



紫金礦業集團股份有限公司
ZIJIN MINING GROUP COMPANY LIMITED*

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

(在中華人民共和國註冊成立的股份有限公司)

(Stock Code 股份代號: 2899)

●● 2011
ANNUAL REPORT



*For identification purpose only
*僅供識別

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Corporate Information

EXECUTIVE DIRECTORS

Chen Jinghe (Chairman)
Luo Yingnan (President)
Liu Xiaochu (Resigned on 28 March 2012)
Lan Fusheng
Huang Xiaodong
Zou Laichang

NON-EXECUTIVE DIRECTOR

Peng Jiaqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Su Congfu
Chen Yuchuan
Lin Yongjing
Wang Xiaojun

SUPERVISORS

Lin Shuiqing
Xu Qiang
Lin Xinxi
Zhang Yumin
Liu Xianhua

COMPANY SECRETARY

Fan Cheung Man

AUDIT AND INTERNAL CONTROL COMMITTEE

Lin Yongjing
Su Congfu
Chen Yuchuan
Wang Xiaojun
Peng Jiaqing
Chen Jinghe (Chairman) (Appointed on 27 April 2011)
Luo Yingnan (President) (Appointed on 27 April 2011)
Liu Xiaochu (Resigned on 27 April 2011)

AUTHORISED REPRESENTATIVES

Chen Jinghe
Liu Xiaochu (Resigned on 28 March 2012)
Lan Fusheng (Appointed on 28 March 2012)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

LEGAL ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1 Zijin Road, Shanghang County,
Fujian Province,
The PRC

LEGAL CONSULTANT OF THE COMPANY (HONG KONG LAWS)

Li & Partners

AUDITORS

PRC Auditors:
Ernst & Young Hua Ming

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

2899

GENERAL

Zijin Mining Group Company Limited (the “Company”) (formerly known as Fujian Zijin Mining Industry Company Limited) was incorporated on 6 September 2000 with the approval of the People’s Government of Fujian Province as a joint stock limited company in the People’s Republic of China (the “PRC”) by Minxi Xinghang State-owned Assets Investment Company Limited, Shanghang County Jinshan Trading Company Limited, Xinhua Industrial Group Company Limited, Fujian Xinhua Engineering Company Limited, Xiamen Hengxing Group Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited and Fujian Minxi Geologist as its promoters.

In December 2003, the Company was listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The Company was the first Mainland gold production enterprise listed overseas. In 2004, 2005, 2006 and 2007, the Company had continuously applied reserves to issue new shares four times and in April 2008, the Company issued 1.4 billion of A shares at RMB7.13 per share and was listed on the Shanghai Stock Exchange on 25 April 2008 at a nominal value of RMB0.1 each. Pursuant to a resolution passed at the 2010 annual general meeting held for the purpose of approving, among other matters, the proposal of conversion of capital reserve into share capital, on the basis of 5 new shares for every 10 existing shares, additional 7,270,654,550 shares have been issued on the basis of total 14,541,309,100 shares in issue at the end of 2010. After the conversion, the total number of share increased to 21,811,963,650 shares. As at 31 December 2011, the Company has a total of 21,811,963,650 ordinary shares (Nominal value of RMB0.1 each) of which 6,008,160,000 shares (H shares) listed on the Stock Exchange, representing about 27.55% of the total issued shares, and 15,803,803,650 shares (A shares) listed on Shanghai Stock Exchange, representing about 72.45% of the total issued shares.

The Company and its subsidiaries (the “Group”) are a comprehensive mining conglomerate in the PRC primarily engaged in gold production, and specifically engaged in the exploration, mining, and sale of gold and other non-ferrous metals. The Company produced about 86.17 tonnes of gold (including 28.62 tonnes of mine-produced gold) in year 2011. The Company is one of the largest and the most efficient mine-produced gold producers in the PRC.

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

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

Financial Highlights

In this annual report, unless otherwise stated, monetary units are denominated in Renminbi.

