

Zijin Mining Group Co., Ltd

| Rating Type | Rating | Outlook | Last Rating Action |
|---|--------|---------|--------------------|
| Click here for full list of ratings | | | |

Financial Summary

| (CNYm) | Dec 2016 | Dec 2017 | Dec 2018F | Dec 2019F |
|-------------------------------|----------|----------|-----------|-----------|
| Gross Revenue | 77,943 | 93,196 | 98,740 | 101,969 |
| Operating EBITDAR Margin (%) | 11.3 | 13.3 | 14.7 | 14.7 |
| FFO Margin (%) | 9.8 | 10.5 | 11.2 | 11.2 |
| FFO Fixed Charge Coverage (x) | 6.0 | 7.1 | 7.6 | 7.7 |
| FFO Adjusted Leverage (x) | 4.9 | 3.3 | 3.1 | 3.0 |

Source: Fitch

The ratings on China-based Zijin Mining Group Co., Ltd are supported by its position as a diversified gold, copper and zinc miner with a global asset portfolio. The company also employs prudent financial policies and has a solid record of generating positive free cash flow. Zijin's ratings are constrained by its still-evolving business profile and an acquisitive business strategy that results in more financial uncertainty compared with similarly rated peers.

Key Rating Drivers

Leading Domestic Producer: Zijin is one of the largest gold and copper producers in China. The company holds the third-largest gold reserve and the largest copper reserve among Chinese miners. While there are many specialised metal producers in China, Zijin is one of the few that has dominant positions in the precious metal and base metal industries.

Diversified Profit Base: Zijin has domestic and international operations in gold, copper, zinc, silver and iron ore. Its businesses range from mining and refining to processing, smelting and trading. The highly diversified businesses allow Zijin to enjoy greater growth potential as it can share the cash flows among projects at different stages of development, and reduce cash flow volatility.

Copper to Drive Profitability: Zijin's copper production at its major copper mines increased rapidly to 210,000 tonnes in 2017 from 150,000 tonnes in 2016. Fitch expects output to rise to 240,000 tonnes in 2018 and 275,000 tonnes in 2019. Copper mining accounted for around 16% of Zijin's total gross profits in 2016, but Fitch expects this to increase to as much as 40% by 2020. We also expect Zijin's overall margins to improve as its copper mining business has better margins than its traditional gold mining business.

Low-Cost Copper Producer: Zijin's cash costs in its core copper mines are comparable with those of much larger producers, making it a first quartile producer on the global cost curve. Although Zijin's copper operations are smaller than global peers', we expect Zijin's copper volume to increase significantly once its Kamoa copper mine in the Democratic Republic of Congo starts operation in 2021.

Significant Overseas Presence: Zijin owns nine major overseas mines in Australia, Canada, Democratic Republic of Congo, South Africa, Papua New Guinea, and Peru. These overseas assets account for 52% of Zijin's gold resources and production and 65% of Zijin's copper resources and 14% of copper production. Zijin currently derives around one third of its total profits from its overseas operations.

Strong Cash Flow Generation: Zijin's free cash flow (FCF) was positive in the past three years despite heavy capex and large dividend pay-outs. The company was even able to remain FCF positive in 2015, the trough of the commodity down cycle, by effectively managing its working capital. We expect Zijin to continue to post positive FCF from 2018 to 2021 due to better profitability in its copper segment and levels of capex and dividend pay-outs similar to previous years.

Net Leverage to Decrease: Zijin's net leverage was high at around 4.0x between 2014 and 2016 due to weak commodity prices and increased overseas investments during the period, but decreased to 2.6x in 2017 following the recovery in copper and zinc prices and increased copper production. In addition, Zijin also completed a CNY4.6 billion A-share equity placement in 2017, which reduced its net debt position. We expect Zijin's net leverage to remain low at about 2.2x to 2.3x over 2018 to 2021.

