.772 billion); net profit attributable to owners of the parent was RMB2.345 billion, representing an increase of 10.34% when compared with the same period last year (2013: RMB2.125 billion).

As at the end of 2014, the Group's total assets was RMB75.160 billion, representing an increase of 12.35% over the beginning of the year (year beginning: RMB66.898 billion); net assets attributable to owners of the parent was RMB28.059 billion, representing an increase of 1.62% over the beginning of the year (year beginning: RMB27.612 billion).

GOLD BUSINESS

During the reporting period, the Group produced a total of 158,924kg (5,109,521 ounces) of gold, representing an increase of 46.42% when compared with the same period last year (2013: 108,540kg).

In which, 33,727kg (1,084,347 ounces) of mine-produced gold was produced, representing an increase of 6.42% when compared with same period last year (2013: 31,693kg). The production of major mines are as follow: Zijinshan gold mine produced 10,322kg (331,860 ounces), Norton of Australia produced 5,545kg (178,276 ounces), Longnan Zijin produced 2,532kg (81,406 ounces), Chongli Zijin produced 2,360kg (75,876 ounces), ZGC produced 2,124 kg (68,288 ounces), Hunchun Zijin produced 2,081kg (66,906 ounces), Guizhou Shuiyindong gold mine produced 1,853kg (59,576 ounces) and other gold production entities of the Group produced 6,910kg (222,161 ounces).

During the reporting period, the Group produced a total of 125,197kg (4,025,174 ounces) of refinery gold, representing an increase of 62.92% over the same period last year (2013: 76,847kg).

Sales income from the gold business of the Group represented about 61.43% (after elimination) of the total annual operating income. Gross profit of the gold business represented about 37.18% of the gross profit of the Group.

(1 troy ounce = 31.1035g)

COPPER BUSINESS

During the reporting period, the Group produced a total of 373,612 tonnes of copper, representing an increase of 12.27% over the same period last year (2013: 332,792 tonnes).

In which, 138,462 tonnes of copper was produced from mines (including 17,741 tonnes of copper cathodes), representing an increase of 10.72% over the same period last year (2013: 125,060 tonnes). The production of major mines are as follow: Zijinshan copper mine produced 38,328 tonnes of copper (including 17,034 tonnes of copper cathodes), Ashele copper mine produced copper concentrates containing copper of 33,018 tonnes, Duobaoshan copper mine produced 26,821 tonnes of copper (including 707 tonnes of copper cathodes), Qinghai Deerni copper mine produced copper concentrates containing copper of 26,114 tonnes, Hunchun Zijin produced copper concentrates containing copper of 9,196 tonnes and other mines produced copper of 4,985 tonnes in total.

The Group produced 235,150 tonnes of copper from refinery plants, representing an increase of 13.20% over the same period last year (2013: 207,732 tonnes).

Sales income from the copper business represented 23.02% (after elimination) of the annual total operating income. Gross profit of the copper business represented about 31.79% of the gross profit of the Group.

LEAD AND ZINC BUSINESS

During the reporting period, the Group produced zinc of 300,485 tonnes, representing an increase of 18.59% over the same period last year (2013: 253,388 tonnes).

In which, the Group produced zinc concentrates containing zinc of 96,261 tonnes, representing an increase of 33.57% when compared with same period last year (2013: 72,067 tonnes). The production of major mines are as follow: Wuqia Jinwang produced zinc concentrates containing zinc of 40,651 tonnes, Wulatehouqi Zijin produced zinc concentrates containing zinc of 40,214 tonnes, Ashele copper mine produced zinc concentrates containing zinc of 12,996 tonnes and other entities in the Group produced concentrates containing 2,400 tonnes of zinc.

204,223 tonnes of zinc bullion from refinery was produced, representing an increase of 12.64% over the same period last year (2013: 181,312 tonnes).

During the reporting period, the Group produced lead concentrates containing lead of 10,995 tonnes, representing an increase of 23.48% over the same period last year (2013: 8,904 tonnes).

Sales income from lead and zinc mine business represented about 5.47% (after elimination) of total annual operating income, and the gross profit from lead and zinc mine business represented about 8.07% of the gross profit of the Group.

IRON MINE, SILVER AND OTHER BUSINESS

During the reporting period, the Group produced silver of 316,867kg, representing a decrease of 3.25% over the same period last year (2013: 327,506kg), of which 145,782kg of silver was produced from refinery as by-product, representing a decrease of 16.09% over the same period last year (2013: 173,733kg); 171,085kg of silver was produced from mines, representing an increase of 11.26% over the same period last year (2013: 153,773kg).

During the reporting period, the Group produced iron concentrates of 2,800,000 tonnes, representing an increase of 7.28% over the same period last year (2013: 2,610,000 tonnes).

Sales income from iron mine, silver and other products represented about 10.08% (after elimination) of total annual operating income, and the gross profit from iron mine, silver and other products represented about 22.96% of the gross profit of the Group.

Geological exploration and status of resources and reserves

During the reporting period, the Group invested RMB348 million in geological exploration in aggregate, and the volume of the actual works completed included the following: 333,400 meters of drilling, 11,300 meters of tunnel exploration, and 36,400 cubic meters of trench exploration. The relatively significant progress in geological exploration increased the resources volume (unaudited) by the following: 66.65 tonnes of gold, 186,200 tonnes of copper, 153,900 tonnes of lead and zinc, 13.603 million tonnes of iron, and 199 million tonnes of coal. Among all, the exploration

projects including Gansu Liba gold mine, Guizhou Zijin Bojitian and Shuiyindong gold mine, Paddington gold mine of Norton, Guizhou Qinglong coal mine, Zijinshan mining area northeastern section copper (molybdenum) mine, Xinjiang Ashele copper mine deep border exploration and Xinjiang Wulagen lead and zinc mine, etc. achieved magnificent results.

As at the end of 2014, the Group owned 236 mining rights covering a total area of 794.8719 square kilometers and 274 exploration rights covering a total area of 3,873.36 square kilometers.

The table below sets out the assessed resource / reserve volume of the Group's major mines at the end of 2014:

Summary of resource / reserve volume of the Group's major mines in 2014

Type of mine	2014 (grade 333 or above)	2013 (grade 333 or above)	Growth rate over same period last year
Gold (t)	1,210.2	1,072.7	12.82%
Gold associated with other metals (t)	131.3	127.4	3.06%
Sub-total of Gold (t)	1,341.5	1,200.1	11.78%
Copper (Mt)	15.433	13.624	13.28%
Silver (t)	1,507.2	1,413.2	6.65%
Molybdenum (Mt)	0.722	0.724	-0.28%
Zinc (Mt)	9.167	9.268	-1.09%
Lead (Mt)	1.704	1.719	-0.87%
Tungsten (Mt)	0.125	0.1699	-26.43%
Tin (Mt)	0.1399	0.1399	0.00%
Iron (Mt)	229	236	-2.97%
Coal (Mt)	489	489	0.00%

For the purpose of making comparison between domestic and international standards, the Company, for the 3 years beginning from 2011, appointed Golder Associates Consulting Limited ("Golder") and SRK Consulting China Ltd. ("SRK") to conduct verification on the major mines owned by the Company (including some projects under the state of exploration) 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. The verification results were compared with those measured by domestic standards, and were disclosed in the annual reports of the Company every year. Up to the disclosure of the 2013 annual report, the Company basically completed the verification on reserve volume based on international standards, and it has proven to be reliable by using domestic standards to confirm the resource volume owned. The expected result was achieved. Since the verification results based on international standards are unable to integrate effectively with domestic resource and reserve management, and the annual expense on hiring agencies is huge, the Company has decided not to conduct verification on reserve volume by international standards anymore unless otherwise requested by regulatory authorities.

Continued to strengthen the supervision on work safety and environmental protection and a good trend was sustained

During the reporting period, the Company further improved the awareness on the importance in respect of work safety and environmental protection, taking it as a crucial part that forms the value and core competitiveness of the Company. The Company mobilized all business units to earnestly learn and thoroughly adopt the newly implemented Production Safety Law and Environmental Protection Law, placed even more efforts on tackling challenges created by energy saving and reducing emission, passionately built up "a beautiful Zijin", rigorously adopted the accountability system on work safety and environmental protection, all of these measures resulted in a better progress on the development of work safety and environmental protection. The Company also strongly pushed for progress on the project of "zero

discharge” of industrial waste water. In 2014, 11 enterprises of the Group successfully achieved “zero discharge” of industrial waste water. Moreover, the Group was proactive in the creation and construction of green mines, as reflected by the fact that 7 more enterprises of the Group were included in the fourth batch of national green mines pilot units of the Ministry of National Land and Resources of the PRC and were granted plates.

Strengthened the force to push for marketization reform, significantly improving operational and management efficiency

During the reporting period, the Company attached greater importance to the using of market means to enhance management over its subsidiaries and associates, strengthened and quantified the direction of assessment on the performance and compliant operation of the economic accountability system, and motivated subsidiaries and associates to achieve higher operational efficiency, reduce energy consumption, lower costs while increasing efficiency, and having good control to ensure invested projects going into production and delivering expected performance on time. As refinery and processing enterprises were more focused on the exploration of their development potential, increase in efficiency and resource integration, the overall reduction in loss was huge and the result was significant. The Company also insisted on “catching the big ones while letting go of the small ones” by implementing closure, merger and transition of its subsidiaries and associates and properly proceeding with asset disposals. It also actively made progress on the marketization reform of exploration. To boost labour productivity, the Company also pushed for major reforms in human resources system and raised competition in the employment of new positions.

Made steady progress in merger and acquisition, achieved new progress in internationalization and acquisition of resources and reserves

During the reporting period, the Company successfully acquired: the Kolwezi copper mine in the Democratic Republic of the Congo (the “DR Congo”), which provides the Company with more opportunities to participate in the development of mineral resources in Africa. The project possesses 1.54 million tonnes of copper resources with an average grade of approximately 4%. A special team dedicated to the construction of the project is already in place and is presently working on the development and construction of the mine in full swing; 26.35% equity interest in NKWE in South Africa, from which the Company obtained approximately 4.53 million ounces (equivalent to 141 tonnes) of 3PGE+Au platinum group resources according to the shareholding acquired; Bullabulling Gold Limited by an all cash takeover under Norton of Australia, adding 3.75 million ounces of gold resources (equivalent to 117 tonnes) to the Company and participated in the subscription of shares of Pretium Resources Inc. and became one of its major shareholders.

In terms of domestic acquisition, the Company successfully acquired 70% equity interest in Kunyu Mining in Henan Province, and 10% equity interest in Makeng iron mine in Longyan City, Fujian Province. The equity interest in Makeng iron mine held by the Company has increased to 41.5%.