2011 AND 2010 FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“CAS”) AND THE RELATED LAWS AND REGULATIONS, 2009 TO 2007 FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”):

	For the year ended 31 December	
	2011	2010
REVENUE	39,763,915,441	28,539,578,900
Less: Cost of sales	27,536,543,588	18,337,383,129
Taxes and surcharges	382,045,241	352,964,119
Selling expenses	433,256,436	468,769,177
Administrative expenses	1,609,339,207	1,362,043,598
Financial expenses	496,400,784	190,780,667
Assets impairment losses	202,878,294	175,688,227
Add: Gains/(losses) on changes in the fair value	(57,130,642)	107,325,325
Investment income	561,775,828	207,630,138
Including: Share of profits of associates and jointly-controlled entities	205,253,368	137,365,606
Operating profit	9,608,097,077	7,966,905,446
Add: Non-operating income	134,572,479	99,971,340
Less: Non-operating expenses	466,367,867	735,305,014
Including: Losses on disposal of non-current assets	41,842,806	78,834,417
TOTAL PROFIT	9,276,301,689	7,331,571,772
Less: Income tax expenses	2,365,776,280	1,575,823,347
NET PROFIT	6,910,525,409	5,755,748,425
Attributable to owners of the parent	5,712,569,100	4,827,916,726
Non-controlling interests	1,197,956,309	927,831,699
OTHER COMPREHENSIVE INCOME	(894,452,113)	344,979,505
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,016,073,296	6,100,727,930
Attributable to:		
Owners of the parent	4,818,341,189	5,172,154,730
Non-controlling interests	1,197,732,107	928,573,200

Financial Highlights

	For the year ended 31 December		
	2009 RMB'000	2008 RMB'000	2007 RMB'000
Results			
Revenue	20,215,111	16,322,275	14,871,268
Cost of sales	(13,642,427)	(10,329,182)	(9,295,361)
Gross profit	6,572,684	5,993,093	5,575,907
Other income and gains	608,982	522,199	238,991
Selling and distribution costs	(376,971)	(316,948)	(255,000)
Administrative expenses	(717,709)	(826,891)	(607,360)
Other expenses	(968,942)	(630,942)	(318,248)
Finance costs	(168,425)	(247,326)	(292,683)
Share of profits of:			
Associates	79,050	11,370	72,371
Jointly-controlled entities	16,654	28,502	18,225
Profit before tax	5,045,323	4,533,057	4,432,203
Income tax	(968,254)	(639,031)	(912,448)
Profit for the year	4,077,069	3,894,026	3,519,755
Attributable to:			
Owners of the parent	3,552,347	3,066,201	2,552,007
Non-controlling interests	524,722	827,825	967,748
	4,077,069	3,894,026	3,519,755

	For the year ended 31 December				
	2011 RMB'000	2010 RMB'000	2009 RMB'000	2008 RMB'000	2007 RMB'000
Assets and liabilities					
Total assets	52,320,199	38,401,232	29,646,137	26,217,549	16,799,160
Total liabilities	22,187,522	12,372,562	8,032,671	7,038,424	9,680,547
Non-controlling interests	5,124,066	4,197,100	3,443,285	3,044,737	1,781,587
Equity holders of the parent	25,008,611	21,831,570	18,170,181	16,134,388	5,337,026

Financial Highlights

LIQUIDITY

	2011 RMB'000	2010 RMB'000	2009 RMB'000	2008 RMB'000	2007 RMB'000
Cash and cash equivalents	4,917,188	3,791,472	2,999,054	2,719,868	2,158,477
Current ratio (%)	110	115	125	142	66
Trade receivables turnover (days)	5.36	6.92	6.68	6.89	5.83

EFFECTS OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

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

Unit: Yuan Currency: RMB

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

- Explanation of the difference between IFRS and CAS

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

Chairman's Statement

To all shareholders,

I wish to take this opportunity to express my sincere gratitude for your trust and support to Zijin Mining Group Company Limited. I am pleased to report herewith the operating results of the Group for the year ended 31 December 2011 as follows:

In 2011, the Group achieved a sales income (turnover) of RMB39,763,915,441, representing an increase of 39.33% over the previous year, and achieved a net profit after tax (net profit attributable to shareholders of the parent) of RMB5,712,569,100, representing an increase of 18.32% over the previous year. Earnings per share (basic) was RMB0.26, representing an increase of 18.18% over the previous year. (The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB5,712,569,100 (2010: RMB4,827,916,726) and the number of 21,811,963,650 ordinary shares (2010: 21,811,963,650 shares) in issue during the year).

MARKET OVERVIEW DURING THE REPORTING PERIOD

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

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

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

POSITION IN THE INDUSTRY

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

Chairman's Statement

BUSINESS OVERVIEW

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

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

I. PRODUCTION AND OPERATION

1. GOLD MINE BUSINESS

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

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

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

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

(1 troy ounce = 31.1035g)

Chairman's Statement

2. COPPER MINE BUSINESS

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

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

3. LEAD AND ZINC MINE BUSINESS

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

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

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

Chairman's Statement

4. IRON MINE, SILVER AND OTHER BUSINESSES

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

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

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

Significant achievements for geological exploration work

During the reporting period, the Company invested RMB304 million in geological exploration which increased the exploration resources/ reserves (unaudited) as follows: 76.48 tonnes of gold, 591,800 tonnes of copper, 1.5252 million tonnes of lead and zinc, 59,400 tonnes of molybdenum and 272.46 tonnes of silver from other associated metals. The reserves of the following mines increased remarkably: Zijinshan Copper Mine Luoboling, Jintonghu Mining Section, Guizhou Shuiyindong Gold Mine Nayang Mining Section, Hebei Chongli Dongping Gold Mine and its surrounding area, Xinjiang Wulagen Zinc Mine etc. The exploration work of Luoning Huatai Gold Mine, Ashele Copper Mine, ZGC Taror Gold Mine etc., achieved new breakthroughs.

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

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

Chairman's Statement

Resources and Reserves of the Company

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

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

- (a) 1. The comparison between the mineral resources amount recognized by “NI 43-101” technical standards and disclosed according to domestic standards of the 13 mines is as follows:

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards				Resources identified by “NI 43-101” standards				International Standards	Percentage Increase (International standards and Domestic standards)		
				331	332	333	Total (333 and above)	Measured	Indicated	Sub-total (Measured+ Indicated)	Inferred				
1	Fujian Zijinshan Ore Field Zijinshan Gold and Copper Mine	Gold	Ore Volume (Mt)	2.47	55.27	169.26	227	121	139	260	24	284	33		
			Grade (g/t)	0.96	0.53	0.4	0.44	0.52	0.4	0.46	0.39	0.45	0.02		
			Metal Volume (t)	2.37	29.48	67.63	99.48	62.92	55.6	118.52	9.36	127.88	19.04	19.1%	
		Copper	Ore Volume (Mt)	19.24	269.05	155.91	444.2	130	308	438	123	561	-6.2		
			Grade (%)	0.5	0.44	0.42	0.43	0.49	0.47	0.48	0.43	0.47	0.05		
		Metal Volume (10kt)	9.62	118.12	65.06	192.8	63.7	144.76	208.46	52.89	261.35	15.66	8.1%		
2	Fujian Zijinshan Ore Field Yueyang Silver and Multi-metals Mine	Gold	Ore Volume (Mt)		5.19	4.87	10.06	19.18	9.35	28.53	32.22	60.75	18.47		
			Grade (g/t)		0.45	0.32	0.39	0.42	0.41	0.42	0.38	0.4	0.03		
			Metal Volume (t)		2.33	1.55	3.88	8.06	3.83	11.89	12.24	24.13	8.01	206%	
		Copper	Ore Volume (Mt)		5.19	4.87	10.06	19.18	9.35	28.53	32.22	60.75	18.47		
			Grade (%)		0.24	0.17	0.2	0.17	0.16	0.17	0.19	0.18	-0.03		
			Metal Volume (10kt)		1.23	0.82	2.05	3.26	1.5	4.76	6.12	10.88	2.71	132.2%	
		Silver	Ore Volume (Mt)		5.19	4.87	10.06	19.18	9.35	28.53	32.22	60.75	18.47		
			Grade (g/t)		77.37	55.02	66.56	55.44	47.93	52.98	41.22	46.74	-13.58		
			Metal Volume (t)		401.71	267.8	669.51	1063.34	448.15	1511.49	1328.11	2839.6	841.98	125.8%	
		Fujian Zijinshan Ore Field Longjiangting Copper Mine	Copper	Ore Volume (Mt)		4.05	7.39	11.44		30.54	30.54	16.63	47.17	19.1	
				Grade (%)		0.66	0.58	0.61		0.37	0.37	0.36	0.37	-0.24	
				Metal Volume (10kt)		2.68	4.27	6.95		11.3	11.3	5.99	17.29	4.35	62.6%
		Gold	Ore Volume (Mt)		4.05	7.39	11.44		30.54	30.54	16.63	47.17	19.1		
			Grade (g/t)		0.42	0.42	0.42		0.32	0.32	0.33	0.32	-0.1		
Metal Volume (t)			1.72	3.08	4.79		9.77	9.77	5.49	15.26	4.98	104%			
Silver	Ore Volume (Mt)		4.05	7.39	11.44		30.54	30.54	16.63	47.17	19.1				
	Grade (g/t)		17.87	17.87	17.87		8.97	8.97	10.22	9.41	-8.9				
	Metal Volume (t)		72.43	132.02	204.45		273.94	273.94	169.96	443.9	69.49	34%			

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards				Resources identified by "NI 43-101" standards				International Standards	Percentage Increase (International standards and Domestic standards)	
				331	332	333	(333 and above) Total	Measured	Indicated	(Measured+ Indicated) Sub-total	Inferred			Total
3	Gansu Li County Dujiagou Gold Mine	Gold	Ore Volume (Mt)		6.07	28.95	35.02		23	23	12.3	35.3	-12.02	
			Grade (g/t)		2.14	1.45	1.57		1.43	1.43	1.29	1.38	-0.14	
			Metal Volume (t)		13	41.89	54.9		32.89	32.89	15.867	48.76	-22.01	-40.1%
4	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)		5.41	9.79	15.2	9.83	14.58	24.41	11.68	36.09	9.21	
			Grade (g/t)		3.72	4.44	4.18	2.86	2.5	2.64	2.25	2.52	-1.54	
			Metal Volume (t)		20.14	43.44	63.58	28.11	36.45	64.56	26.28	90.84	0.98	1.5%
5	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	Gold	Ore Volume (Mt)	2.63	43.13	51.81	97.57	59.9	84.24	144.14	33.33	177.47	46.57	
			Grade (g/t)	0.54	0.5	0.51	0.51	0.45	0.44	0.44	0.41	0.44	-0.07	
			Metal Volume (t)	1.43	21.64	26.53	49.61	26.96	37.07	64.03	13.67	77.7	14.42	29.1%
		Copper	Ore Volume (Mt)	2.63	43.13	51.81	97.57	59.9	84.24	144.14	33.33	177.47	46.57	
			Grade (%)	0.21	0.19	0.19	0.19	0.18	0.17	0.17	0.15	0.17	-0.02	
		Metal Volume (10kt)	0.56	8.33	9.6	18.49	10.78	14.32	25.1	5	30.1	6.61	35.7%	
6	Heilongjiang Nenjiang Duobaoshan Copper Mine	Copper	Ore Volume (Mt)		218.53	163.47	382	109.71	469.24	578.95	263.31	842.26	196.95	
			Grade (%)		0.45	0.48	0.47	0.4	0.34	0.35	0.34	0.35	-0.12	
			Metal Volume (10kt)		98.51	79.16	177.67	43.88	159.54	203.42	89.53	292.95	25.75	14.5%
		Molybdenum	Ore Volume (Mt)			0.03	0.03	109.71	469.24	578.95	263.31	842.26	578.92	
			Grade (%)			0.18	0.18	0.014	0.013	0.01	0.015	0.01	-0.17	
		Metal Volume (10kt)			0.01	0.01	1.54	6.1	7.64	3.95	11.59	7.63	76300%	
7	Guizhou Xingren Taipingdong Gold Mine	Gold	Ore Volume (Mt)	0.73	1.76	1.02	3.51		16.6	16.6	0.6	17.2	13.09	
			Grade (g/t)	5.72	5.13	5.14	5.26		2.5	2.5	2.82	2.51	-2.76	
			Metal Volume (t)	4.19	9.03	5.24	18.45		41.5	41.5	1.69	43.19	23.05	124.9%
8	Yunnan Shangri-la Langdu Copper Mine	Copper	Ore Volume (Mt)		1.18	2.16	3.34				3.97	3.97	-3.34	To be confirmed
			Grade (%)		2.98	2.07	2.39				1.92	1.92	-2.39	
			Metal Volume (10kt)		3.52	4.47	7.99				7.62	7.62	-7.99	