Rating Derivation Relative to Peers

| Rating Derivation vs. Peers | |
|-----------------------------|---|
| Peer Comparison | Zijin is better diversified than gold miners Goldcorp Inc. (BBB/Stable), Kinross Gold Corporation (BBB-/Stable) and Yamana Gold Inc. (BBB-/Stable), due to its growing copper business, which will become a major profit contributor. Zijin's copper and gold businesses also complement each other during commodity price volatility. However the rated gold miners have higher mining profitability due to their first quartile position on the cost curve. |
| Parent/Subsidiary Linkage | No Parent/Subsidiary Linkage is applicable. |
| Country Ceiling | No Country Ceiling constraint was in effect for these ratings. |
| Operating Environment | No Operating Environment influence was in effect for these ratings. |
| Other Factors | n.a. |
| Source: Fitch | |

Navigator Peer Comparison

| Issuer | | Business profile | | | | | | | Financial profile | | | | | | | | |
|-------------------------------|-------------|-----------------------|---|-------------------------------------|---|---------------------|---------------------------------|----------------------------------|-------------------|---------------|---------------------|-----------------------|---|------|---|------|---|
| Name | IDR/Outlook | Operating Environment | | Management and Corporate Governance | | Scale of Operations | Cost Position of Key Operations | Diversification and Country Risk | Mine Life | Profitability | Financial Structure | Financial Flexibility | | | | | |
| Zijin Mining Group Co., Ltd-1 | BBB-/Sta | bbb | ■ | bbb | ■ | bb+ | ■ | bbb- | ■ | bbb | ■ | bb | ■ | bb+ | ■ | bbb | ■ |
| Yamana Gold Inc.-3 | BBB-/Sta | a+ | ■ | bbb+ | ■ | bb | ■ | bbb | ■ | bb+ | ■ | bb | ■ | bbb | ■ | bbb- | ■ |
| Kinross Gold Corporation-4 | BBB-/Sta | a- | ■ | bbb+ | ■ | bbb | ■ | bbb | ■ | b | ■ | bbb- | ■ | bbb- | ■ | bbb+ | ■ |
| Freeport-McMoRan Inc.-3 | BB+/Neg | a | ■ | a- | ■ | bbb | ■ | bbb | ■ | bbb | ■ | bbb- | ■ | bb+ | ■ | bbb | ■ |
| Source: Fitch | | Importance | | | | | | | ■ Higher | ■ Moderate | ■ Lower | | | | | | |

| Issuer | | Business profile | | | | | | | Financial profile | | | | | | | | | | |
|-------------------------------|-------------|-----------------------|---|-------------------------------------|---|---------------------|---------------------------------|----------------------------------|-----------------------------|--------------------|------------------------------|-----------------------|---|------|---|------|---|-----|---|
| Name | IDR/Outlook | Operating Environment | | Management and Corporate Governance | | Scale of Operations | Cost Position of Key Operations | Diversification and Country Risk | Mine Life | Profitability | Financial Structure | Financial Flexibility | | | | | | | |
| Zijin Mining Group Co., Ltd-1 | BBB-/Sta | 1.0 | ■ | 1.0 | ■ | -1.0 | ■ | 0.0 | ■ | 0.0 | ■ | 1.0 | ■ | -2.0 | ■ | -1.0 | ■ | 1.0 | ■ |
| Yamana Gold Inc.-3 | BBB-/Sta | 5.0 | ■ | 2.0 | ■ | -2.0 | ■ | 1.0 | ■ | -1.0 | ■ | -2.0 | ■ | 1.0 | ■ | 0.0 | ■ | 0.0 | ■ |
| Kinross Gold Corporation-4 | BBB-/Sta | 3.0 | ■ | 2.0 | ■ | 1.0 | ■ | 1.0 | ■ | 0.0 | ■ | -5.0 | ■ | 0.0 | ■ | 0.0 | ■ | 2.0 | ■ |
| Freeport-McMoRan Inc.-3 | BB+/Neg | 5.0 | ■ | 4.0 | ■ | 2.0 | ■ | 2.0 | ■ | 1.0 | ■ | 2.0 | ■ | 1.0 | ■ | 0.0 | ■ | 2.0 | ■ |
| Source: Fitch | | | | | | | | | ■ Worse positioned than IDR | ■ In line with IDR | ■ Better positioned than IDR | | | | | | | | |

Rating Sensitivities

Future Developments That May, Individually or Collectively, Lead to Positive Rating Action

- Positive rating action is unlikely in the near term unless Zijin's business profile reaches a steady state while it continues to diversify its asset base and keep FFO adjusted net leverage below 2.0x.