Construction projects progressed in an orderly manner, directed mining facilities to move towards more advanced technology and more sizeable equipment

The Company prioritized and rigorously managed various tasks associated with the major projects. During the reporting period, the Company invested RMB3.631 billion in project construction. The Group has managed to bring important construction projects within and outside the country including Inner Mongolia Sanguikou zinc and multi-metals 10,000 tonnes/day mining and processing project, Xinjiang Wulagen lead and zinc mine 10,000 t/day technological innovation project, Russian Tuva zinc and multi-metals mine 5,000 tonnes/day project, Kyrgyzstan Zuoan gold mine 2,500 tonnes/day mining, processing and refining project, and Tajikistan Jilau gold mine 10,000 tonnes/day mining and processing project, etc., overcame all levels of difficulties, basically completed the construction and the projects were put into production. The model of outsourcing under engineering, procurement and construction (EPC) contract for development of the Xinjiang Wulagen lead and zinc project achieved satisfactory results, forming valuable experience for the promotion of a new model of internal project management with Zijin characteristics.

The Company attached great importance to and urged for changes in suitable major mines to move towards more advanced technology in their mining and processing systems, and use more sizeable equipment. Among which the Ashele copper mine, Longnan Zijin and Jinbao Mining have been able to sustain improvements in the use of sizeable equipment and standardizing their mining and processing fields. This helps provide advanced experience that the Group can tap into in the process of achieving standardization.

Strengthened technological innovation and urged production units to boost production and efficiency

During the reporting period, the technological effort of the Company mainly concentrated on the need in production and operation and strategic development, which included integration of technological resources, enabling expert teams and various scientific research institutions to deploy the best of their capacity, concentrating efforts to tackle bottlenecks faced by the front line production division, conducting evaluation and technological innovation service on targeted projects, and realizing cost reduction while increasing efficiency by the use of science and technology. Among which the recovery rate of ore processing of Chongli Zijin, Longnan Zijin and Nanwenhe tungsten mine achieved more significant breakthrough. The experiment on the continuous process of Guizhou Zijin hot-pressing, pre-oxidation project also generated good technological and economic indicators. The first ever industrialised system for handling refractory gold ores by hot-pressing, pre-oxidation in the country has begun construction.

The Company optimized the construction and operational maintenance of its technological innovation platform, mobilized staff from all fronts to complete the inspection and acceptance tasks at the State Key Laboratory. The academician and expert exemplary work station was awarded alongside others as the first batch of 10 “Fujian Province Academician and Expert Exemplary Work Station” throughout the entire province.

Enhanced the construction of operational and management platforms and explored new methods to integrate production with financing

During the reporting period, the Company enhanced its financial management and control and proceeded with the building of financing platforms to raise the quality of management and control as well as reduce financing costs. Efforts were also made to put forth the construction of information platforms and to flatten management structure. Moreover, the construction of a sales and logistics platform continued to make progress in an aim to raise sales premium as well as lower the level of purchasing costs.

By taking advantage of its competitive edges in the industry and the spot market, the Company has in turn founded two commercial trading companies, namely the Zijin Global Metal Exchange and Boshang Zijin E-Commerce Company Limited, to construct online platforms for spot exchange of metals and explore new methods to merge production with financing.

Corporate culture took a leading role, achievements were made in the implementation of social responsibility

The Company began the “responsibility is above all” campaign with the objective to rigorously rectify the working style and contribution by cadres and boost the awareness and sense of responsibility of all staff. Good results were achieved from such campaign.

The Company is committed to explicitly and comprehensively fulfilling its social responsibility. While dedicated to boost the economic efficiency of the Company and strive to create greater values for shareholders and the society, the Company, its subsidiaries and associates pay taxes in compliance with the laws and regulations, pay close attention to environmental protection and energy saving, care for employees, consumers and suppliers, and actively engage in charitable events to accomplish the wider goal of achieving harmony and union between corporate development, the society, environment and other stakeholders. The Company was awarded the “Red Cross Gold Merit Badge” by the Fujian Branch, Red Cross Society of China in 2014, and donated RMB186 million in aggregate during the year.

ANALYSIS OF MAJOR BUSINESSES

1. Operating results

During the reporting period, the Group recorded operating income of RMB58.761 billion in the year, representing an increase of 18.06% over the same period of the previous year (2013: RMB49.772 billion).

The table below sets out the sales by products for the two years ended 31 December 2013 and 2014:

Item	2014 (Jan – Dec)					2013 (Jan – Dec)					% increase/decrease in unit price
Product Name	Unit price (excluded tax) RMB		Sales volume		Amount (RMB'000)	Unit price (excluded tax) RMB		Sales volume		Amount (RMB'000)	
Mine-produced gold	232.00	/g	33,776	kg	7,836,240	266.09	/g	32,050	kg	8,528,010	-12.81%
Refinery and processed gold	248.84	/g	125,093	kg	31,127,820	274.39	/g	77,225	kg	21,189,880	-9.31%
Mine-produced silver	2.47	/g	171,617	kg	423,910	2.92	/g	157,397	kg	459,090	-15.41%
Mine-produced copper	35,804	/t	136,838	t	4,899,390	39,422	/t	125,571	t	4,950,270	-9.18%
Refinery copper	41,872	/t	234,939	t	9,837,400	45,155	/t	209,063	t	9,440,210	-7.27%
Mine-produced zinc	8,146	/t	96,416	t	785,360	7,570	/t	75,327	t	570,200	7.61%
Refinery zinc	13,612	/t	207,303	t	2,821,850	12,881	/t	181,228	t	2,334,350	5.68%
Iron concentrates	535	/t	2.8293	Mt	1,514,140	631	/t	2.5689	Mt	1,621,480	-15.21%
Others (Note 1)					7,120,700					7,858,130	
Less: Internal sales					-7,606,280					-7,180,110	
Total					58,760,530					49,771,510	

Note:

- During the reporting period, other sales income mainly includes: RMB874 million from graphite iron, RMB676 million from copper pipe, RMB614 million from copperplate, RMB503 million from refinery and processed silver, RMB223 million from vitriol and RMB4.231 billion from other products, intermediate services and other services.

The Group's operating income increased significantly for the year ended 31 December 2014 as compared with the 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 and processed gold, refinery copper and refinery zinc increased by 61.98%, 12.38% and 14.39% respectively.

2. An Analysis of Cost and Gross Profit Margin

The Group is mainly engaged in mine development supplemented by 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 2013 and 2014. (Note 1)

Item	Unit cost of sales (RMB)				Gross profit margin (%)	
Year	2014 (Jan - Dec)	2013 (Jan - Dec)	Unit	Compared with same period last year %	2014 (Jan - Dec)	2013 (Jan - Dec)
Mine-produced gold	143.95	152.34	/g	-5.51	37.95	42.75
Refinery and processed gold	248.24	275.22	/g	-9.80	0.24	-0.30
Mine-produced silver	1.62	1.76	/g	-7.95	34.42	39.66
Mine-produced copper	18,467	17,908	/t	3.12	48.42	54.57
Refinery copper	41,391	45,861	/t	-9.75	1.15	-1.56
Mine-produced zinc	3,509	3,862	/t	-9.14	56.92	48.98
Refinery zinc	12,971	12,519	/t	3.61	4.71	2.81
Iron concentrates	189.39	213	/t	-11.08	64.61	66.26
Overall					13.41	17.93
Overall (refinery and processing enterprises excluded)					44.32	48.97

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.

Among the mine-produced products, the unit cost of sales of all products decreased in different extents except that of mine-produced copper which slightly increased over the previous year. The effect of cost control is significant.

Among the mine-produced products, the gross profit margin of all products decreased except that of mine-produced zinc which increased. It was mainly due to the substantial decline in prices compared with the same period last year.

The gross profit margin of all refinery products increased by a certain extent, in which the gross profit of refinery and processed gold and refinery copper recorded a turnaround to profit.

The Group's overall gross profit margin was 13.41%, representing a decrease of 4.52 percentage points over the same period last year. The overall gross profit margin of mining products (excluding processed and refined products) was 44.32%, representing a decrease of 4.65 percentage points over the same period last year, which was mainly due to the decline in prices of mine products being more substantial than the decline in costs during the reporting period.

3. Analysis of the changes in statement of profit or loss and statement of cash flows

Unit: RMB

Item	2014	2013	% Change	Reasons for the change
Operating income	58,760,533,928	49,771,511,898	18.06	Please refer to Management Analysis
Operating costs	50,881,767,555	40,846,480,113	24.57	Please refer to Management Analysis
Selling expenses	905,512,920	525,665,748	72.26	Please refer to Management Analysis
Administrative expenses	2,175,124,236	2,165,817,191	0.43	Please refer to Management Analysis
Financial expenses	767,954,016	733,059,904	4.76	Please refer to Management Analysis

Net cash flows from operating activities	6,320,623,792	8,842,463,564	-28.52	Please refer to Management Analysis
Net cash flows from investing activities	-9,251,759,250	-8,479,729,564	Not Applicable	Please refer to Management Analysis
Net cash flows from financing activities	2,414,082,749	-2,594,919,864	Not Applicable	Please refer to Management Analysis
Research and development expenditure	204,650,000	99,458,900	105.76	The Company increased input in research and development
Impairment losses on assets	362,952,805	792,141,366	-54.18	Please refer to Management Analysis
Gains/(losses) on changes in fair value	-141,213,373	18,736,057	Not Applicable	Due to the decrease in fair value of the futures contracts
Investment income	772,566,108	13,767,646	5,511.46	Please refer to Management Analysis
Share of profits of associates and joint ventures	21,433,814	117,156,560	-81.70	Due to the decline in profitability of associates and joint ventures

4. Cost

Analysis table of cost

Cost by products							
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 to total cost for the same period last year	Changes in amount in the current period over same period last year	Explanation
Mine-produced gold	Raw materials	1,884,000	38.75%	2,063,420	42.26%	-8.70%	
	Salary	653,210	13.43%	610,570	12.51%	6.98%	
	Depreciation	671,780	13.82%	589,890	12.08%	13.88%	
	Energy consumption	251,450	5.17%	341,170	6.99%	-26.30%	
	Others	1,401,780	28.83%	1,277,430	26.16%	9.73%	
Mine-produced silver	Raw materials	117,660	42.33%	146,890	53.03%	-19.90%	
	Salary	24,390	8.77%	29,520	10.66%	-17.38%	
	Depreciation	41,200	14.82%	22,220	8.02%	85.42%	
	Energy consumption	21,810	7.85%	19,840	7.16%	9.93%	
	Others	72,930	26.23%	58,540	21.13%	24.58%	
Mine-produced copper	Raw materials	919,380	36.38%	834,000	37.09%	10.24%	
	Salary	194,740	7.71%	181,530	8.07%	7.28%	
	Depreciation	354,530	14.03%	291,830	12.98%	21.49%	
	Energy consumption	355,230	14.06%	307,620	13.68%	15.48%	

	Others	703,110	27.82%	633,750	28.18%	10.94%	
Mine-produced zinc	Raw materials	158,840	46.95%	157,320	54.07%	0.97%	
	Salary	27,510	8.13%	27,200	9.35%	1.14%	
	Depreciation	31,200	9.22%	39,760	13.67%	-21.53%	
	Energy consumption	40,510	11.97%	22,570	7.76%	79.49%	
	Others	80,240	23.73%	44,070	15.15%	82.07%	
Iron concentrates	Raw materials	313,920	58.58%	374,430	68.44%	-16.16%	
	Salary	23,870	4.45%	21,150	3.87%	12.86%	
	Depreciation	50,640	9.45%	29,310	5.36%	72.77%	
	Energy consumption	42,410	7.91%	33,920	6.20%	25.03%	
	Others	105,010	19.61%	88,250	16.13%	18.99%	
Refinery copper	Raw materials	9,147,830	94.07%	9,198,540	95.94%	-0.55%	
	Salary	90,440	0.93%	51,770	0.54%	74.70%	
	Depreciation	176,010	1.81%	114,090	1.19%	54.27%	
	Energy consumption	186,710	1.92%	190,800	1.99%	-2.14%	
	Others	123,500	1.27%	32,600	0.34%	278.83%	
Refinery zinc	Raw materials	1,955,700	72.73%	1,670,230	73.62%	17.09%	
	Salary	128,530	4.78%	99,820	4.40%	28.76%	
	Depreciation	146,010	5.43%	121,150	5.34%	20.52%	
	Energy consumption	371,890	13.83%	319,660	14.09%	16.34%	
	Others	86,850	3.23%	57,860	2.55%	50.10%	

Note: 1. The cost structure – raw materials include the cost of purchasing raw and auxiliary materials and outsourcing. The major energy consumed is electricity.
2. Most mining corporations of the Group adopted outsourcing of works. Such outsourcing cost was included as raw materials.