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards				Resources identified by "NI 43-101" standards				International standards		Percentage Increase (International standards and Domestic standards)	
				331	332	333	(333 and above) Total	Measured	Indicated	(Measured+ Indicated) Total	Inferred	Total	Standards- Domestic Standards		
9	Yunnan Shangri-la Lannitang Copper Mine	Copper	Ore Volume (Mt)		5.23	14.23	19.46					66.57	66.57	-19.46	To be confirmed
			Grade (%)		0.53	0.54	0.53				0.34	0.34	-0.53		
			Metal Volume (10kt)		2.75	7.61	10.36				22.63	22.63	-10.36		
10	Xinjiang Habahe Ashele Copper Mine	Copper	Ore Volume (Mt)	14.6	5.59	11.19	31.38	27	10.4	37.4	4.9	42.3	6.02		
			Grade (%)	2.48	1.84	1.78	2.12	2.1	1.4	1.91	0.96	1.8	-0.21		
			Metal Volume (10kt)	36.19	10.27	19.95	66.41	56.7	14.56	71.26	4.7	75.96	4.85	7.3%	
		Zinc	Ore Volume (Mt)	4.57	2.76	2.65	9.98	27	10.4	37.4	4.9	42.3	27.42		
			Grade (%)	2.3	2.12	1.95	2.16	1.22	0.72	1.08	0.38	1	-1.08		
		Sulfur	Ore Volume (Mt)	10.52	5.85	5.17	21.55	32.94	7.49	40.43	1.86	42.29	18.88	87.6%	
			Grade (%)	8.84	2.41	17.58	28.84	27	10.4	37.4	4.9	42.3	8.56		
	Pure Sulfur Volume (10kt)	29.17	27.13	22.35	24.84	33.31	24.01	30.72	14.75	28.87	5.88				
		257.8	65.48	392.99	716.27	899.37	249.7	1149.07	72.28	1221.35	432.8	60.4%			
11	Xinjiang Fuyun Mengku Iron Mine (East, Middle Phase)	Iron	Ore Volume (Mt)		64.48	34.68	99.16	45.29	50.38	95.67	7.82	103.49	-3.49	-3.5%	
			Grade (%)		38.55	31.75	36.17	31.31	30.19	30.72	24.44	30.25	-5.45		
			Metal Volume (10kt)		2485.44	1101.12	3586.55	1418.03	1520.97	2939	191.12	3130.12	-647.55	-18.1%	
12	Xinjiang Qitai Heishantou Coal Mine	Coal	Coal (Mt)	252.6	125.18	10.73	388.51	256.72	116.15	372.87	12.64	385.51	-15.64	-4%	
13	Qinghai Maqin Deerni Copper Mine	Copper	Ore Volume (Mt)	4.56	17	10.19	31.75		28.1	28.1	7	35.1	-3.65		
			Grade (%)	1.21	1.21	1.21	1.21		1.19	1.19	1.05	1.16	-0.02		
			Metal Volume (10kt)	5.52	20.57	12.33	38.41		33.44	33.44	7.35	40.79	-4.97	-12.9%	
		Cobalt	Ore Volume (Mt)			31.77	31.77		28.1	28.1	7	35.1	-3.67		
			Grade (%)			0.07	0.07		0.07	0.07	0.06	0.07	0		
			Metal Volume (10kt)			2.16	2.16		1.97	1.97	0.42	2.39	-0.19	-8.8%	
		Zinc	Ore Volume (Mt)		4.21	2.21	6.41		28.1	28.1	7	35.1	21.69		
			Grade (%)		1.02	1.03	1.02		0.39	0.39	0.31	0.37	-0.63		
			Metal Volume (10kt)		4.29	2.28	6.57		10.96	10.96	2.17	13.13	4.39	66.8%	
		Sulfur	Ore Volume (Mt)		22.41	10.87	33.27		28.1	28.1	7	35.1	-5.17	-15.5%	
Grade (%)			31.1	30.3	30.84		30.64	30.64	26.95	29.9	-0.2				
			696.86	329.23	1026.09		860.98	860.98	188.65	1049.63	-165.11	-16.1%			
Pure Sulfur Volume (10kt)															