Future Developments That May, Individually or Collectively, Lead to Negative Rating Action

- FFO adjusted net leverage sustained above 2.5x.
- Sustained negative free cash flow generation.
- Significant increase in exposure to markets with high geopolitical and operating environment risks.

Liquidity and Debt Structure

Ample Liquidity: Zijin enjoys a multitude of onshore and offshore funding sources, as well as ample liquidity from major banks. As of end-2017, Zijin has around CNY98 billion in unutilised credit facilities, CNY8 billion in cash and CNY2 billion in listed equities, against around CNY17 billion in short-term debt.

Debt Maturities and Liquidity at End-2017

| Liquidity Summary | Original |
|--|------------------|
| | 31 December 2017 |
| (CNYm) | |
| Fitch-defined Readily Available Cash and Cash Equivalents | 8,143 |
| Availability under Committed Lines of Credit | 97,800 |
| Total Liquidity | 105,943 |
| Plus: Fitch Forecasted 2017 FCF (post dividend) | 2,888 |
| Total Projected 2018 Liquidity | 108,831 |
| LTM EBITDA | 12,409 |
| LTM Free Cash Flow | 2,028 |
| Source: Fitch Ratings, Inc., Company filings | |

| Scheduled Debt Maturities | Original |
|--|------------------|
| (CNYm) | 31 December 2017 |
| 2018 | 16,640 |
| After 2018 | 20,378 |
| Total Debt Maturities | 37,901 |
| Source: Fitch Ratings, Inc., Company filings | |

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- Gold price of USD1,200/oz between 2018 and 2021.
- Copper price of USD6,700/tonne in 2018, USD6,700/tonne in 2019 and USD6,800/tonne in 2020
- CNY6 billion of capex each year between 2018 and 2021
- CNY2 billion of dividend payout each year between 2018 and 2021

Financial Data

| (CNYm) | Historical | | | Forecast | | |
|---|------------|----------|----------|-----------|-----------|-----------|
| | Dec 2015 | Dec 2016 | Dec 2017 | Dec 2018F | Dec 2019F | Dec 2020F |
| SUMMARY INCOME STATEMENT | | | | | | |
| Gross Revenue | 73,494 | 77,943 | 93,196 | 98,740 | 101,969 | 104,154 |
| Revenue Growth (%) | 26.9 | 6.1 | 19.6 | 5.9 | 3.3 | 2.1 |
| Operating EBITDA (Before Income From Associates) | 5,482 | 8,788 | 12,409 | 14,481 | 14,938 | 15,686 |
| Operating EBITDA Margin (%) | 7.5 | 11.3 | 13.3 | 14.7 | 14.6 | 15.1 |
| Operating EBITDAR | 5,491 | 8,794 | 12,418 | 14,491 | 14,948 | 15,696 |
| Operating EBITDAR Margin (%) | 7.5 | 11.3 | 13.3 | 14.7 | 14.7 | 15.1 |
| Operating EBIT | 2,174 | 4,671 | 8,081 | 10,361 | 10,582 | 11,171 |
| Operating EBIT Margin (%) | 3.0 | 6.0 | 8.7 | 10.5 | 10.4 | 10.7 |
| Gross Interest Expense | -1,444 | -1,663 | -1,666 | -1,622 | -1,664 | -1,583 |
| Pretax Income (Including Associate Income/Loss) | 2,086 | 2,126 | 4,568 | 9,032 | 9,230 | 9,854 |
| SUMMARY BALANCE SHEET | | | | | | |
| Readily Available Cash and Equivalents | 5,433 | 6,111 | 8,143 | 9,591 | 9,133 | 5,406 |
| Total Debt With Equity Credit | 36,396 | 42,957 | 37,018 | 38,578 | 39,081 | 35,785 |
| Total Adjusted Debt with Equity Credit | 36,470 | 43,003 | 37,091 | 38,656 | 39,160 | 35,866 |
| Net Debt | 30,962 | 36,846 | 28,875 | 28,987 | 29,948 | 30,379 |
| SUMMARY CASH FLOW STATEMENT | | | | | | |
| Operating EBITDA | 5,482 | 8,788 | 12,409 | 14,481 | 14,938 | 15,686 |
| Cash Interest Paid | -869 | -1,450 | -1,580 | -1,622 | -1,664 | -1,583 |
| Cash Tax | -749 | -513 | -1,182 | -1,806 | -1,846 | -1,971 |
| Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow) | -819 | -123 | -227 | -227 | -227 | -227 |
| Other Items Before FFO | 303 | 602 | 278 | 0 | 0 | 0 |
| Funds Flow From Operations | 3,501 | 7,615 | 9,762 | 11,042 | 11,436 | 12,094 |
| Change in Working Capital | 3,737 | 427 | -1,315 | 496 | -573 | -205 |
| Cash Flow From Operations (Fitch Defined) | 7,238 | 8,042 | 8,447 | 11,539 | 10,863 | 11,889 |
| Total Non-Operating/Non-Recurring Cash Flow | 0 | 0 | 0 | | | |
| Capital Expenditure | -4,858 | -5,521 | -5,037 | | | |
| Capital Intensity (Capex/Revenue) | 6.6 | 7.1 | 5.4 | | | |