5. Information of major suppliers and customers

During the reporting period, the Group's total purchases from the top five suppliers amounted to approximately RMB11.755 billion, representing 23.10% of the total purchase amount of the Group. Major suppliers included Swiss MRI Trading AG, Glencore International AG and Louis Dreyfus Commodities Metals Trading Co., Ltd. The abovementioned companies mainly supplied copper concentrates for the Group's 200,000 tonnes copper refinery project.

During the reporting period, the Group's total sales income from the top five customers amounted to approximately RMB38.523 billion, representing 65.55% of the total sales income of the Group. Major customers of the Group include Shanghai Gold Exchange, Guangzhou Jinchuangli Trade Co., Ltd. and Fujian Shanghang Taiyang Copper Co., Ltd.

6. Expenses

Selling expenses

During the reporting period, the Group's selling expenses was RMB905,510,000, representing an increase of 72.26% over the same period last year (2013: RMB525,670,000). The increase in selling expenses was mainly due to the increase in transportation fee as a result of increase in sales.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB2,175,120,000 representing an increase of 0.43% over last year (2013: RMB2,165,820,000). If the enterprises newly put into production were excluded, the comparable administrative expenses decreased by 2.54%. It was mainly due to all levels of the Group control expenses strictly and the cost-saving effect was significant.

Financial expenses

During the reporting period, the Group's financial expenses was RMB767,950,000, representing an increase of 4.76% over the same period last year (2013: RMB733,060,000). It was mainly due to the increase in financing scale. If the enterprises newly put into production were excluded, the comparable financial expenses decreased by 3.88%.

Impairment losses on assets

During the reporting period, the Group's impairment losses on assets was RMB362,950,000, representing a decrease of 54.18% over the same period last year (2013: RMB792,140,000). The details of impairment on assets are: bad debt provision of RMB 84,630,000, provision on decline in the value of inventories of RMB 114,800,000, impairment on available-for-sale investments of RMB26,810,000, impairment on fixed assets of RMB20,780,000, impairment on

intangible assets of RMB23,280,000, impairment on other current assets of RMB2,650,000 and impairment on other non-current assets of RMB90,000,000.

Investment income

During the reporting period, the investment income of the Group was RMB772,570,000, representing an increase of RMB758,800,000 over the same period last year (2013: RMB13,770,000). It was mainly due to income from hedging of products in 2014 increased sharply compared with the same period last year.

Derivative financial instruments in unsettled positions

As at 31 December 2014, the unrealised losses from the difference between the values of the futures contracts and gold leasing spots held by the Group and their net hedging prices was RMB50,030,000 (2013: gains of RMB78,480,000).

7. Working capital and sources of funds

As at 31 December 2014, the Group's cash and cash equivalents was RMB3.512 billion, representing a decrease of RMB509 million or 12.66% over the same period last year.

During the reporting period, net cash inflow generated from the Group's operating activities was RMB6.321 billion, representing a decrease of RMB2.522 billion over the same period last year, in which, the cash inflow generated from operating activities was RMB63.508 billion, representing an increase of RMB9.623 billion over the same period last year; cash outflow in operating activities was RMB57.188 billion, representing an increase of RMB12.145 billion over the same period last year. The main reasons for the decrease in net cash inflow generated from the Group's operating activities were the decrease in prices of mine products in 2014 compared with the same period last year, increase in inventory levels in newly put into production refinery enterprises and the increase in input into real estate development cost

During the reporting period, net cash outflow used in the Group's investing activities was RMB9.252 billion, representing an increase of RMB0.772 billion, in which, the main investing expenditures included: (1) cash payment of RMB6.221 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) cash payment of RMB2.340 billion for investments; and (3) cash payment of RMB1.319 billion for acquisition of subsidiaries.

During the reporting period, net cash inflow from the Group's financing activities was RMB2.414 billion, while a net cash outflow of RMB2.595 billion were recorded during the same period last year. It was mainly due to the increase in financing.

As at 31 December 2014, the Group's total borrowings amounted to RMB30.227 billion (31 December 2013: RMB23.571 billion). Among which, the amount repayable within one year was approximately RMB13.964 billion, the amount repayable within one to two years was approximately RMB5.837 billion, the amount repayable within two to five years was approximately RMB8.955 billion, the amount repayable within more than five years was approximately RMB1.471 billion. The interest rates of all borrowings ranged from 1.33% to 7.21% (2013: ranged from 1.16% to 7.80%).

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 RMB103.8 billion provided by banks.

8. Research and development expenditure

Table of status of research and development expenditure

Currency: RMB	
Expensed research and development expenditure for the year	96,200,000
Capitalized research and development expenditure for the year	108,450,000
Total research and development expenditure	204,650,000
Percentage of total research and development expenditure to net assets (%)	0.61
Percentage of total research and development expenditure to operating income (%)	0.35

OPERATION ANALYSIS BY INDUSTRIES, PRODUCTS OR REGIONS

1. Status of main business by industry and product

Currency: RMB'000

Status of main business by product						
By product	Operating income	Operating costs	Gross profit margin (%)	Change in operating income compared with last year (%)	Change in operating costs compared with last year (%)	Change in gross profit margin compared with last year (percentage points)
Mine-produced gold	7,836,240	4,862,220	37.95	-8.11	-0.41	Decreased by 4.8 percentage points
Refinery, processed and trading gold	31,127,820	31,053,380	0.24	46.9	46.11	Increased by 0.54 percentage point
Mine-produced silver	423,910	277,990	34.42	-7.66	0.35	Decreased by 5.24 percentage points
Mine-produced copper	4,899,390	2,526,990	48.42	-1.03	12.37	Decreased by 6.15 percentage points
Refinery copper	9,837,400	9,724,490	1.15	4.21	1.43	Increased by 2.71 percentage points
Mine-produced zinc	785,360	338,300	56.92	37.73	16.29	Increased by 7.94 percentage points
Refinery zinc	2,821,850	2,688,980	4.71	20.88	18.52	Increased by 1.9 percentage points
Iron concentrates	1,514,140	535,850	64.61	-6.62	-2.05	Decreased by 1.65 percentage points
Others	7,120,700	6,174,550	13.29	-9.38	-10.12	Increased by 0.72 percentage point
Offsetting internal sales	-7,606,280	-7,300,980				
Total	58,760,530	50,881,770	13.41	18.06	24.57	Decreased by 4.52 percentage points

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

2. Regional information of the main business

Over 97% of the Company's operating income is originated from customers in Mainland China, while 54.68% was from the Shanghai Gold Exchange. Therefore, it is unable to sort customers by region.

ANALYSIS OF ASSETS AND LIABILITIES DURING THE REPORTING PERIOD

Currency: RMB

Item	Amount at the end of 2014	Proportion to total assets as at the end of 2014 (%)	Amount at the end of 2013	Proportion to total assets as at the end of 2013 (%)	Percentage change in the amount at the end of 2014 compared with the end of 2013 (%)	Reasons for the change
Held-for-trading financial assets	312,247,627	0.42	475,941,952	0.71	-34.39	Reduction of investment in equity instruments including stocks
Bills receivable	538,484,702	0.72	780,847,129	1.17	-31.04	Change in settlement method of certain subsidiaries
Trade receivables	1,228,075,464	1.63	519,354,631	0.78	136.46	Amount of credit sales increased compared with

						same period last year as some subsidiaries changed the sales method
Other current assets	1,129,315,164	1.50	751,212,263	1.12	50.33	Increase in short-term trust products and increase in taxes to be deducted
Investment properties	174,284,695	0.23	112,444,271	0.17	55.00	During the year, Qinghai West Hotel was rented out after its construction was completed
Construction materials	274,012,010	0.36	189,696,519	0.28	44.45	Expansion of certain subsidiaries resulting in increase in the use of construction materials for infrastructure
Other non-current assets	4,407,727,099	5.86	3,063,189,230	4.58	43.89	Increase of long-term borrowings provided to associates and joint ventures
Short-term borrowings	4,551,121,572	6.06	2,774,147,375	4.15	64.05	Increase of loan financing scale
Advances from customers	1,005,215,386	1.34	577,062,261	0.86	74.20	Increase of proceeds from pre-sale housing of Zijin Real Estate
Dividends payable	35,938,170	0.05	5,534,343	0.01	549.37	Increase of accrued but unpaid dividends
Taxes payable	656,071,856	0.87	1,014,800,781	1.52	-35.35	Settlement of accrued taxes for last year
Bonds payable	7,923,716,925	10.54	5,405,880,513	8.08	46.58	Issuance of mid-term bonds of RMB2.5 billion in 2014
Long-term payables	413,864,086	0.55	309,261,109	0.46	33.82	Increase of newly merged subsidiaries
Deferred tax liabilities	593,335,439	0.79	443,536,908	0.66	33.77	Increase of deferred tax liabilities incurred from newly acquired subsidiaries

Analysis of major subsidiaries and associates

RMB'000					
Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	2,540,530	1,733,100	587,960
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	1,523,480	1,076,400	459,690
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,635,430	1,188,270	423,190
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	1,895,720	615,570	156,740
Hebei Chongli Zijin Mining Company Limited	Gold	237,500	710,970	508,130	148,580
Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	800,000	2,844,920	1,233,930	85,690
Zijin Copper Company Limited	Copper cathode	2,116,300	7,888,290	1,617,520	71,270
Wenshan Malipo Zijin Tungsten Company Limited	Tungsten products	1,000,000	1,799,160	1,243,600	58,220
Longnan Zijin Mining Company Limited	Gold	242,220	883,020	330,200	119,760
Bayannaoer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,364,290	840,280	-36,240
Hunchun Zijin Mining Company Limited	Copper and gold concentrates	200,000	2,295,380	1,387,960	-12,690

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

Company name	Total assets	Net assets	Operating income	Operating profit	Net profit
Xinjiang Ashele Copper Company Limited	2,540,530	1,733,100	1,395,280	737,210	587,960
Xinjiang Jinbao Mining Company Limited	1,523,480	1,076,400	1,408,520	569,430	459,690
Qinghai West Copper Mining Company Limited	1,635,430	1,188,270	1,014,500	240,480	423,190

Effects of the adoption of new accounting standards on the consolidated financial statements

In January to March 2014, the Ministry of Finance promulgated “Accounting Standards for Business Enterprises No.39 - Fair Value Measurement”, “Accounting Standards for Business Enterprises No.40 - Joint Arrangements” and “Accounting Standards for Business Enterprises No.41 - Disclosure of Interests in Other Entities”; revised “Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments”, “Accounting Standards for Business Enterprises No.9 - Employee Benefits”, “Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements” and “Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements”. The above seven accounting standards became effective on 1 July 2014 and early adoption was encouraged for overseas listed entities. In June 2014, the Ministry of Finance revised “Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments” and the standard should be implemented in the financial reports issued in the year of 2014 or after 2014. As an A and H shares listed company, except “Accounting Standards for Business Enterprises No.41 - Disclosure of Interests in Other Entities”, “Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments” and “Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments”, the Company early adopted the other five accounting standards and carried out accounting treatments according to relevant provisions of convergence in the preparation of the 2013 financial statements. For the details of the effects, please refer to the 2013 financial statements.

