



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)

年報 **2011**
ANNUAL REPORT



*For identification purpose only
*僅供識別

Contents

Corporate Information	2
Financial Highlights	4
Chairman’s Statement	7
Management Discussion and Analysis	26
Directors, Supervisors and Senior Management	38
Report of the Directors	43
Report of the Supervisory Committee	78
Corporate Governance Report	85
Independent Auditors’ Report	95
Consolidated Balance Sheet	97
Consolidated Income Statement	99
Consolidated Statement of Changes in Equity	100
Consolidated Statement of Cash Flows	102
Balance Sheet	104
Income Statement	106
Statement of Changes in Equity	107
Statement of Cash Flows	109
Notes to Financial Statements	111
Supplementary Information	345

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

Suites 3712-15, 37/F., Tower 2, Times Square,
1 Matheson Street, Causeway Bay,
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

Computershare Hong Kong Investor Services Limited
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WEBSITE

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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

1. 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

2. 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.

Chairman's Statement

(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 (333 and above)					Resources identified by "NI 43-101" standards (Measured+ Indicated)			Total	International Standards- Domestic Standards	Percentage Increase (International standards and Domestic standards)
				331	332	333	Total	Measured	Indicated	Sub-total	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	0.39	0.45	0.02
		Copper	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%
			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 (100kt)	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 Yueqiang 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	0.38	0.4	0.03	
		Copper	Metal Volume (t)	2.33	1.55	3.88	8.06	3.83	11.89	12.24	24.13	8.01	20.6%	
			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	0.17	0.19	0.18	-0.03	
			Metal Volume (100kt)	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%	
			Ore Volume (Mt)	4.05	7.39	11.44	30.54	16.63	47.17	19.1				
			Grade (%)	0.66	0.58	0.61	0.37	0.37	0.37	0.36	0.37	-0.24		
			Metal Volume (100kt)	2.68	4.27	6.95	11.3	5.99	17.29	4.35	62.6%			
Gold	Fujian Zijinshan Ore Field Longjiangting Copper Mine	Ore Volume (Mt)	4.05	7.39	11.44	30.54	16.63	47.17	19.1					
		Grade (g/t)	0.42	0.42	0.42	0.32	0.32	0.32	0.33	0.32	-0.1			
		Metal Volume (t)	1.72	3.08	4.79	9.77	5.49	15.26	4.98	104%				
		Ore Volume (Mt)	4.05	7.39	11.44	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	169.96	443.9	69.49	34%				

Chairman's Statement

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards (333 and above)				Resources identified by "NI 43-101" standards (Measured+ Indicated)			Inferred	Total Standards	International Standards- Domestic Standards	Percentage Increase (International standards and Domestic standards)
				331	332	333	Total	Measured	Indicated	Sub-total				
3	Gansu Li County Duijiegou Gold Mine	Gold	Ore Volume (Mt)	6.07	28.95	35.02	23	23	12.3	35.3	-12.02	-40.1%		
			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			
4	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)	5.41	9.79	15.2	9.83	14.58	11.68	36.09	9.21	1.5%		
			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	
5	Jilin Hunchun Xiaoxiancha Gold and Copper Mine	Gold	Ore Volume (Mt)	2.63	43.13	97.57	59.9	84.24	144.14	33.33	177.47	46.57	29.1%	
			Grade (g/t)	0.54	0.5	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	37.07	64.03	13.67	77.7	14.42		
		Copper	Ore Volume (Mt)	2.63	43.13	97.57	59.9	84.24	144.14	33.33	177.47	46.57		
			Grade (%)	0.21	0.19	0.19	0.18	0.17	0.17	0.15	0.17	-0.02		
			Metal Volume (10kt)	0.56	8.33	18.49	10.78	14.32	25.1	5	30.1	6.61		35.7%
6	Heilongjiang Nerjiang Duobashan Copper Mine	Copper	Ore Volume (Mt)	218.53	163.47	382	109.71	469.24	578.95	263.31	842.26	196.95	14.5%	
			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		
		Molybdenum	Ore Volume (Mt)	0.03	0.03	0.03	0.03	0.03	0.01	0.015	0.01	0.01		0.01
			Grade (%)	0.18	0.18	0.18	0.014	0.013	0.01	0.015	0.01	-0.17		
			Metal Volume (10kt)	0.01	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)	1.76	1.02	3.51	16.6	16.6	0.6	17.2	13.09	124.9%		
			Grade (g/t)	5.72	5.13	5.26	2.5	2.5	2.82	2.51	-2.76			
			Metal Volume (t)	4.19	9.03	18.45	41.5	41.5	1.69	43.19	23.05			
8	Yunnan Shangri-la Langdu Copper Mine	Copper	Ore Volume (Mt)	1.18	2.16	3.34	3.34	3.34	3.97	3.97	-3.34	To be confirmed		
			Grade (%)	2.98	2.07	2.39	2.39	2.39	1.92	1.92	-2.39			
			Metal Volume (10kt)	3.52	4.47	7.99	7.99	7.99	7.62	7.62	-7.99			