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Common Dividends | -1,726 | -1,292 | -1,382 | | | |
| Free Cash Flow | 654 | 1,228 | 2,028 | | | |
| Net Acquisitions and Divestitures | -695 | -252 | 359 | | | |
| Other Investing and Financing Cash Flow Items | -1,927 | -4,784 | -1,987 | -3,000 | -3,000 | -4,000 |
| Net Debt Proceeds | 3,442 | 3,900 | -3,915 | 1,560 | 502 | -3,296 |
| Net Equity Proceeds | 12 | 85 | 4,621 | 0 | 0 | 0 |
| Total Change in Cash | 1,487 | 177 | 1,105 | 1,448 | -458 | -3,727 |
| ADDITIONAL CASH FLOW MEASURES | | | | | | |
| FFO Margin (%) | 4.8 | 9.8 | 10.5 | 11.2 | 11.2 | 11.6 |
| Calculations for Forecast Publication | | | | | | |
| Capex, Dividends, Acquisitions and Other Items Before FCF | -7,279 | -7,066 | -6,061 | -8,651 | -8,823 | -8,321 |
| Free Cash Flow After Acquisitions and Divestitures | -41 | 976 | 2,386 | 2,888 | 2,040 | 3,569 |
| Free Cash Flow Margin (After Net Acquisitions) (%) | -0.1 | 1.3 | 2.6 | 2.9 | 2.0 | 3.4 |
| COVERAGE RATIOS | | | | | | |
| FFO Interest Coverage (x) | 4.9 | 6.0 | 7.1 | 7.7 | 7.7 | 8.5 |
| FFO Fixed Charge Coverage (x) | 4.8 | 6.0 | 7.1 | 7.6 | 7.7 | 8.5 |
| Operating EBITDAR/Interest Paid + Rents (x) | 5.3 | 6.0 | 7.7 | 8.7 | 8.8 | 9.7 |
| Operating EBITDA/Interest Paid (x) | 5.4 | 6.0 | 7.7 | 8.8 | 8.8 | 9.8 |
| LEVERAGES RATIOS | | | | | | |
| Total Adjusted Debt/Operating EBITDAR (x) | 7.8 | 5.0 | 3.0 | 2.7 | 2.7 | 2.3 |
| Total Adjusted Net Debt/Operating EBITDAR (x) | 6.6 | 4.3 | 2.4 | 2.0 | 2.0 | 2.0 |
| Total Debt with Equity Credit/Operating EBITDA (x) | 7.8 | 5.0 | 3.0 | 2.7 | 2.7 | 2.3 |
| FFO Adjusted Leverage (x) | 8.6 | 4.9 | 3.3 | 3.1 | 3.0 | 2.7 |
| FFO Adjusted Net Leverage (x) | 7.3 | 4.2 | 2.6 | 2.3 | 2.3 | 2.3 |
| Source: Company , Fitch | | | | | | |

How to Interpret the Forecast Presented

The forecast presented is based on the agency's internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch's own internal deliberations, where Fitch, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch may update the forecast in future reports but assumes no responsibility to do so.