The above changes in accounting standards caused corresponding changes in the accounting policies of the Company. The Company had carried out accounting treatments according to relevant provisions of convergence, and made corresponding retrospective adjustments on the comparative figures as necessary.

Pursuant to the newly revised “Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments”, the Company adjusted the long-term equity investments previously in “investment in entities not under joint control or significant influence and do not have a quoted market price in an active market and whose fair value cannot be reliably measured” to “available-for-sale investments”, which correspondingly adjusted the comparative figures of “long-term equity investments” and “available-for-sale investments” at the beginning of the years. In the disclosures of the 2014 interim report, the Company had adjusted the balance at the beginning of the period in the 2014 balance sheet. The above retrospective adjustments were submitted to the fifth meeting of the Company’s fifth board of directors for approval.

Pursuant to the newly revised “Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements”, other comprehensive income was separated into two classes: (1) other comprehensive income which cannot be reclassified to profit or loss, and (2) other comprehensive income to be reclassified to profit or loss upon satisfactions of specified conditions in subsequent periods. The Company had already presented the financial statements based on the standard, and made corresponding adjustments to the presentation of financial statements of comparable years.

Pursuant to the newly revised “Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements”, government grants related to assets were included in deferred income. This financial statements is already presented in accordance with the standard, and corresponding adjustments to the presentation of financial statements of comparable years had been made.

Effects of the above changes in accounting standards which result in retrospective adjustments are stated below. Except for the above, there are no items required to be adjusted retrospectively.

Effects of the changes in accounting standards regarding long-term equity investments on the consolidated financial statements

Unit: RMB

Investees	Basic transaction information	Equity attributable to owners of the parent on 1 January 2013 (+/-)	31 December 2013		
			Long-term equity investments (+/-)	Available-for-sale investments (+/-)	Equity attributable to owners of the parent (+/-)
CASA Minerals Limited			-42,142,585	42,142,585	
Solantera			-7,771,757	7,771,757	
Anxi Min Southeast Mining Company Limited			-4,000,000	4,000,000	
Fujian Shanghang Rural Commercial Bank Company Limited			-89,900,000	89,900,000	
Hunan Nonferrous Metals Company Limited			-30,000,000	30,000,000	
Luoyang Bank			-1,000,000	1,000,000	
Luoyang Yongning Gold and Lead Refinery Company Limited			-19,900,900	19,900,900	
Muli County Rongda Mining Company Limited			-62,017,517	62,017,517	
Nanjing China Net Communication Company Limited			-25,000,000	25,000,000	
Sichuan Liwu Copper Company Limited			-19,850,000	19,850,000	
Taror Hydropower Station			-932,950	932,950	
Wulatehouqi Ruifeng Lead Refinery Company Limited			-3,888,677	3,888,677	
Xinjiang Tianshan Railway Company Limited			-19,200,000	19,200,000	
Xinjiang Xinxin Mining Industry Company Limited			-18,314,097	18,314,097	
Zhenfeng Rural Credit Cooperative Union			-11,074,000	11,074,000	
Total	/		-354,992,483	354,992,483	

Effects of other changes in accounting standards

31 December 2014	Before adoption (RMB)	Adoption of accounting standards (RMB)	After adoption (RMB)
Capital reserve	7,263,929,290	66,022,699	7,329,951,989
Other comprehensive income	-381,318,792	-66,022,699	-447,341,491
Other non-current liabilities	538,727,221	-538,727,221	-
Deferred income	-	538,727,221	538,727,221
31 December 2013	Before adoption (RMB)	Adoption of accounting standards (RMB)	After adoption (RMB)
Capital reserve	7,424,785,017	77,564,125	7,502,349,142
Other comprehensive income	-382,214,854	-77,564,125	-459,778,979
Other non-current liabilities	549,332,668	-549,332,668	-
Deferred income	-	549,332,668	549,332,668

Non-recurring profit or loss items and their amounts

Unit: RMB

Non-recurring profit or loss items	Amount in 2014	Note (If applicable)	Amount in 2013	Amount in 2012
Gain or losses on disposal of non-current assets	-97,994,374		-118,475,005	-40,896,945
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	161,694,394		159,679,631	91,978,060
Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date	12,377,964			
Gain or loss on changes in fair value from held-for-trading financial assets and financial liabilities, 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	-25,772,306	Including gains from changes in fair value of trading stocks, funds and bonds amounted to RMB28,688,646, losses on disposal of stocks, funds and bonds amounted to RMB55,505,478 and interest income from convertible bonds amounted to RMB1,044,526.	-105,461,015	186,214,066
Other non-operating income and expenses other than the aforesaid items	-212,098,951	Including donations of RMB 185,845,063 to charities including the Shanghang Charity Federation, and net amount of other non-operating expenses amounted to RMB26,253,888.	-228,158,295	-100,848,802
Impairment loss on available-for-sale investments	-26,810,425		-92,013,456	
Impact on the non-controlling interests	11,794,131		58,478,116	-2,462,989
Impact on income tax	20,170,783		34,878,918	-64,942,617
Total	-156,638,784		-291,071,106	69,040,773

Items measured under fair value

Unit: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Changes during the period	Impact on the profit of the current period
Financial assets at fair value through profit or loss (excluding derivative financial assets)	460,998,410	251,605,877	-209,392,533	28,688,646
Derivative financial assets	14,943,541	60,641,750	45,698,209	45,698,210
Available-for-sale investments	343,624,001	86,038,950	-257,585,051	49,451,058

Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-5,665,210,229	-8,085,325,834	-2,420,115,605	-741,580,718
Derivative financial liabilities	-1,081,524,626	-512,212,666	569,311,960	525,980,489
Total	-5,927,168,903	-8,199,251,923	-2,272,083,020	-91,762,315

Gearing Ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2014, the Group's consolidated total liabilities was RMB41,490,665,303 (RMB33,812,937,200 as at 31 December 2013), and the Group's consolidated total equity was RMB33,668,922,345 (RMB33,085,451,920 as at 31 December 2013). As at 31 December 2014, the Group's gearing ratio was 1.232 (1.022 as at 31 December 2013).

Status of projects using non-proceeds funds

Unit: RMB billion

Project name	Amount	Progress	Investment for the year	Actual accumulated investment	Gains
Russia Tuva Kyzyl-Tash Turk multi-metals mine	3.5	Put into trial production on 8 September 2014	0.508	3.299	Planned to produce about 80,000 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	Improving the design and planning for the 10,000 tonnes/day mining project at Liba mining area, working on preparatory work like building road for mining transportation, waste disposal planning and relocation of residents within mining area	0.092	0.478	Production capacity will reach approximately 5 tonnes of mine-produced gold upon a year after completion of all projects
Kyrgyzstan Zuoan gold mine project	1.489	Basically completed the construction and put into pilot run at the end of 2014, expected to put into production in the first half of 2015	0.791	1.398	Planned production capacity is about 3.7 tonnes of gold a year
Technological innovation of ZGC gold mine in Tajikistan	1.916	The stripping of infrastructure of Jilau open-pit mine was completed, the core part of the Jilau 10,000 tonnes processing plant construction was completed in November 2014 and put into pilot run. The stripping of infrastructure of Taror open-pit mine is still in progress	0.549	1.403	Upon completion of technological innovation, additional production of about 3.5 tonnes of gold a year
Wulatehouqi Zijin Sanguikou lead and zinc mine	1.378	Ground works have been completed, the vertical shaft was lifted and put into trial production in late November in 2014. The full set of Sanguikou facility was put into production	0.145	1.415	Planned to produce about 70,000 tonnes of zinc a year
Total	9.683	/	2.085	7.993	/

Status of special purpose vehicle under the Company's control

To issue US dollar bonds overseas, the Company established 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 issuance of the bonds is mainly used for purchase of copper concentrates and other overseas operations.

ANALYSIS ON THE CORE COMPETITIVENESS

As a mining corporation, the Company always regards mineral resources as the corporate's most important assets. The volume of resources and reserves owned by the Company keeps growing through mergers, acquisitions, restructuring and self-exploration. As at 31 December 2014, the reserves owned include gold of 1,342 tonnes and copper of 15.43 million tonnes, and a relatively large amount of zinc, iron, tungsten and other mineral resources. The Company is one of the enterprises owning the largest amount of metal mineral resources in the PRC.

The Company's core competitiveness in technology lies in the building of relatively strong basic conditions to support technological research within the industry. The Company owns several high quality technology platforms including State Key Laboratory for integrated utilization of low-grade refractory gold resources which is the only laboratory of its kind in the gold industry, national enterprise technology centre, Fujian non-ferrous mineral resources development and utilization engineering and technology research centre, workstation for academicians and post-doctors, etc. The Company starts technological innovation and research and development by focusing on the subject being studied, starts to transform and industrialize technological achievements primarily for production enterprises, combined with research, design and production to develop application integration system particularly for each project, forming an innovative technological system applicable to the Group's development strategy and innovation. The Company has established several flexible and diversified incentive policies including technological "responsibility-free" policy, dual salary policy for management and technical staff, evaluation and employment policies of technical duties with Zijin's characteristics, etc., and created a favorable and innovative environment and culture. After years of investment in technological research and development and accumulation of technologies, a batch of core technologies including mining exploration technology, heap leaching and smelting technology, bio-recovery of copper technology, technology of chemical catalytic, oxidation of refractory gold under normal pressure, hot leaching technology, waste water and waste materials recycle technology, was formed. These core technologies foster the competitive advantages of the Company in respect of technology and costs in the long run. The Company can obtain valuable mineral resources development rights to further expand its market share.