Chairman's Statement

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources/reserves identified by domestic standards (333 and above)					Resources identified by "NI 43-101" standards (Measured+ Indicated)			Total	International Standards- Domestic Standards	Percentage Increase (International standards and Domestic standards)		
				331	332	333	Total	Measured	Indicated	Total	Inferred					
9	Yunnan Shangri-la Lanniang Copper Mine	Copper	Ore Volume (Mt)	5.23	14.23	19.46	31.38	27	10.4	37.4	4.9	66.57	66.57	-19.46	To be confirmed	
			Grade (%)	0.53	0.54	0.53	0.53	2.1	1.4	1.91	0.96	1.8	0.34	0.34	-0.53	
			Metal Volume (10kt)	2.75	7.61	10.36	66.41	56.7	14.56	71.26	4.7	75.96	4.85	7.3%		
10	Xinjiang Habaihe Ashele Copper Mine	Copper	Ore Volume (Mt)	14.6	11.19	31.38	27	10.4	37.4	4.9	66.57	66.57	-19.46	To be confirmed		
			Grade (%)	2.48	1.78	2.12	2.1	1.4	1.91	0.96	1.8	0.34	0.34	-0.53		
		Zinc	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%		
			Ore Volume (Mt)	4.57	2.76	9.98	27	10.4	37.4	4.9	66.57	66.57	-19.46	To be confirmed		
		Sulfur	Grade (%)	2.3	2.12	1.95	2.16	1.22	0.72	1.08	0.38	1	-1.08			
			Metal Volume (10kt)	10.52	5.85	5.17	21.55	32.94	7.49	40.43	1.86	42.29	18.88	87.6%		
11	Xinjiang Fuyun Mengku Iron Mine (East, Middle Phase)	Iron	Ore Volume (Mt)	29.17	27.13	24.84	33.31	24.01	30.72	14.75	28.87	5.88				
			Grade (%)	257.8	65.48	392.99	716.27	899.37	249.7	1149.07	72.28	1221.35	432.8	60.4%		
			Metal Volume (10kt)	64.48	34.68	99.16	45.29	50.38	95.67	7.82	103.49	-3.49	-3.5%			
12	Xinjiang Qilai Heishantou Coal Mine	Coal	Ore Volume (Mt)	38.55	31.75	36.17	31.31	30.19	30.72	24.44	30.25	-5.45				
			Grade (%)	2485.44	1101.12	3586.55	1418.03	1520.97	2939	191.12	3130.12	-647.55	-18.1%			
			Metal Volume (10kt)	252.6	125.18	377.78	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	35.1	-3.65			
			Grade (%)	1.21	1.21	1.21	1.21	1.19	1.19	1.05	1.16	-0.02	-0.02			
		Cobalt	Metal Volume (10kt)	5.52	20.57	12.33	38.41	33.44	33.44	7.35	40.79	-4.97	-12.9%			
			Ore Volume (Mt)	31.77	31.77	0.07	0.07	0.07	0.07	0.06	0.07	0				
		Zinc	Grade (%)	2.16	2.16	2.16	2.16	1.97	1.97	0.42	2.39	-0.19	-8.8%			
			Metal Volume (10kt)	4.21	2.21	6.41	28.1	28.1	0.39	0.39	0.37	-0.63				
Sulfur	Grade (%)	1.02	1.03	1.02	1.02	10.96	10.96	2.17	13.13	4.39	66.8%					
	Metal Volume (10kt)	4.29	2.28	6.57	33.27	28.1	28.1	7	35.1	-5.17	-15.5%					
	Ore Volume (Mt)	22.41	10.87	33.27	30.84	30.64	26.95	29.9	-0.2							
14	Xinjiang Fuyun Mengku Iron Mine (East, Middle Phase)	Iron	Grade (%)	31.1	30.3	30.84	30.64	26.95	29.9	-0.2						
			Metal Volume (10kt)	696.86	329.23	1026.09	860.98	860.98	188.65	1049.63	-165.11	-16.1%				