Rating Navigator

Zijin Mining Group Co., Ltd

Corporates Ratings Navigator Mining

| Factor Levels | Sector Risk Profile | Operating Environment | Management and Corporate Governance | Business Profile | | | | Financial Profile | | | Issuer Default Rating |
|---------------|---------------------|-----------------------|-------------------------------------|---------------------|---------------------------------|----------------------------------|-----------|-------------------|---------------------|-----------------------|-----------------------|
| | | | | Scale of Operations | Cost Position of Key Operations | Diversification and Country Risk | Mine Life | Profitability | Financial Structure | Financial Flexibility | |
| aaa | | | | | | | | | | | AAA |
| aa+ | | | | | | | | | | | AA+ |
| aa | | | | | | | | | | | AA |
| aa- | | | | | | | | | | | AA- |
| a+ | █ | | | | | | | | | | A+ |
| a | █ | | | | | | | | | | A |
| a- | █ | | | | | | | | | | A- |
| bbb+ | █ | | █ | | | | █ | | | █ | BBB+ |
| bbb | █ | █ | █ | | █ | █ | █ | | | █ | BBB |
| bbb- | █ | █ | █ | █ | █ | █ | █ | | | █ | BBB- |
| bb+ | █ | | | | █ | █ | | █ | | █ | BB+ |
| bb | █ | | | | █ | █ | | █ | | █ | BB |
| bb- | █ | | | | | | | █ | | | BB- |
| b+ | █ | | | | | | | | | | B+ |
| b | █ | | | | | | | | | | B |
| b- | █ | █ | | | | | | | | | B- |
| ccc+ | | | | | | | | | | | CCC+ |
| ccc | | | | | | | | | | | CCC |
| ccc- | | | | | | | | | | | CCC- |
| cc | | | | | | | | | | | CC |

Operating Environment

| | | | |
|------|----------------------|-----|--|
| bbb+ | Economic Environment | bbb | Average combination of countries where economic value is created and where assets are located. |
| bbb | Financial Access | bbb | Average combination of issuer specific funding characteristics and of the strength of the relevant local financial market. |
| | Systemic Governance | bbb | Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bbb'. |
| b- | | | |
| ccc+ | | | |

Scale of Operations

| | | | |
|------|---------------------|----|---|
| bbb | Scale of Operations | bb | Small diversified or medium single-commodity. |
| bbb- | | | |
| bb+ | | | |
| bb | | | |
| bb- | | | |

Diversification and Country Risk

| | | | |
|------|--|-----|--|
| bbb+ | Commodity Diversification | bb | Top 10 player in single commodity. |
| bbb | Environmental Exposure | bbb | Limited or manageable exposure to environmental regulations. Remediation costs are comfortably within current cashflows. |
| bbb- | Country Risk Relative to Mining Operations | bb | Medium |
| bb+ | | | |
| bb | | | |

Profitability

| | | | |
|------|--------------------------|-----|---|
| bbb- | FFO Margin | b | 15% |
| bb+ | FCF Margin | bbb | Positive FCF on average, with the potential for temporary (two-three year) FCF outflows due to capital spending on identified projects. |
| bb | Operating EBITDAR Margin | b | 20% |
| bb- | | | |
| b+ | | | |

Financial Flexibility

| | | | |
|------|------------------------|-----|--|
| a- | Financial Discipline | bbb | Financial policies less conservative than peers but generally applied consistently. |
| bbb+ | Liquidity | bbb | One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified. |
| bbb | FFO Fixed Charge Cover | bbb | 8x |
| bbb- | FX Exposure | bbb | Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place. |
| bb+ | | | |

Management and Corporate Governance

| | | | |
|------|------------------------|-----|---|
| a- | Management Strategy | bbb | Strategy may include opportunistic elements but soundly implemented. |
| bbb+ | Governance Structure | bbb | Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration. |
| bbb | Group Structure | bbb | Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions. |
| bbb- | Financial Transparency | bbb | Good quality reporting without significant falling. Consistent with the average of listed companies in major exchanges. |
| bb+ | | | |

Cost Position of Key Operations

| | | | |
|------|-----------------|-----|---------------|
| bbb+ | Market Position | bbb | 2nd quartile. |
| bbb | | | |
| bbb- | | | |
| bb+ | | | |
| bb | | | |