During the reporting period, the Group has organized and completed the assessment of 6 scientific and technological achievements, applied for 13 items for scientific and technological achievements, 12 of which were awarded (including 1 national outstanding patent award and 1 science and technology special award, 2 first prizes and 2 second prizes granted by China Gold Association). The Group has also applied for 20 patents (including 18 invention patents), 22 patents (including 12 invention patents) were approved. The State Key Laboratory passed the inspection of the Ministry of Science successfully and received favorable comments. The workstation for academicians and experts was chosen as one of the first 10 exemplary workstations for academicians and experts in the province.

Key external equity investments during the reporting period

(1) On 27 January 2014, the Company entered into a share transfer agreement with Fujian Tianbao Mining Group Co., Ltd. ("Tianbao Mining"). The Company invested RMB410 million to acquire 10% equity interest of Fujian Makeng Mining Company Limited ("Makeng Mining") held by Tianbao Mining. After the acquisition, the Company's equity interest in Makeng Mining increased to 41.5%.

(2) On 21 January 2014, a wholly-owned subsidiary of the Company, Fujian Zijin Investment Company Limited ("Fujian Zijin Investment", later renamed to Zijin Mining Group Southern Investment Co., Ltd.), entered into a share transfer agreement with natural persons Wang Zhaoping and Wu Weibin. Fujian Zijin Investment invested RMB35 million to acquire 100% equity interest in Liancheng Jiuxin Mining Company Limited ("Liancheng Jiuxin") held by Wang Zhaoping and Wu Weibin collectively. Liancheng Jiuxin owned the detailed survey, surrounding investigation and exploration right of the silver mine located at the Zijinshe southern mining region, Liancheng County, Fujian Province. According to the "Evaluation Report of the Detailed Survey, Surrounding Investigation and Exploration Right of the Silver Mine Located at the Zijinshe Southern Mining Region, Liancheng County, Fujian Province" issued by Shaanxi Qindi Mining Right Asset Evaluation Company Limited (Shaan Qindi Kuangping (2014) No.101), the assessed value of the exploration right was RMB80,430,100.

(3) The Company convened the fifth execution and investment committee meeting of the fifth term of board of directors on 15 March 2014 and considered and approved the proposal in relation to capital enlargement of Xinjiang Aletai Jinhao Iron Co., Ltd. It was resolved that the registered capital of Xinjiang Aletai Jinhao Iron Co., Ltd. (“Jinhao Iron”) enlarged from RMB0.7 billion to RMB0.81 billion. The capital enlargement of RMB0.11 billion would be injected in cash by three shareholders according to their existing shareholding ratio, in which, the Company’s subsidiary Fuyun Jinshan Mining Company Limited invested RMB56.1 million pro rata to its 51% shareholding; another subsidiary, Xinjiang Jinbao Mining Company Limited invested RMB11 million pro rata to its 10% shareholding; Turpan Yurun Iron and Steel Industry Trading Company Limited invested RMB42.9 million pro rata to its 39% shareholding. The above capital enlargement was completed on 30 April 2014. Jinhao Iron is mainly engaged in the development of the 1,000,000 tonnes/year high-quality cast iron project in Xinjiang.

(4) The investment committee of the Company considered and approved the proposal in relation to participating in the IPO of Hengxing Gold Holding Company Limited in Hong Kong by voting via telecommunication on 26 April 2014. According to the resolution, the Company invested HK\$50 million to subscribe 31,250,000 ordinary shares in Hengxing Gold Holding Company Limited (“Hengxing Gold”), representing 3.38% of its total number of issued shares. Hengxing Gold is a company listed in Hong Kong and is mainly engaged in the operation of Xinjiang Jinshan gold mine.

(5) The investment committee of the Company considered and approved the proposal in relation to establishment of Xiamen Boshang Zijin E-Commerce Co., Ltd. and Shenzhen Zijin Global Metal Exchange on 20 June 2014 by voting via telecommunication.

Xiamen Boshang Zijin E-Commerce Co., Ltd. (“Boshang Zijin”) was established on 14 August 2014 with registered capital of RMB50 million. The Company contributed RMB25.5 million pro rata to its 51% shareholding. Another shareholder, Tianjin Bohai Commodity Exchange Co., Ltd. contributed RMB24.5 million pro rata to its 49% shareholding. Boshang Zijin is mainly engaged in wholesales of metals and metal ores, online sales and consultations of related business information and investments.

Shenzhen Zijin Global Metal Exchange (“Zijin Global”) was established on 25 August 2014 with registered capital of RMB100 million. The initial capital contribution was RMB50 million, in which the Company’s initial capital contribution was RMB46 million and that of another shareholder, Fujian SDIC Huijin Investment and Development Company Limited, was RMB4 million. The remaining registered capital will be in place within two years. The approved business scopes of Zijin Global include: trading of rare and precious metals (excluding gold), metal products, all kinds of mineral resources products and providing an electronic spot exchange platform and market services.

(6) The Company’s wholly-owned subsidiary, Shanxi Zijin Mining Co., Ltd. (“Shanxi Zijin”) entered into a share transfer agreement with natural persons Wu Jucai, Yang Dongen, Lu Chunsheng and Yang Shuanshuan on 13 October 2014. Shanxi Zijin contributed RMB88.74 million in total to acquire 98.6% of the equity interest in Shanxi Province Fanshi County Yilian Gold Mine Co., Ltd. (“Yilian Gold Mine”) held by the above four natural persons. Yilian Gold Mine owns the development right covering 1.2983 square kilometers. According to the “Evaluation Report of the Value of Equity Interest of Fanshi County Yilian Gold Mine Co., Ltd. in relation to the Project Integration between Shanxi Zijin Mining Co., Ltd. and Fanshi County Yilian Gold Mine Co., Ltd.” issued by Shandong Zhongxin Asset Evaluation Co., Ltd. (Zhong Xin (2014) Ping Bao Zi No. 0207), the assessed value of the whole equity interest of Yilian Gold Mine was RMB96.2345 million. As at 31 December 2014, the acquisition had not yet been completed.

(7) On 21 October 2014, the Company, Minxi Xinghang State-owned Assets Investment Co., Ltd., the substantial shareholder of the Company and the other 6 shareholders of Fujian Shanghang Xingcheng Guarantee Co., Ltd. (“Xingcheng Guarantee”) entered into a capital increase agreement to increase capital of Xingcheng Guarantee by Minxi Xinghang and the Company. According to the agreement, the registered capital of Xingcheng Guarantee was increased from RMB100 million to RMB250 million, the increment of RMB50 million and RMB100 million were financed by the Company and Minxi Xinghang respectively. Upon completion of the transaction, the shareholding of Minxi Xinghang in Xingcheng Guarantee decreased from 79.7% to 71.88%, while the Company held 20% shareholding in Xingcheng Guarantee. The shareholding of the other 6 shareholders of Xingcheng Guarantee decreased from 20.3% to 8.12%. The parties to the capital increase agreement unanimously agreed that the equity interest in Xingcheng Guarantee held by the Company has preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted. Xingcheng Guarantee is principally engaged in guarantee business including loan guarantees, bill acceptance guarantees, etc.

PROSPECTS

The Board’s discussion and analysis on the Company’s future development

(1) Competition landscape and development trend in the industry

In 2015, while the continuance of a strong US economy and US Dollar is anticipated, Chinese economy is likely to enter a stage of “new normal” with medium to high growth rate. The soft economies in Japan and Eurozone will intensify, and emerging economies such as India are also going to face pressure from the restructuring of their economies. The International Monetary Fund has already revised its global economic growth target downward for 2015. Overall, gold price is expected to remain fluctuated in the bottom range. Prices of bulk commodities such as basic metals will continue to be under pressure. In particular, copper and other types of metals with accommodative supply will continue to face more downside pressure.

(2) Development strategies of the Company

The economic situation and the landscape of mining industry both within and outside China have undergone drastic changes. Global mining industry has entered a new phase of consolidation, in which cost will become the most important foundation for the survival of an enterprise. Under the current market condition, the Company is still capable of achieving as much as 44% of gross profit margin for its mining products, and while most of the mining enterprises have suffered from a negative growth in profits, the Company has managed to realize 10% increase in net profit against the adverse market condition. These have fully demonstrated the strong competitiveness of the Company in the industry. Presently, the market of mining industry is undergoing fundamental consolidation. This provides the Company with good opportunities for merger and acquisition. The Company will take this chance to promote a new round of development with strong determination, continue to exhibit the mindset of Zijin being “founding business from direct situations with innovations”, follow the guidance of the market, and adhere to the value creation principle to ceaselessly adapt to new trends and realize new developments. All these strategies are to make sure that the Company will become an extra-large scale international mining group with high technology and efficiency by 2030.

(3) Business plans

The planned production volume of major products of the Company for year 2015 are: mine-produced gold of 36 tonnes, mine-produced copper of 150,000 tonnes, mine-produced lead and zinc of 210,000 tonnes, iron concentrates of 3 million tonnes; refinery and processed gold of 117 tonnes, refinery silver of 169 tonnes, refinery copper of 250,000 tonnes and refinery zinc of 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 for 2015

By focusing on “clinging to reforms, keeping growth and boosting development”, the Company will stimulate corporate potential through serial of forceful reforms, achieve effective cost control by increasing production volume of products, ensure the business targets of the Company are met with the effective use of financial instruments under favourable market conditions, significantly enlarge the volume of resources under control by merger and acquisition and exploration, and further enhance the level of work safety and environmental protection as well as to nurture the capacity for sustainable development by utilizing modern information technology to transform the conventional systems of management, production and control.

1. Strive for reform and changes, be innovative and promote serial of reforms across human resources, logistic, construction, management and organization

The Company will reform in labour and human resources structure under the new trend, introduce mechanism of competition and elimination, grasp the opportunities arising from fundamental consolidation in the market of mining industry, train and recruit a high quality pool of talent, especially internationalized talent. The Company will focus on the nurturing of high quality production labour, based on market standards to reform the systems of appraisal, appointment and remuneration.

The Company will fully deploy the standardized, professional management skills and service duty of the Company to accomplish tasks of procurement, sales of product and construction projects, etc.

The Company will enhance management on project initiation, improve the control on the procedures of assessment and approval of project initiation, and continue to make best efforts in subsequent evaluation; improve the quality of project design, strengthen and optimize the process of reasoning and the assessment and approval on designs, enhance control on investment; rigorously control every procedure of the projects, enhance the construction and assessment mechanism, promote the formation of a construction conglomerate, apply EPC model of outsourcing on internal construction projects, foster core competitiveness of construction business.

The Company will make use of information and technology to better utilize the digital platform of the Group, thoroughly push for rejuvenation in the financial, logistics, production, technological and management systems of the Group and its associates, and effectively enhance basic management skills.

The Company will actively progress on the construction of a financial sharing centre and financial decision analytic system, adequately and effectively serve the duty of financial control by the Group, and enhance the financial control capability of the Group. The Company will flexibly respond to changes in circumstances, innovate on the financing channel, carefully control interest rate risks and foreign exchange risks.