Chairman's Statement

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

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 Volume (Mt)	Grade (g/t)	Metal Volume (t)		Ore Volume (Mt)	Grade (g/t)	Metal 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 Volume (Mt)	Grade (%)	Metal Volume (10Kt)		Heap leaching (grade 0.13-0.3%)			Floatation process (grade 0.3%)		
				Ore Volume (Mt)	Grade (%)	Metal Volume (10Kt)	Ore Volume (Mt)	Grade (%)	Metal 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 transitioned 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, Xiaohe 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

Management Discussion and Analysis

The management of the Group hereby reports the discussion and analysis of 2011 operating results.

OPERATING RESULTS

During the reporting period, the management of the Company implemented comprehensively and intensively the resolutions of the general meeting and the meeting of board of directors, and carefully organized the production. The Group recorded sales income of RMB39,764,000,000 in the year, representing an increase of 39.33% over the previous year (2010: RMB28,540,000,000).

The table below sets out the sales by products for the two years ended 31 December 2010 and 2011:

Item Product Name	2011 (Jan – Dec)			2010 (Jan – Dec)		
	Unit price (excluded tax) (RMB)	Volume	Amount (RMB'000)	Unit price (excluded tax) (RMB)	Volume	Amount (RMB'000)
Mine-produced gold bullion	327.28/g	20,912kg	6,844,180	264.31/g	21,367kg	5,647,730
Mine-produced gold concentrates	291.13/g	7,786kg	2,266,840	230.04/g	8,063kg	1,854,740
Refinery, processed and trading gold	335.92/g	56,815kg	19,085,510	267.05/g	40,013kg	10,685,390
Copper concentrates	49,172/t	82,680t	4,065,550	43,152/t	81,279t	3,507,380
Mine-produced copper cathodes	55,235/t	4,217t	232,930	48,105/t	8,523t	409,980
Zinc bullion	14,482/t	186,841t	2,705,760	15,039/t	180,780t	2,718,810
Zinc concentrates	8,923/t	35,632t	317,950	9,108/t	38,107t	347,070
Iron concentrates	693/t	1.88Mt	1,304,390	600/t	1.65Mt	993,210
Others			5,256,280			3,896,430
Less: Internal sales			-2,315,470			-1,521,160
Total			39,763,920			28,539,580

* The sales figures are before elimination of internal sales.

Note:

- The other sales include: RMB855,000,000 income from copper pipe, RMB691,000,000 income from copper belts, RMB742,000,000 income from tungsten products, RMB741,000,000 income from silver products, and RMB2,227,000,000 income from other products, intermediate services and other services.

The Group's 2011 sales revenue increased sharply compared with last year because: (1) The price of the Company's main products increased sharply over the last year: the prices of gold, mine-produced copper, iron concentrates increased by 25.90%, 13.40%, and 15.50% respectively. Approximately RMB3,020,000,000 (before elimination) increase of sales revenue was attributed to the changes of mineral products' prices while approximately RMB4,112,000,000 (before elimination) increase of sales revenue was attributed to the changes in refinery and processed products' prices. (2) The sales volume of refinery and processed products increased sharply. Approximately RMB5,097,000,000 (before elimination) increase of sales revenue was attributed to the increased sales volume of refinery and processed products.

Management Discussion and Analysis

AN ANALYSIS OF GROSS PROFIT AND GROSS PROFIT MARGIN

The Group is mainly engaged in mine development. The Group's cost of sales mainly includes mining, processing and refining costs, ore transportation cost, raw materials consumption, salaries and depreciation of fixed assets employed for production. The table below sets out the details of the unit cost of sales and gross profit margin for the two years ended 31 December 2010 and 2011.