Mine Life

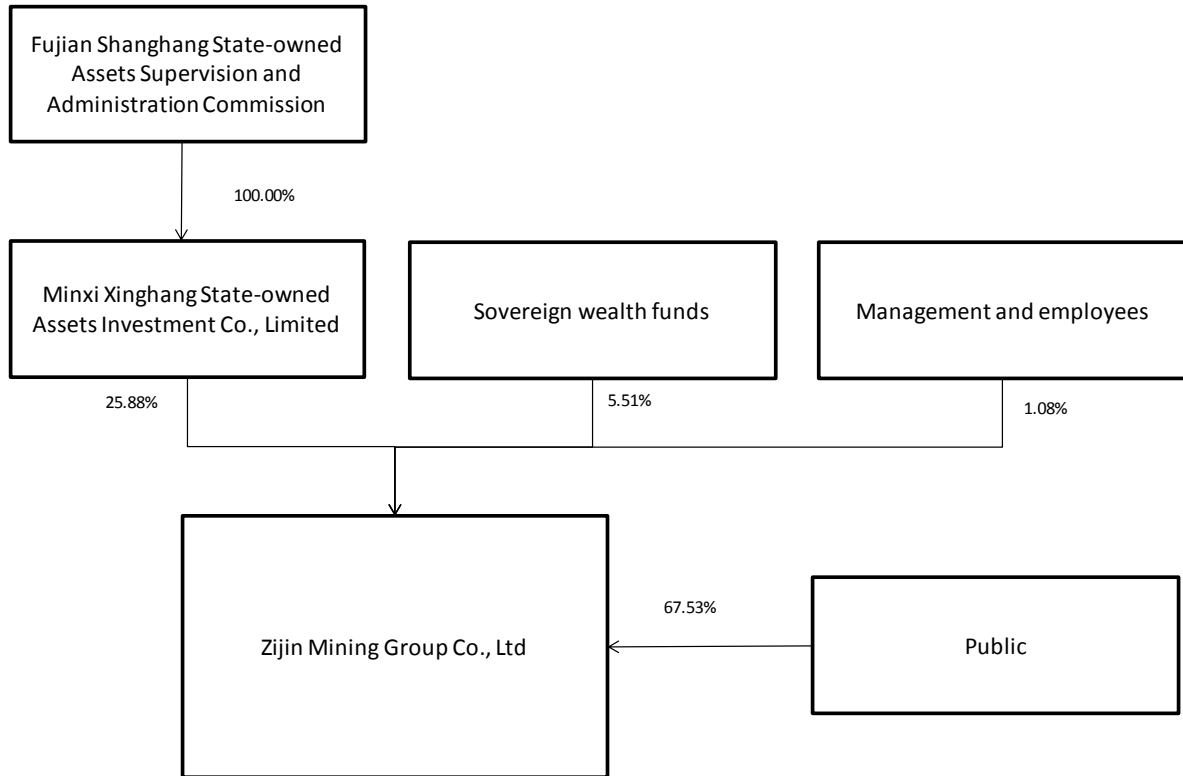
| | | | |
|------|--|-----|--|
| a- | Bulk Commodities (Iron Ore, Coal, Bauxite, Etc.) | | n.a. |
| bbb+ | Base (Copper, Lead, Etc.) and Precious | bbb | 20-30 years on average at major mines. |
| bbb | | | |
| bbb- | | | |
| bb+ | | | |

Financial Structure

| | | | |
|------|-----------------------------------|-----|------|
| bbb | Lease Adjusted FFO Gross Leverage | bb | 3.0x |
| bbb- | Lease Adjusted FFO Net Leverage | bbb | 2.0x |
| bb+ | Total Adjusted Debt/Operating | bb | 2.5x |
| bb | | | |
| bb- | | | |

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Simplified Group Structure Diagram