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards				Resources identified by "NI 43-101" standards				International Standards- Domestic Standards	Percentage Increase (International standards and Domestic standards)	
				331	332	333	(333 and above) Total	Measured	Indicated	(Measured+ Indicated) Sub-total	Inferred			Total
Total		Gold	Ore Volume (Mt)	5.83	120.88	273.09	399.8	209.91	317.31	527.22	130.76	657.98	127.42	
			Metal Volume (t)	7.99	97.34	189.36	294.69	126.04	217.11	343.15	84.6	427.75	48.46	16.4%
		Copper	Ore Volume (Mt)	41.03	568.95	421.22	1031.2	345.79	939.87	1285.66	550.93	1836.59	254.46	
			Metal Volume (10kt)	51.89	265.98	203.27	521.13	178.33	379.42	557.75	201.83	759.58	36.62	7.03%
		Zinc	Ore Volume (Mt)	4.57	6.97	4.86	16.39	27	38.5	65.5	11.9	77.4	49.11	
			Metal Volume (10kt)	10.52	10.14	7.45	28.12	32.94	18.45	51.39	4.03	55.42	23.27	82.75%
		Molybdenum	Ore Volume (Mt)			0.03	0.03	109.71	469.24	578.95	263.31	842.26	578.92	
			Metal Volume (10kt)			0.01	0.01	1.54	6.1	7.64	3.95	11.59	7.63	76300%
		Silver	Ore Volume (Mt)		9.24	12.26	21.5	19.18	39.89	59.07	48.85	107.92	37.57	
			Metal Volume (t)		474.14	399.82	873.96	1063.34	722.09	1785.43	1498.07	3283.5	911.47	104.30%
		Cobalt	Ore Volume (Mt)			31.77	31.77		28.1	28.1	7	35.1	-3.67	
			Metal Volume (10kt)			2.16	2.16		1.97	1.97	0.42	2.39	-0.19	-8.8%
		Iron	Ore Volume (Mt)		64.48	34.68	99.16	45.29	50.38	95.67	7.82	103.49	-3.49	
			Metal Volume (10kt)		2485.44	1101.12	3586.55	1418.03	1520.97	2939	191.12	3130.12	-647.55	-18.1%
		Sulfur	Ore Volume (Mt)	8.84	24.82	28.45	62.11	27	38.5	65.5	11.9	77.4	3.39	
			Pure Sulfur Volume (10kt)	257.8	762.34	722.22	1026.09	899.37	1110.69	2010.06	260.93	2270.99	983.97	95.9%
		Coal	Ore Volume (Mt)	252.6	125.18	10.73	388.51	256.72	116.15	372.87	12.64	385.51	-15.64	-4%