Item	Unit cost of sales (RMB)				Gross Profit Margin (%)		
	2011 (Jan-Dec)	2010 (Jan-Dec)	Unit	Compared with same period last year %	2011 (Jan-Dec)	2010 (Jan-Dec)	Compared with same period last year %
Mine-produced gold bullion	77.88	67.44	/g	15.48	76.20	74.48	1.72
Mine-produced gold concentrates	109.53	90.64	/g	20.84	62.38	60.60	1.78
Refinery, processed and trading gold	334.32	264.78	/g	26.26	0.48	0.85	-0.37
Copper concentrates	11,524	10,865	/t	6.06	76.56	74.82	1.74
Mine-produced copper cathodes	48,503	28,380	/t	70.90	12.19	41.00	-28.81
Zinc bullion	14,695	14,094	/t	4.26	-1.48	6.28	-7.76
Zinc concentrates	2,758	3,196	/t	-13.68	69.09	64.91	4.18
Iron concentrates	212	175	/t	21.51	69.37	70.91	-1.54
Overall					30.75	35.75	-5.00
Overall (refinery and processing enterprises excluded)					72.69	71.22	1.47

The Group's overall gross profit margin was 30.75%, representing a decrease of 5.00% over last year. The overall gross profit margin (excluding processed and refined products) was 72.69%, representing an increase of 1.47% over last year. The product price increase was the main reason for the increase in the gross profit margin (excluding refinery and processing enterprises).

Detailed analysis as follow:

During the reporting period, due to the effect of substantial growth in refinery products, increased investment in safety and environmental protection and the inflation, the increase in prices of main raw and auxiliary materials, increase in labor cost, increase in processing volume of low-grade ores by individual enterprises, the increase in ore stripping ratio and the decrease in production volume as a result of downtime in overhaul, the unit selling costs of mine-produced gold bullion, mine-produced gold concentrates, copper concentrates and iron concentrates increased by 15.48%, 20.84%, 6.06% and 21.51% respectively compared to last year. However, the selling prices of our major products had large increase over last year. The selling prices of gold, mine-produced copper and iron concentrates increased by 25.9%, 13.4%, and 15.50% respectively over last year. The gross profit increased by RMB2.025 billion compared to last year. The increase in the prices of mine products contributed to the increase in gross profits by around RMB3.02 billion. The decrease in the sales volumes of mine products contributed to a decrease in gross profits by RMB51 million, the increase in the unit costs of mine products contributed to a reduction in gross profits by around RMB737 million and the processed and refined products resulted in a decrease of gross profits by around RMB171 million. The unrealized profit from the elimination of internal sales was RMB36 million.

Management Discussion and Analysis

SELLING EXPENSES

During the reporting period, the Group's selling expenses have decreased by 7.58% over last year to RMB433,260,000 in 2011 (2010: RMB468,770,000). The decrease was mainly attributable to the adjustment in the way of selling by a subsidiary of the Company, Xinjiang Jinbao, in 2011 such that increasing the short-haul sales and reducing the long-distance traffic, thus reducing transportation costs.

ADMINISTRATIVE EXPENSES

During the reporting period, the Group's administrative expenses in 2011 amounted to RMB1,609,340,000 which represented an increase of 18.16% over last year (2010: RMB1,362,040,000). The increase was mainly attributable to (1) the increase in processing of ores volume which led to significant increase in resources compensation fees and other payable fees; (2) the significant increase in staff costs; (3) increase in depreciation expenses; and (4) the relative increases in travelling expenses, office expenses, business entertainment expenses, utilities expenses, vehicles costs, and other expenses due to the increase in general price level. The uncontrollable expenses such as salaries and welfare, depreciation, and levies constituted 73% of the expenses growth.

FINANCIAL EXPENSES

During the reporting period, the Group's total financial expenses was RMB496,400,000 representing an increase of 160.19% over last year (2010: RMB190,780,000). It was mainly due to the Group's demand on capital increased during the reporting period, the Company issued US\$0.48 billion bonds. The increase in finance cost was mainly attributable to the commencement of gold leasing business and increase loan amount from banks.