Source: Company, Fitch. As at end-2017

Peer Financial Summary

| Company | Date | Rating | Gross Revenue (USDmn) | Operating EBITDAR Margin (%) | FFO Margin (%) | FFO Fixed Charge Coverage (x) | FFO Adjusted Leverage (x) |
|-----------------------------|------|--------|--|------------------------------------|-------------------|-------------------------------------|------------------------------|
| Zijin Mining Group Co., Ltd | | | This entity is non-publicly rated, no data can be published | | | | |
| Yamana Gold Inc. | 2017 | BBB- | 1,804 | 35.3 | 26.9 | 5.4 | 3.3 |
| | 2016 | BBB- | 1,788 | 36.9 | 28.1 | 8.6 | 2.9 |
| | 2015 | BBB- | 1,825 | 33.5 | 26.1 | 6.3 | 3.2 |
| Kinross Gold Corporation | 2017 | BBB- | 3,303 | 36.8 | 27.7 | 11.2 | 2.0 |
| | 2016 | BBB- | 3,472 | 30.8 | 21.0 | 9.0 | 2.3 |
| | 2015 | BBB- | 3,052 | 28.8 | 19.7 | 11.4 | 3.1 |
| Freeport-McMoRan Inc. | 2017 | BB+ | 16,403 | 32.9 | 23.7 | 7.2 | 3.0 |
| | 2016 | BBB- | 14,830 | 29.2 | 20.3 | 4.7 | 4.3 |
| | 2015 | BBB | 15,877 | 21.6 | 17.8 | 4.8 | 5.9 |
| Source: Fitch | | | | | | | |

Reconciliation of Key Financial Metrics

Reconciliation of Key Financial Metrics for Zijin Mining Group Co., Ltd

| (CNY Millions, As reported) | 31 Dec 2017 |
|---|----------------|
| Income Statement Summary | |
| Operating EBITDA | 12,409 |
| + Recurring Dividends Paid to Non-controlling Interest | (227) |
| + Recurring Dividends Received from Associates | 0 |
| + Additional Analyst Adjustment for Recurring I/S Minorities and Associates | 0 |
| = Operating EBITDA After Associates and Minorities (k) | 12,182 |
| + Operating Lease Expense Treated as Capitalised (h) | 9 |
| = Operating EBITDAR after Associates and Minorities (j) | 12,191 |
| Debt & Cash Summary | |
| Total Debt with Equity Credit (l) | 37,018 |
| + Lease-Equivalent Debt | 73 |
| + Other Off-Balance-Sheet Debt | 0 |
| = Total Adjusted Debt with Equity Credit (a) | 37,091 |
| Readily Available Cash [Fitch-Defined] | 8,143 |
| + Readily Available Marketable Securities [Fitch-Defined] | 0 |
| = Readily Available Cash & Equivalents (o) | 8,143 |
| Total Adjusted Net Debt (b) | 28,948 |
| Cash-Flow Summary | |
| Preferred Dividends (Paid) (f) | 0 |
| Interest Received | 64 |
| + Interest (Paid) (d) | (1,580) |
| = Net Finance Charge (e) | (1,516) |
| Funds From Operations [FFO] (c) | 9,762 |
| + Change in Working Capital [Fitch-Defined] | (1,315) |
| = Cash Flow from Operations [CFO] (n) | 8,447 |
| Capital Expenditures (m) | (5,037) |
| Multiple applied to Capitalised Leases | 8.0 |
| Gross Leverage | |
| Total Adjusted Debt / Op. EBITDAR* [x] (a/j) | 3.0 |
| FFO Adjusted Gross Leverage [x] (a/(c-e+h-f)) | 3.3 |
| <i>Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i> | |
| Total Debt With Equity Credit / Op. EBITDA* [x] (l/k) | 3.0 |
| Net Leverage | |
| Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j) | 2.4 |
| FFO Adjusted Net Leverage [x] (b/(c-e+h-f)) | 2.6 |
| <i>Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i> | |
| Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m)) | 8.5 |
| Coverage | |
| Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h) | 7.7 |
| Op. EBITDA / Interest Paid* [x] (k/(-d)) | 7.7 |
| FFO Fixed Charge Cover [x] ((c-e+h-f)/(-d+h-f)) | 7.1 |
| <i>(FFO - Net Finance Charge + Capit. Leases - Pref. Div. Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)</i> | |
| FFO Gross Interest Coverage [x] ((c-e-f)/(-d-f)) | 7.1 |
| <i>(FFO - Net Finance Charge - Pref. Div. Paid) / (Gross Int. Paid - Pref. Div. Paid)</i> | |
| * EBITDAR after Dividends to Associates and Minorities | |
| Source: Fitch, based on information from company reports. | |