Note: In this comparison, the resources recognized by international standards has not included the inferred resources.

Chairman's Statement

2. There is a report of a domestic mine which has not yet been submitted under domestic standards. The resources of such mine identified by a technical standard mineral resources report under "NI 43-101" technical standards is as follows:

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

Signatories of "NI 43-101" technical standards mineral resources report:

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

Chairman's Statement

- (b) There are two "NI 43-101" technical standards mineral reserves disclosure reports which have been completed until now, the reserves are as follows:

1. Zijinshan Gold and Copper Mine

Zijinshan Gold Mine reserves (cut-off grade 0.15g/t)

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

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

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

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

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

Chairman's Statement

2. Jilin Hunchun Xiaoxinancha Gold and Copper Mine

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

Gold ore reserves

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

Copper ore reserves

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

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

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

Signatories of "NI 43-101" technical standards mineral reserves disclosure report:

Serial No.	Name of Mine (Project)	Report No.	Signatories of competent person
1	Zijinshan Gold and Copper Mine	117641073-001-L-Rev0	Ross Bertinshaw
2	Hunchun Xiaoxinancha Gold and Copper Mine	117641073-031-L-Rev0	Ross Bertinshaw

So far, Golder Associates Consulting Limited has not yet completed the verification of resources / reserves of all the Company's mines. The Company will base on the progress of resources verification to gradually disclose the amount of resources / reserves verified by "NI 43-101" technical standards until it is fully transited to the international standards, and disclose the amount of resources and reserves identified by domestic standards at the same time.

Chairman's Statement

Strengthening of Safety and Environmental Protection Awareness; Increase of Investment in infrastructure

The Company profoundly learnt from the painful lessons of the "7.3", "9.21" incidents. Through the intensive development of the activities of "Environmental Safety Month", the strengthening of integrated and special inspection and focusing on the safety risks rectification, the awareness to safety and environmental protection and to standardize management of different levels of management personnel and different owned enterprises was significantly enhanced, and the fundamental work was further strengthened. Through the increased input, the fortification standards were comprehensively improved, the improvement of infrastructure in relation to safety and environmental protection was achieved, and the overall situation regarding the safety and environmental protection was generally stable.

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

The Steady Progress of Merger and Acquisition Projects

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

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

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

Chairman's Statement

Key Projects Constructions in an Orderly Progress

200,000 tonnes of copper refinery project was in pilot production by the end of 2011. Mongolia Tianhong Narentaolegai Gold Mine becomes the second foreign project in production after ZGC project. The project of comprehensive utilization of resources in Qinghai Zijin processing 300,000 tonnes of tailings (pyrite) per annum was completed and put into production. The following projects were basically completed: Zijinshan Dalongli copper mine flotation process project, Wengfu Zijin phosphorus chemical project, ZGC Taror gold oxide ore 2,000 t / day technical innovation project, Xinjiang Wulagen lead and zinc project, Inner Mongolia Bayanhaer gold mine, etc. The following projects are expected to be completed in the first half of 2012: Heilongjiang Duobaoshan Copper Mine project, Xinjiang Kuitun tailing resources comprehensive utilization project, Guizhou Zijin Zhenfeng Refinery Plant, Henan Luoning Zijin Gold Refinery Plant, etc. The completion of the above projects provides an effective guarantee for the Company's production and operation scale and growth of economic benefits in 2012.