The Company will proactively explore possibilities of integration between production, financing and the internet economy, reap the benefits of Shenzhen Zijin and Boshang Zijin commercial trading platforms to construct a uniform sales platform by phases and improve the value-adding capability of purchase, sales, logistics and management.

2. Follow target assessment indicators as the core principle to fully realize the mission in production, operation and construction for 2015

The Company will insist on the direction of correct assessment, strengthen the assessment on the implementation of the 5 main measures including “boosting efficiency, regulating and upgrading the engineering division, lowering purchasing cost, pursuing technological innovation and implementing organizational reform”, actively and effectively utilize the economic accountability-based assessment, enhance the magnitude, frequency and depth of management.

In terms of volume preservation, as there will be a deep impact on a profitable enterprise after it boosts and increases its efficiency, it is necessary to properly adopt the “one enterprise one policy” principle to push for further upgrade. The Company will continue to exercise rigorous control on loss-making enterprises to help them reduce and manage losses. Refinery and processing enterprises shall build up confidence, take strong and effective measures to push for reform and contribute to the growth of the Company. The Company will continue to encourage and persist on the initiatives of upsizing, digitalization and technological innovation to promote strategic reduction in cost, pay close attention to the utilization and development of new technologies, new equipment, new materials and new energy. Further upgrade the precision in management standard, strengthen cost control, and ensure the corporation maintains its excellent competitiveness under the “new normal”.

In terms of increasing volume, the major focus of 2015 is to ensure the sizable projects under construction, namely the Russian Tuva lead and zinc mine, Inner Mongolia Sanguikou lead and zinc mine, renovation on the Wujia Wulagen 10,000 tonnes processing plant, Tajikistan ZGC 10,000 tonnes processing plant and Kyrgyzstan Zuoan gold mine, etc., are equipped with optimal systems and are able to reach the targets on production volume and productivity as soon as possible; actively push for progress in the DR Congo copper mine, the newly built floatation process plant in the Zijinshan copper mine, Ashele copper mine deep border exploration project, and the core parts of the construction projects that are for sustainably increasing the productivity in Luoning Huatai and Chongli Zijin. Progress will also be accelerated on the Guizhou Zijin hot pressure pre-oxidation technological innovation project to contribute to the increase in productivity from now on.

By the use of financial leverage in hedging, the Company will be able to benefit from reduced market uncertainties and achieve stable income as expected.

3. Improve the quality of international acquisition, place more efforts on ore prospecting and strive for breakthroughs in resources volume

In 2015, the Company shall, by adhering to the prescribed strategy and developmental framework of the Company, seize the opportunities arising from the consolidation cycle in global mining industry to strive for breakthroughs in the merger and acquisition of projects with premium resources, accomplish significant increase in the volume of mineral resources controlled by the Company while improving on quality, strive to acquire companies with existing scale of production and efficiency into the Group, and to extensively increase the production volume of major products and market share of the Company's products.

For exploration, the Company will place more efforts to seek for new mines through the presently owned mines. There are 16 target projects to work on, including Gansu Longnan, Henan Luoning, Yunnan Shangri-La, Malipo, Hebei Chongli, etc., and exploration for overseas projects in Central Asia, Norton and so on.

4. Follow the guidance of the market and base on value creation principle to push for marketization within the Group

By focusing on marketization and adhering to value creation principle, the Company will continue to promote marketization within the Group, as well as to amass the merits of capital, staff and favourable policies towards the core enterprises. The Company will also modify the outsourcing mechanism to include more market elements, and thoroughly explore and push for marketization on the internal management mechanism in respect of mining, exploration, geology of mines, processing and refinery. Moreover, the Company will strengthen management on the exploration of mining enterprises, move thoroughly towards marketization on both exploration and the respective construction of a decent operational and management system, uphold the principle of marketization to protect the mutual beneficiary relationship between the Company and the engineering division with the suppliers, manage the non-mining business of the Company and dispose loss-making and idle enterprises.

5. Adhere to the “double zero” target in work safety and environmental protection, pursue fundamental work safety and environmental protection

The Company will thoroughly understand and implement the directives in respect of safety production and ecological protection by the State Council, earnestly learn the requirements under the newly implemented Production Safety Law and Environmental Protection Law, continue to adopt the principle of “life comes first, environmental protection is given priority” in work safety and environmental protection with all efforts, strengthen and implement core responsibility of the enterprises on work safety and environmental protection, practically bring the works associated with work safety and environmental protection to a new level, exercise rigorous control on both safety and efficiency, and promote fundamental work safety while improving on efficiency.

6. Commit more efforts to the building of corporate culture, actively fulfill social responsibility

The Company will adhere to the centre of the group to progress with work, commit more efforts to the building of corporate culture, boost the cohesion and competitiveness of the corporation, thoroughly practice and implement the “human-oriented, to explore and innovate” mindset of operation. The Company will actively fulfill social responsibility, making the best efforts to practice the core value of “creating wealth in harmony, striking balancing between the development of the corporation, employees and the society”.

Capital needs for sustaining existing business and completing investment projects under construction

In accordance with the Company’s preliminary plan, it is expected that the Company might invest approximately RMB2.169 billion in infrastructure construction of projects (excluding the US\$180 million investment in the DR Congo copper mine project), approximately RMB338 million in exploration and development, approximately RMB10 billion of capital expenditures (rough estimation with high uncertainty) in external capital investment such as mining rights investment and equity investment. All the capital expenditures mentioned above will be financed by the Group’s internal resources, bank borrowings, issuance of mid-term bonds and other feasible financing methods.

Possible risks

The Group’s main source of income is from metal products such as gold, copper, zinc, iron, etc. The fluctuation in the prices of the abovementioned products will result in instability in the Company’s performance. Since 2013, the prices of metals including the Company’s main products, gold and copper, have declined continuously. As the prices of metals begin to normalize, the Group’s operating results will face more pressure. In 2015, the Group will strive to unleash the potential of the mines in production, pay close attention to bring the newly commenced projects to reach production and performance targets as soon as possible, prioritize cost control as the most important task in production and operation, efficiently utilize financial instruments to avoid the operational risks associated with significant decline in product prices, strive to merge and acquire important projects with existing productivity and profits, and make the best effort to realize the expected operational targets.

Mining is an industry with relatively high environmental and work safety risks. The pressure faced by the Group is quite high. However, the Group will hold on to this “high pressure” mentality for better control on work safety and environmental protection, insist on forceful means both for honouring and punishment, fulfill the work safety and environmental protection corporate responsibility by reference to the requirements under the new environmental protection laws and regulations, closely monitor on the progress of both work safety and efficiency, and promote fundamental work safety while boosting efficiency.

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 and the collapse of the dam of Shihuadi hydropower station in Qianpai Town, Xinyi City were affected by the	For details, please refer to the Company’s announcements on HKEx website (http://www.hkex.com.hk) dated

<p>extreme weather brought by typhoon “Fanapi”, resulting in casualties and property damage downstream. The local government and the victims sued Xinyi Zijin and other defendants in the People’s Court of Xinyi City. Most of the litigations arising from this incident were settled by way of mediation in 2011 and 2012.</p> <p>Only part of the disputed litigations is still in progress now: the 6 hydropower plants including Shihuadi and a water treatment plant sued the defendants including Xinyi Zijin for liability for damages due to collapse of structures. The People’s Court in Xinyi City conducted a hearing in September 2014. Before and during the hearing, some of the plaintiffs changed their claims. The total amount of claims for the 7 cases were changed from RMB52,284,733 to RMB68,190,631. For the proceeding from Xinyi Zijin to defendants including Shihuadi hydropower plant for recovery of damages (the court determined the cause was a dispute on the liability for damages due to collapse of structures), the People’s Court in Xinyi City conducted a hearing in September 2014, Xinyi Zijin made a claim of RMB49.9 million to the defendants. A verdict has yet to be made in the aforementioned case.</p>	9 March 2012 and 13 September 2012.
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Litigation, arbitration which have not been published in provisional announcements or without further progress

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.	In progress

Acquisition, disposal of assets and corporate mergers

Summary and type of event	Index for details
<p>Jin Jiang Mining Limited (“Jin Jiang”), a wholly-owned overseas 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 subscription of the aforementioned convertible bond was completed and the convertible bond was converted into 202,576,000 NKWE shares (including interest) during the reporting period.</p>	<p>For details, please refer to the Company’s announcements on HKEx website (http://www.hkex.com.hk) dated 29 April 2013, 24 June 2013, 15 August 2013, 27 September 2013, 17 December 2013, 31 December 2013 and 7 March 2014.</p>

<p>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 has not yet been completed at the end of the reporting period. During the reporting period, Jin Jiang further invested A\$1.9 million at an issue price of A\$0.1 per share to subscribe 19 million fully paid NKWE ordinary shares; invested A\$0.4 million to acquire the 4 million NKWE ordinary shares which were held by International Goldfields Limited (IGS).</p> <p>As at the end of the reporting period, the Company held 236,152,760 NKWE shares in total (including those in secondary market), represented NKWE’s 26.35% equity interest. The Company obtained approximately 4.54 million ounces (equivalent to 141 tonnes) of 3PGE+Au platinum group resources according to the shareholding. The Company has appointed 2 NKWE directors, one of them acting as the managing director of NKWE.</p> <p>NKWE owns a diversified Platinum Group Metals (PGM) mining rights in South Africa. Platinoid resources are rare in China, while South Africa is a vital supplying place for platinoid metals in the world. To acquire NKWE is to take control of an important piece of platinoid resource in South Africa. It is an important opportunity for the Company to enter into the African mining sector, and it is of great strategic significance to the Company as well.</p>	
<p>Norton Gold Fields Limited (“Norton”), a subsidiary of the Company listed on the Australian Securities Exchange, issued announcement on 17 April 2014 regarding its all cash takeover for all the issued shares of Bullabulling Gold Limited (“Bullabulling”) at A\$0.07 per share. On 16 June 2014, Norton conditionally increased the offer price to A\$0.08 per share. The offer was completed on 30 October 2014. Norton invested A\$28.07 million in total for 100% shareholding in Bullabulling.</p> <p>Bullabulling’s key asset is the wholly-owned Bullabulling Gold Project, located in Coolgardie, Western Australia. Bullabulling owns approximately 3.75 million ounces (equivalent to 117 tonnes) of gold resources.</p>	<p>For details, please refer to the Company’s announcement on HKEx website (http://www.hkex.com.hk) dated 17 April 2014.</p>
<p>On 15 April 2014, the Company and China Molybdenum Co., Ltd. (“China Molybdenum”) entered into a share transfer agreement (the “Transfer Agreement”) in relation to the transfer of 70% equity interest in Luoyang Kunyu Mining Co., Ltd. (“Kunyu Mining”). The Company invested RMB700 million to acquire 70% equity interest in Kunyu Mining.</p> <p>The gold mines owned by Kunyu Mining are all located in Luoning County, Henan Province, which are in production. Kunyu Mining currently owns 5 mining rights of gold mine covering a total area of 50.66 square kilometers; 1 exploration right of gold mine covering a total area of 5.04 square kilometers. As at 31 December 2013, the five Luoning gold mines of Kunyu Mining had 56.92 tonnes of gold resources with an average grade of 4.3g/tonne.</p>	<p>For details, please refer to the Company’s announcement on HKEx website (http://www.hkex.com.hk) dated 15 April 2014.</p>
<p>The Company, Jin Cheng Mining Limited, a wholly-owned subsidiary of the Company (“Jin Cheng Mining”) and Zhejiang Huayou Cobalt Co., Ltd. (“Zhejiang Huayou”) jointly signed a share acquisition agreement on 3 November 2014. The Company has designated Jin Cheng Mining as the buyer to acquire (a) 51% equity interest in La Compagnie Minière de Musonoie Global SAS (“Musonoie”) in the Democratic Republic of the Congo (the “DR Congo”) held by Zhejiang Huayou, (b) US\$4,000,000 of the shareholder’s loans provided to Musonoie by Zhejiang Huayou and (c) US\$3,187,500 of project initial fee that has been paid by Zhejiang Huayou. The aggregate consideration of the acquisition was US\$77,916,700 (approximately equivalent to RMB476,976,661).</p> <p>Musonoie was established in the DR Congo. Its major asset is the Kolwezi copper mine project in the DR Congo, which has not yet been put into commercial production. According to the feasibility study report prepared by China ENFI Engineering Corporation, the volume of copper resources at the Kolwezi copper mine is 1.54 million tonnes with grade of 3.93%.</p>	<p>For details, please refer to the Company’s announcement on HKEx website (http://www.hkex.com.hk) dated 3 November 2014.</p>
<p>Xinxing Global Limited (“Xinxing Global”), a wholly-owned subsidiary of the Company, entered into a share subscription agreement with Pretium Resources Inc. (“Pretium”), a company listed on the Toronto Stock Exchange and the New York Stock</p>	<p>For details, please refer to the Company’s announcement on HKEx website</p>