ASSETS IMPAIRMENT LOSSES

During the reporting period, the Group's assets impairment losses were RMB202,880,000 (2010: RMB175,690,000), in which, RMB84,405,000 was provided for assets impairment loss in intangible assets, RMB44,320,000 was provided for impairment loss in goodwill; RMB71,810,000 was provided for loss in stock valuation; and RMB1,590,000 was provided for fixed assets impairment loss.

GAIN/LOSS ON CHANGES IN FAIR VALUE

During the reporting period, the Group's loss on changes in fair value was RMB57,130,000 representing a decrease of RMB164,460,000 over last year (2010: gain RMB107,330,000). It was mainly due to an increase in floating loss in shares investment of the Group in 2011.

Management Discussion and Analysis

DERIVATIVE FINANCIAL INSTRUMENTS

The settled portion:

During the reporting period, the Group's profit in relation to hedging business was RMB9.42 million.

In subsidiary's level: When dealing with the spot price for the purchasing of raw materials, Luoyang Yinhuai Gold Refinery Company Limited hedged the price risk by entering future contracts and locked the price in advance. When the finished goods were completed for sale, due to the fluctuation of the selling price, Luoyang Yinhuai realized a gain of RMB30.13 million on the spot sales and a loss of RMB28.34 million on the future contracts; certain subsidiaries recorded a loss such as Jinyi Copper on the future contracts of RMB11.21 million.

In summary of the above, the loss realized on the future contracts was RMB30.36 million (2010: loss of RMB41.36 million). The loss on the actual arbitrage business was RMB230,000.

The unsettled position:

As at 31 December 2011, the Group's gold future contract position was 25kg and copper future contract position was 13,180 tonnes. The recognized but unrealized gain was RMB10,579,071 in total (2010: loss of RMB2,321,910).

DONATION AND SOCIAL RESPONSIBILITY

During the reporting period, the Group donated RMB274,750,000 (included the registration fund of Zijin Mining Charity Fund), which included the Company's donation of RMB202,970,000, Malipo Zijin Tungsten's donation of RMB20,380,000, Hunchun Zijin's donation of RMB15,710,000, Xinjiang Ashele Copper's donation of RMB 12,240,000, Guizhou Zijin's donation of RMB7,200,000, Chongli Zijin's donation of RMB6,020,000 and other enterprises' donation of RMB10,230,000.

WORKING CAPITAL AND CAPITAL SOURCES

As at 31 December 2011, the Group's cash and cash equivalents amounted to RMB4,917,190,000 representing an increase of RMB1,125,720,000, or 29.69% over the previous year (2010: RMB3,791,470,000).

During the year, net cash inflow generated from the Group's operating activities amounted to RMB6,390,180,000, representing an increase of RMB469,820,000 or 7.94% over the previous year (2010: RMB5,920,360,000). The main reason for the increase in the cash-flow generated from the Group's operating activities was the increase in income from major products due to the significant increase in product prices and production volume.

During the year, the net cash outflow used in the Group's investing activities amounted to RMB7,704,360,000, representing an increase of RMB1,412,710,000 or 22.45% over the previous year (2010: RMB6,291,650,000). The increase in the net cash outflow was mainly attributable to construction of certain projects (e.g. 200,000 tonnes copper refinery plant) entering into its peak time. It also led to a substantial increase in construction in progress and fixed assets investment. The increase in capital use was mainly attributable to the increase in project acquisitions in the reporting period.

Management Discussion and Analysis

During the year, net cash inflow from the Group's financing activities amounted to RMB2,532,970,000, representing an increase of RMB1,347,810,000 (2010: cash outflow of RMB1,185,160,000) which was mainly due to the issue of US\$0.48 billion bonds and usage of gold leasing as a financial tool.

As at 31 December 2011, the Group's total bank borrowings amounted to RMB6,349,030,000 (as at 31 December 2010: RMB7,339,700,000) of which the amount repayable within one year was approximately RMB3,988,320,000, the amount repayable within one to five years was approximately RMB763,480,000, over five years was RMB1,597,230,000. All the bank borrowings bore interest rates between 2.9% to 7.61% (2010: 2.29% to 6.89%).