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

Achieving Breakthrough with Innovative Financing

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

As a non-bank financial institution serving the Group, Zijin Finance Company has gradually developed several businesses like Reminbi deposits and loans, insurance agency, bills, investment and wealth management etc., realized the goal to centralize the funds management of the Group to solve part of the financing needs of other affiliates, reduced the Group's financing costs and used finance company as the payment and settlement platform to strengthen the supervision of the Group's funds, and generated a good return on more than RMB100 million profit in total.

Investment in Scientific Research and Improvement of Science and Technology

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

Chairman's Statement

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

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

Strengthening Internal Control, Standardizing Corporate Operation in Orderly Manner

Being the first listed company in Fujian Province to officially implement evaluation of internal control comprehensively in 2011, the Company fully promoted the establishment of internal control system and internal control evaluation work. Pursuant to the relevant laws and regulations, the Company has combined its industrial characteristics, conditions of major businesses and actual operations of the Company, kept improving the Company's internal control system, raised the management and control level of the Group, level of operation and management and risk prevention capacity, and promoted the Company's standardized operation and the healthy and sustainable development.

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

Fulfilling Social Responsibilities Actively

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

Chairman's Statement

PROSPECTS

Business Environment

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

Business Objectives

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

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

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

Business Strategies

I. Production and Operation

1. Ensure the Production and Environmental Safety

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

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

Chairman's Statement

2. To improve cost efficiency and production skills and economic indicators management

The Group will extensively carry out increase of revenue and saving expenditure, energy saving and technological innovation activities, strengthen the infrastructure of the enterprises comprehensively and the capital budget and cash flow management, improve the management of the production skills and economic indicators, and perfect the record keeping for all the relevant indication date.

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

3. To improve production volume and production rate of each company

Zijinshan Gold and Copper Mine which continues to serve as the Group's profit center, with a stable production of gold, will strive for the resumption of copper production in the second half of 2012; for production and profit-making companies such as Xinjiang Ashele, they will put efforts to increase productivity and production volume through technological innovation and strengthen management in the premise of ensuring safety and environmental protection and stable production; more efforts will be put in Qinghai Zijin circular economy project (finished construction and in pilot production), and 200,000 tonnes copper refinery project to improve their production flow and reach its production capacity; realise the commencement of production in Duobaoshan copper mine in Heilongjiang as soon as possible.

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

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

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

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

Chairman's Statement

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

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

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

The Group will set a goal to put Duobaoshan Copper Mine, Bayanhaer Gold Mine, Wulagen Zinc and Lead Mine, Zijinshan Copper Mine Dalongli Floatation Process Plant, Wengfu Zijin Phosphorous Chemical, Luoning Zijin Refinery Plant and Zhenfeng Refinery Plant into trial production in the first half of 2012; ensure to put Tuva Lead-Zinc Mine, Sanguikou Lead-Zinc Mine, the innovation of ZGC Taror oxidized ore dressing plant, and Kuitun Tongguan tailings comprehensive utilization of circular economy projects into production in the second half of 2012.

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

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

III. Scientific Research

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

Chairman's Statement

IV. Regulated Operation and Human Resources Management

The Group will further improve group management system of the basic framework of the three-level hierarchy control.

The Group will continue to deepen and strengthen internal control, further improve the organizational structure of the internal control system, improve its internal control evaluation project management system and working standards, and continuously expand the scope of internal control evaluation, and standardise internal control evaluation work to ensure internal control is running effectively.

The Group will continue to put efforts in the recruitment of high caliber personnel in management, technical and international business fields, further carry out and implement "high pay for elites" policy with "human orientation" management concept.

V. Corporate Social Responsibility

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

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

Future capital need, usage plan and sources of fund

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

By order of the Board
Chen Jinghe
Chairman

Shanghang, Fujian, the PRC
28 March 2012



紫金礦業集團股份有限公司
ZIJIN MINING GROUP COMPANY LIMITED*