Exchange, on 8 December 2014. Xinxing Global agreed to subscribe 12,836,826 common shares of Pretium with cash consideration of Canadian Dollar (“CAD”) 6.3 per share. The total consideration was CAD80,872,004 for 9.9% shareholding in Pretium. As at 31 December 2014, the acquisition had not been completed yet.	(http://www.hkex.com.hk) dated 8 December 2014.
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Pretium is a mine exploration and development company incorporated in Canada. Its major assets are the 100% interest in the quartz vein type Brucejack gold and silver mine and the porphyry type Snowfield gold and silver mine located in the northwest British Columbia, Canada. The Brucejack project owned approximately 235 tonnes of gold reserves, 955 tonnes of silver reserves; the measured + indicated gold resources and silver resources are 300 tonnes and 1,520 tonnes respectively.

Disposal of subsidiaries

On 18 October 2014, the Company entered into a share transfer agreement with Longkou City Jinhe Industrial and Trading Co., Ltd. (“Jinhe Industrial and Trading”), pursuant to which the Company transferred the 100% shareholding and the debts receivable in Longkou Jinfeng Co., Ltd. (“Longkou Jinfeng”) to Jinhe Industrial and Trading with a consideration of RMB153 million (in which the share transfer price for the 100% shareholding was RMB84.6 million). Upon completion of the transfer, the Company no longer holds equity interest in Longkou Jinfeng. Longkou Jinfeng owns the mining right and exploration right for the deep and surrounding part of gold mine at Xishan mining area in Longkou City, Shandong Province. According to the asset evaluation report for the shareholding restructuring involving all the shareholders’ equity interest in Longkou Jinfeng Co., Ltd. prepared by Shandong Zhongxin Asset Evaluation Co., Ltd. (Zhongxin Ping Bao Zi (2014) No. 0143), the assessed value of equity interest of Longkou Jinfeng was RMB85.3909 million.

Merger of enterprises

On 12 June 2014, Hunchun Zijin Mining Company Limited (“Hunchun Zijin”), the wholly-owned subsidiary of the Company entered into an absorption and acquisition agreement with its wholly-owned subsidiary Hunchun Multi-metals Company Limited (“Hunchun Multi-metals”). Hunchun Zijin merged with Hunchun Multi-metals by absorption. After the absorption, Hunchun Zijin continued to exist while Hunchun Multi-metals lawfully deregistered. Both the registered capital and paid-up capital of Hunchun Zijin and Hunchun Multi-metals were RMB200 million respectively. The registered capital and paid-up capital of Hunchun Zijin remain unchanged after the absorption. The absorption was completed during the reporting period. Hunchun Zijin is mainly engaged in the development of Shuguang gold and copper mine while Hunchun Multi-metals is mainly engaged in the integrated recovery project of multi-metals complex gold concentrates.

On 6 August 2014, Zijin Copper Company Limited (“Zijin Copper”), the wholly-owned subsidiary of the Company entered into a merger agreement with Fujian Jinshan Gold Refinery Company Limited (“Jinshan Gold Refinery”), another wholly-owned subsidiary of the Company. Zijin Copper merged with Jinshan Gold Refinery by absorption. After the absorption, Zijin Copper continued to exist while Jinshan Gold Refinery lawfully deregistered. The registered capital of Zijin Copper and Jinshan Gold Refinery was RMB1.8183 billion and RMB298 million respectively. The registered capital of Zijin Copper would become RMB2.1163 billion after the absorption. The Company still holds 100% equity interest in Zijin Copper. The absorption was completed during the reporting period. Zijin Copper is mainly engaged in the 200,000 tonnes copper refinery project while Jinshan Gold Refinery is mainly engaged in processing refractory gold concentrates.

Material connected transactions

Connected transactions related to ordinary business

Summary of event	Index for details
Fujian Shanghang Ting River Hydropower Co., Ltd. (“Ting River Hydropower”) is a subsidiary of Minxi Xinghang, the Company’s substantial shareholder and an associate of Zijin Finance, the Company’s subsidiary. Zijin Finance provides financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB27.1 million to Ting River Hydropower.	For details, please refer to the Company’s announcement on HKEx website (http://www.hkex.com.hk) dated 9 January 2014.
The Company’s subsidiary, Xinjiang Ashele Copper Co., Ltd. (“Xinjiang Ashele”), sold copper concentrates to Xinjiang Wuxin Copper Company Limited which is indirectly held by Xinjiang	For details, please refer to the Company’s announcement on HKEx website

Ashele's major shareholder, Xinjiang Non-ferrous Metals Industry (Group) Company Limited. 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. During the reporting period, copper concentrates amounted to RMB228.02 million were sold to Xinjiang Wuxin Copper Company Limited by Xinjiang Ashele.	(http://www.hkex.com.hk) dated 14 April 2014.
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Material connected transaction of common foreign investment

Summary of event	Index for details
<p>On 21 October 2014, the Company, Minxi Xinghang State-owned Assets Investment Co., Ltd. ("Minxi Xinghang"), the substantial shareholder of the Company and the other 6 shareholders of Fujian Shanghang Xingcheng Guarantee Co., Ltd. ("Xingcheng Guarantee") entered into a capital increase agreement to increase capital of Xingcheng Guarantee by the Company and Minxi Xinghang. According to the agreement, the registered capital of Xingcheng Guarantee was increased from RMB100 million to RMB250 million, the increment of RMB50 million and RMB100 million were financed by the Company and Minxi Xinghang respectively. Upon completion of the transaction, the shareholding of Minxi Xinghang in Xingcheng Guarantee decreased from 79.7% to 71.88%, while the Company held 20% shareholding in Xingcheng Guarantee. The shareholding of the other 6 shareholders of Xingcheng Guarantee decreased from 20.3% to 8.12%. The parties to the capital increase agreement unanimously agreed that the equity interest in Xingcheng Guarantee held by the Company have preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted.</p> <p>Xingcheng Guarantee is principally engaged in guarantee business including loan guarantees, bill acceptance guarantees, etc.</p>	<p>For details, please refer to the Company's announcement on HKEx website (http://www.hkex.com.hk) dated 21 October 2014.</p>

General Meetings

Session of meeting	Convening date	Resolutions for the meeting	Poll results of the resolutions	Date of publishing poll results of the resolutions
2013 annual general meeting	28 May 2014	<p>Special resolutions: The proposal of completion of repurchase of H shares and its change of registered capital of the Company, the proposal of amendments on the articles of association of the Company, the proposal of a general mandate to issue debt financing instruments, the proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares, the proposal of the Company to provide guarantee to its overseas subsidiaries for the loans; Ordinary resolutions: Report of the Board of Directors of the Company for 2013, Report of the Independent Directors of the Company for 2013, Report of Supervisory Committee of the Company for 2013, the Company's financial report for the year ended 31 December 2013, the Company's 2013 annual report and its summary report, a profit distribution proposal of the Company for the year ended 31 December 2013, the proposal of remunerations of the Executive Directors and Chairman of Supervisory Committee of the Company for the year ended 31 December 2013, the proposal of reappointment of domestic auditor for the year ended 31 December 2014 and the authorization to the Board of Directors to determine the</p>	All the tabled resolutions were passed at the 2013 annual general meeting	28 May 2014

		auditor's 2014 remuneration.		
The first A Shareholders' class meeting in 2014	28 May 2014	The proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares	The tabled resolution was passed at the first A Shareholders' class meeting in 2014	28 May 2014
The first H Shareholders' class meeting in 2014	28 May 2014	The proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares	The tabled resolution was passed at the first H Shareholders' class meeting in 2014	28 May 2014
The first extraordinary general meeting in 2014	23 October 2014	Special resolutions: The proposal of amendments to the articles of association of the Company, the proposal of amendments to the rules governing the procedures of the shareholders' general meeting of the Company; Ordinary resolution: The proposal of electing Mr. Qiu Guanzhou as an independent non-executive director of the fifth Board of Directors of the Company.	All the tabled resolutions were passed at the first extraordinary general meeting in 2014	23 October 2014

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

(1) Formulation, execution or adjustment of cash dividend distribution policy

According to 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 taking into consideration of the Company's production operation and sustainable development and maintaining a reasonable return to investors of the Company, the Company formulated profit distribution and return plan for the next three years (2012-2014) and made 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 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.

To further improve the cash dividend 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, the articles of association of the Company was amended to add cash dividend distribution policy regarding differentiation and the amendments were considered and approved at the 2013 annual general meeting.

The profit distribution proposal for 2013 was considered and approved at the Company's 2013 annual general meeting, based on the total number of shares of 21,645,855,650 as at 31 December 2013 after deducting the number of H shares repurchased, to distribute cash dividends RMB0.08 (tax included) per share to all shareholders. The Company distributed the cash dividends of RMB1,731,668,452 in total. The remaining undistributed profit would be carried forward to the next financial year. The above profit distribution proposal was fully implemented on 7 July 2014. The profit distribution for the year ended 31 December 2013 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 attributable to owners of the parent for the year ended 31 December 2014 prepared in accordance with CAS was RMB2,345,062,669. The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2014 of RMB0.08 per share (tax included). Based on the total number of shares of the Company of 21,572,813,650 after deducting the number of H shares repurchased, the total amount of cash dividend to be distributed is RMB1,725,825,092. 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 2014 annual general meeting for approval. The profit distribution for 2014 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.