The Group has sufficient daily cash flow and possessed a substantial amount of integrated loan facilities provided by its major banks with no usage restriction that can meet the need for its daily operations and investments.

KEY FINANCIAL DATA OF THE GROUP

(1) Table of major business by products

Currency: RMB'000

By product	Sales income	Operation cost	Gross profit margin (%)	Change of sales income compared with last year (%)	Change of operation cost compared with last year (%)	Change of gross profit margin compared with last year (percentage points)
By product						
Mine-produced gold bullion	6,844,180	1,628,660	76.20	21.18	13.02	1.72
Mine-produced gold concentrates	2,266,840	852,850	62.38	22.22	16.70	1.78
Refinery, processed and trading gold	19,085,510	18,994,200	0.48	78.61	79.28	-0.37
Copper concentrates	4,065,550	952,770	76.56	15.91	7.89	1.74
Mine-produced copper cathodes	232,930	204,540	12.19	-43.18	-15.43	-28.81
Zinc bullion	2,705,760	2,745,680	-1.48	-0.48	7.76	-7.76
Zinc concentrates	317,950	98,290	69.09	-8.39	-19.29	4.18
Iron concentrates	1,304,390	399,550	69.37	31.33	38.28	-1.54
Others	5,256,280	3,868,390	26.40	34.90	31.69	1.79
Offsetting internal sales	-2,315,470	-2,208,380				
Total	39,763,920	27,536,540	30.75	39.33	50.17	-5.00

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

Management Discussion and Analysis

(2) Regional information of the main business

Business of the Company is mainly concentrated in the mainland, and the transactions of gold products, the Group's main product, were conducted and settled through the Shanghai Gold Exchange, information about the ultimate customers is unknown. Therefore, geographical segment information was not disclosed.

(3) Information of major suppliers and customers

The Group's total purchases from the five largest suppliers amounted to RMB4,490.61 million, representing 17.79% of the total purchases of the Group in 2011.

The Group's total sales income from the five largest customers amounted to RMB26,947.47 million, representing 67.76% of the total income of the Group in 2011. The sales income from the largest customer represents 58.16% of the total income of the Group in 2011.

None of the directors, their associates (as defined in the Listing Rules) and any shareholders (which to the knowledge of the directors owns more than 5% of the Company's shares) had any interest in the five largest customers in 2011.

(4) During the reporting period, the analysis of changes in major financial information (increased or decreased by 30% or more)

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

Unit: RMB

Items	At the end of the year	At the beginning of the year	% Change	Reasons for the change
Cash and cash equivalents	6,180,009,655	4,651,209,600	32.87%	The sales revenue of the Group increased and amount of financing increased
Held-for-trading financial assets	264,029,003	388,384,383	-32.02%	Mainly due to the disposal of conversion options of convertible bonds issued by Glencore Finance (Europe) S.A.
Bills receivable	574,697,737	326,625,938	75.95%	Due to individual owned companies used more bank acceptance notes for settlement of their sales of products
Prepayments	1,691,517,698	631,892,986	167.69%	Mainly due to the increasing size of the Group, the more advance payments for raw materials and more land development payments for properties
Inventories	7,160,297,387	3,482,682,131	105.60%	Zijin Copper's trial operation and significantly increase in raw materials for refinery
Other current assets	584,909,276	118,665,426	392.91%	Due to increased carry-forward deductible tax payments of infrastructure projects for Zijin Copper, Qinghai Zijin and Duobaoshan Copper, etc.