Fitch Adjustment Reconciliation

Fitch Financial Adjustments – Summary Financials
Zijin Mining Group Co., Ltd

| (CNY Millions, As reported) | Reported Values 31 Dec 17 | Sum of Fitch Adjustments | Preferred Dividends, Associates and Minorities Cash Adjustments | -CORP - other | Other Adjustment | Adjusted Values |
|--|------------------------------|--------------------------|---|---------------|------------------|-----------------|
| Income Statement Summary | | | | | | |
| Revenue | 93,196 | 0 | | | | 93,196 |
| Operating EBITDAR | 12,409 | 9 | | 9 | (0) | 12,418 |
| Operating EBITDAR after Associates and Minorities | 12,409 | (218) | (227) | 9 | | 12,191 |
| Operating Lease Expense | 0 | 9 | | 9 | 0 | 9 |
| Operating EBITDA | 12,409 | 0 | | | | 12,409 |
| Operating EBITDA after Associates and Minorities | 12,409 | (227) | (227) | | | 12,182 |
| Operating EBIT | 8,081 | 0 | | | | 8,081 |
| Debt & Cash Summary | | | | | | |
| Total Debt With Equity Credit | 37,018 | 0 | | | | 37,018 |
| Total Adjusted Debt With Equity Credit | 37,018 | 73 | | 73 | | 37,091 |
| Lease-Equivalent Debt | 0 | 73 | | 73 | | 73 |
| Other Off-Balance Sheet Debt | 0 | 0 | | | | 0 |
| Readily Available Cash & Equivalents | 5,822 | 2,321 | | 2,321 | 0 | 8,143 |
| Not Readily Available Cash & Equivalents | 114 | 0 | | | | 114 |
| Cash-Flow Summary | | | | | | |
| Preferred Dividends (Paid) | 0 | 0 | | | | 0 |
| Interest Received | 64 | 0 | | | | 64 |
| Interest (Paid) | (1,580) | 0 | | | | (1,580) |
| Funds From Operations [FFO] | 9,564 | 199 | (227) | 425 | 0 | 9,762 |
| Change in Working Capital [Fitch-Defined] | (1,315) | 0 | | | | (1,315) |
| Cash Flow from Operations [CFO] | 8,248 | 199 | (227) | 425 | 0 | 8,447 |
| Non-Operating/Non-Recurring Cash Flow | 0 | 0 | | | | 0 |
| Capital (Expenditures) | (5,037) | 0 | | | | (5,037) |
| Common Dividends (Paid) | (1,382) | 0 | | | | (1,382) |
| Free Cash Flow [FCF] | 1,829 | 199 | (227) | 425 | (0) | 2,028 |
| Gross Leverage | | | | | | |
| Total Adjusted Debt / Op. EBITDAR* [x] | 3.0 | | | | | 3.0 |
| FFO Adjusted Leverage [x] | 3.3 | | | | | 3.3 |
| Total Debt With Equity Credit / Op. EBITDA* [x] | 3.0 | | | | | 3.0 |
| Net Leverage | | | | | | |
| Total Adjusted Net Debt / Op. EBITDAR* [x] | 2.5 | | | | | 2.4 |
| FFO Adjusted Net Leverage [x] | 2.8 | | | | | 2.6 |
| Total Net Debt / (CFO - Capex) [x] | 9.7 | | | | | 8.5 |
| Coverage | | | | | | |
| Op. EBITDAR / (Interest Paid + Lease Expense)* [x] | 7.9 | | | | | 7.7 |
| Op. EBITDA / Interest Paid* [x] | 7.9 | | | | | 7.7 |
| FFO Fixed Charge Coverage [x] | 7.0 | | | | | 7.1 |
| FFO Interest Coverage [x] | 7.0 | | | | | 7.1 |

*EBITDAR after Dividends to Associates and Minorities

Source: Company, Fitch

Full List of Ratings

| Rating | Outlook | Last Rating Action |
|---------------|---------|--------------------|
| To be updated | | |

Related Research & Criteria

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| Corporate Rating Criteria (March 2018) |
| Corporates Notching and Recovery Ratings Criteria (March 2018) |
| Sector Navigators (March 2018) |

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