(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 2014):

Currency: RMB

Year of profit distribution	Bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (Tax included)	Capital conversion for every 10 shares (share)	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 the listed company accounted for in the consolidated financial statements (%)
2014		0.8		1,725,825,092	2,345,062,669	73.59
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

Purchase, Redemption or Sale of Listed Securities of the Company

For the year ended 31 December 2014, the Company repurchased 127,344,000 H shares in aggregate. Details as follow:

At the 2012 annual general meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013 convened on 28 May 2013, a resolution in relation to the proposal to grant a general mandate to the Board of the Company to repurchase H shares was approved. The Board continued the repurchase of H shares according to the general mandate in 2014. During the period from 1 January 2014 to 7 February 2014, the Company repurchased 54,302,000 shares in aggregate. The repurchased shares mentioned above have been cancelled by Computershare Hong Kong Investor Services Limited. The change of business registration process in China has also been completed.

At the 2013 annual general meeting, the first A Shareholders' class meeting in 2014 and the first H Shareholders' class meeting in 2014 convened by the Company on 28 May 2014, 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 15 September 2014. As at 31 December 2014, the number of H shares repurchased was 73,042,000 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 yet been completed.

Save as disclosed above, for the year ended 31 December 2014, 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 2014.

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 Corporate Governance Code and Corporate Governance Report, 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 China. 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 Corporate Governance Code and Corporate Governance Report, independent non-executive director Jiang Yuzhi had a business trip and could not attend the Company's annual general meeting on 28 May 2014, independent non-executive director Jiang Yuzhi had a business trip and could not attend the Company's extraordinary general meeting on 23 October 2014.

Save as disclosed above, for the year ended 31 December 2014, 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 2014 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 2014 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 year ended 31 December 2014.

Shareholdings of Directors and Supervisors in the Company

As at 31 December 2014, Mr. Chen Jinghe, the Chairman of the Board of the Company held 110,000,000 shares, Mr. Lan Fusheng, Vice Chairman, held 7,500,000 shares, Mr. Zou Laichang, Director, held 1,500,000 shares, Mr. Lin Hongfu, Director, held 750,000 shares and Mr. Liu Wenhong, Supervisor, held 24,450 shares in the Company.

Appointment and Resignation of Directors, Supervisors, and Senior Management

Name	Position	Change	Reasons	Effective Date
Jiang Yuzhi	Independent non-executive director	Resignation	Reserve more time for family	23 October 2014
Qiu Guanzhou	Independent non-executive director	Appointment	Board of directors' appointment	23 October 2014

Mr. Jiang Yuzhi 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 directors, supervisors and senior management for the new term, please refer to the Company's 2014 annual report.

Audit and Internal Control Committee

The audit and internal control committee has reviewed the Group's financial report for the year ended 31 December 2014 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 year ended 31 December 2014 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.

Appointment and Dismissal of Auditors

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

	Name
Internal control auditor	Ernst & Young Hua Ming (LLP)
Remuneration	Included in the auditors' fee

Other significant matters

1. In September 2013, the Company registered mid-term bonds amounted to RMB4 billion and RMB6 billion respectively (in aggregate RMB10 billion) at the National Association of Financial Market Institutional Investors, and issued mid-term bonds amounted to RMB2.5 billion in October 2013. In August 2014, pursuant to the Company's financing plan, the Company applied to the National Association of Financial Market Institutional Investors for the reduction of the registered amounts of the above mid-term bonds by RMB0.7 billion and RMB1 billion respectively. The application was approved. After the reduction, the registered amounts of the Company's mid-term bonds were reduced from the original RMB4 billion and RMB6 billion to RMB3.3 billion and RMB5 billion respectively (after the reduction of the registered amount by RMB8.3 billion in total, which included the RMB2.5 billion mid-term bonds issued in 2013). The Company issued the 2014 first batch and second batch mid-term bonds on 3 and 4 September 2014 respectively. The total amount issued this time was RMB2.5 billion with a term of 5 years and coupon rate of 5.5%. All the proceeds were received into account on 5 September 2014.

2. On 15 January 2015, the overseas wholly-owned subsidiary of the Company, Jinyu (H.K.) International Mining Co., Ltd. ("Jinyu") and Huihaoda Gold Ltd. entered into the "Golden China Nei Men Transfer Agreement". Jinyu will transfer its 55% equity interest in Golden China Nei Men Gold Exploration Corporation ("Golden China Nei Men") to Huihaoda Gold Ltd. with a consideration of RMB270 million. Golden China Nei Men holds 95% equity interest in Inner Mongolia Jinzhong Mining Co., Ltd. ("Inner Mongolia Jinzhong"), and 100% equity interest in Inner Mongolia Aipaike Resources Ltd. ("Aipaike Resources"). Inner Mongolia Jinzhong is mainly engaged in the gold exploration in Sonid Zuoqi, Inner Mongolia. Aipaike Resources is mainly engaged in exploration.

3. On 15 January 2015, the wholly-owned subsidiary of the Company, Zijin International Mining Co., Ltd. ("Zijin International") and Huixinda International Investment Co., Ltd. ("Huixinda") entered into the "Inner Mongolia Jinzhong Transfer Agreement". Zijin International will transfer its 5% equity interest in Inner Mongolia Jinzhong to Huixinda with a consideration of RMB28 million.

4. On 12 January 2015, the Company issued an announcement regarding its non-binding, conditional and indicative proposal to acquire all of the issued securities of Norton that the Company did not already own. On 6 February 2015, the Company entered into a binding scheme implementation agreement (the "SIA") with Norton. The SIA provided that the Company will acquire all of the issued securities of Norton that it did not already own, by way of a court approved scheme of arrangement for an offer consideration of A\$0.20 per share. The Company, together with its wholly-owned subsidiary, currently hold approximately 82.43% of Norton's shares. If the scheme of arrangement is approved, the Company will have to pay a total consideration of approximately A\$33,000,000 to acquire all of the remaining 17.57% of Norton shares.

Change of issued shares

At the annual general meetings and the shareholders' class meetings convened by the Company on 28 May 2013 and 28 May 2014, 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 respectively. Pursuant to the authorization, the Company continued to implement the repurchase of H shares during the year ended 31 December 2014 and repurchased 127,344,000 H shares in aggregate (in which 54,302,000 shares were repurchased in January to February 2014 and 73,042,000 shares were repurchased in September to November 2014 respectively) with total paid amount of HK\$234 million (excluding commission and other expenses). Pursuant to the resolution of the 2013 annual general meeting, the Company completed the change of business registration regarding the reduction of the H shares repurchased up to 7 February 2014. The Company's registered capital was changed to RMB2,164,585,565. The shares repurchased during September to November 2014 were cancelled by Computershare Hong Kong Investor Services Limited, but have not yet been cancelled pending completion of the change of business registration with relevant PRC authorities. For the purpose of dealing with the latest change of business registration with relevant PRC authorities, the seventh meeting of the fifth board of directors agreed that from 18 November 2014 to the convention date of the 2014 annual general meeting, repurchase of H shares will not be implemented.

This announcement is written in both Chinese and English. In the case of any discrepancies,

the Chinese version shall prevail over its English version.

Definition

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

Xinyi Zijin	Xinyi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Ting River Hydropower	Fujian Shanghang Ting River Hydropower Co., Ltd., an associate of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Xinjiang Ashele	Xinjiang Ashele Copper Company Limited, a subsidiary of the Company
Qinghai West	Qinghai West Copper Mining Company Limited, a wholly-owned subsidiary of the Company
Jin Jiang Mining	Jin Jiang Mining Limited, a wholly-owned subsidiary of the Company
Norton	Norton Gold Fields Limited, a subsidiary of the Company
Guizhou Zijin	Guizhou Zijin Mining Company Limited, a subsidiary of the Company
Zijin Copper	Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Makeng Mining	Fujian Makeng Mining Company Limited, an associate of the Company
Zijin Finance	Zijin Mining Group Finance Co., Ltd., a subsidiary of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
Heilongjiang Duobaoshan	Heilongjiang Duobaoshan Copper Industry Co., Ltd., a subsidiary of the Company
Wuqia Jinwang	Wuqia County Jinwang Mining Development Company Limited, a wholly-owned subsidiary of the Company
Xinjiang Jinbao/Jinbao Mining	Xinjiang Jinbao Mining Company Limited, a subsidiary of the Company
Hebei Chongli/Chongli Zijin	Hebei Chongli Zijin Mining Company Limited, a subsidiary of the Company
Shanxi Zijin	Shanxi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Hunchun Zijin	Hunchun Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Longnan Zijin	Longnan Zijin Mining Company Limited, a subsidiary of the Company
NKWE	NKWE Platinum Limited, an associate of the Company
Bullabulling	Bullabulling Gold Limited, a wholly-owned subsidiary of the Company
Kunyu Mining	Luoyang Kunyu Mining Co., Ltd., a subsidiary of the Company
Jinhao Iron	Xinjiang Aletai Jinhao Iron Company Limited, a subsidiary of the Company
Fujian Zijin Investment	Fujian Zijin Investment Company Limited, a wholly-owned subsidiary of the Company
Liancheng Jiuxin	Liancheng Jiuxin Mining Company Limited, a wholly-owned subsidiary of the Company
Zijin Real Estate	Fujian Zijin Real Estate Company Limited, a wholly-owned subsidiary of the Company
Hengxing Gold	Hengxing Gold Holding Company Limited, an associate of the Company
Zijin Global/Shenzhen Zijin	Shenzhen Zijin Global Metal Exchange Company Limited, a subsidiary of the Company
Boshang Zijin	Xiamen Boshang Zijin E-Commerce Company Limited, a subsidiary of the Company
Yilian Gold	Shanxi Province Fanshi County Yilian Gold Mine Company Limited, a subsidiary of the Company
Xingcheng Guarantee	Fujian Shanghang Xingcheng Guarantee Co., Ltd., an associate of the Company
Zijin International Finance	Zijin International Finance Company Limited, a wholly-owned subsidiary of the Company
Jin Cheng Mining	Jin Cheng Mining Limited, a wholly-owned subsidiary of the Company
Musonoie	La Compagnie Minière de Musonoie Global SAS, a subsidiary of the Company
Xinxing Global	Xinxing Global Limited, a wholly-owned subsidiary of the Company
Pretium	Pretium Resources Inc., an associate of the Company
Longkou Jinfeng	Longkou Jinfeng Company Limited, a wholly-owned subsidiary of the Company
Jinshan Gold Refinery	Fujian Jinshan Gold Refinery Company Limited, a wholly-owned subsidiary of the Company

Jinyu	Jinyu (H.K.) International Mining Co., Ltd., a wholly-owned subsidiary of the Company
Zijin International	Zijin International Mining Co., Ltd., a wholly-owned subsidiary of the Company

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, Qiu Guanzhou, 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 20 March 2015

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