Management Discussion and Analysis

Unit: RMB

Items	At the end of the year	At the beginning of the year	% Change	Reasons for the change
Available-for-sale investments	938,012,473	2,058,973,823	-54.44%	Mainly due to the settlement of debt element in the of convertible bonds issued by Glencore Finance (Europe) S.A.
Construction in progress	7,898,525,167	3,999,386,221	97.49%	In order to increase the production scale, more investments in infrastructure projects (such as Zijin Copper and Duobaoshan Copper etc.)
Intangible assets	7,138,194,099	5,292,918,677	34.86%	Mainly due to the acquisition of subsidiaries resulting increased mining rights and exploration rights
Construction materials	333,854,223	113,160,383	195.03%	Due to the increased purchases of materials for infrastructure projects of Zijin Copper, etc.
Deferred tax assets	434,359,241	193,970,966	123.93%	Mainly due to the increased deferred tax assets resulting from the unrealized profits for intra Group transactions and the loss on changes in fair value of financial assets
Held-for-trading financial liabilities	4,005,648,200	2,321,910	172,415.22%	Mainly due to the increased held-for-trading financial liabilities resulting from gold leasing business of the Group in 2011
Trade payables	3,232,112,911	1,024,790,051	215.39%	Due to the increased trade payables of raw materials for refinery and processing
Advances from customers	1,012,751,443	430,106,172	135.47%	Due to the increase of sales (including properties)
Tax payables	1,709,391,219	1,030,360,245	65.90%	The year-end tax and levies payables increased was mainly due to the increased sales and net profit of the Group in 2011
Current portion of non-current liabilities	216,444,590	652,448,993	-66.83%	Mainly due to the decrease of short-term portion of long term liabilities became due

Management Discussion and Analysis

Unit: RMB

Items	At the end of the year	At the beginning of the year	% Change	Reasons for the change
Bonds payables	2,987,514,948	—	100.00%	Issued bonds of US\$480 million in 2011
Other non-current liabilities	88,670,506	56,492,153	56.96%	Mainly due to the increase of deferred income resulting from the increased government grants related to assets
Issued capital	2,181,196,365	1,454,130,910	50.00%	The conversion of capital reserve to issued capital was approved by 2010 annual general meeting of shareholders of the Company
Special reserve	33,491,518	56,500,682	-40.72%	Mainly due to the increase of expenses for safety and environmental protection for the year, resulting in increased special reserve
Statutory reserve	1,319,401,104	999,800,342	31.97%	The increase in issued capital for the year resulted in the increased provision of statutory reserve
Retained profits	14,004,152,348	10,065,314,920	39.13%	Due to the increase of profits in 2011
Exchange differences on foreign currency translation	-219,118,195	-121,307,424	80.63%	Mainly due to the expansion of businesses with foreign currencies and the appreciation of Renminbi

During the reporting period, the analysis of the changes in income statement of the Company:

Unit: RMB

Items	2011	2010	% Change	Reasons for the change
Operating revenue	39,763,915,441	28,539,578,900	39.33%	Due to the increase of selling price of gold and silver, and the increase of production volume of refinery, processed and trading gold
Operating cost	27,536,543,588	18,337,383,129	50.17%	Increase of cost of raw materials for refinery and processing and its sales volume
Financial expenses	496,400,784	190,780,667	160.19%	Significantly increase of the Group's finance amount

Management Discussion and Analysis

Unit: RMB

Items	2011	2010	% Change	Reasons for the change
Gains/(Losses) on changes in fair value	-57,130,642	107,325,325	-153.23%	The increase of floating loss for stock investment and financial investment
Investment income	561,775,828	207,630,138	170.57%	The profits of associates and jointly-controlled entities for the year increased; the investment income from the disposal of convertible bonds issued by Glencore Finance (Europe) S.A. increased
Share of profits of associates and jointly-controlled entities	205,253,368	137,365,606	49.42%	The increase of profits of associates and jointly-controlled entities in 2011
Non-operating income	134,572,479	99,971,340	34.61%	Mainly due to the increase of technical innovation funding grants, etc.
Non-operating expenses	466,367,867	735,305,014	-36.57%	Last year affected by the incidents, the damages, compensation, fines and fixed assets damages increased; this year resumed to normal
Income tax	2,365,776,280	1,575,823,347	50.13%	The increase of profits resulted in the increase of income tax amount

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

Unit: RMB

Items	2011	2010	% Change	Reasons for the change
Net cash flow from operating activities	6,390,178,535	5,920,362,240	7.94%	The increase of price of gold and its sales volume
Net cash flow used in investing activities	-7,704,356,375	-6,291,652,494	22.45%	Increase of foreign investment; expansion of investment in infrastructure
Net cash flow from financing activities	2,532,971,035	1,185,159,733	113.72%	The increase of financing amount

Management Discussion and Analysis

(5) The operation status and results analysis of the major subsidiaries of the Company:

Unit: RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	2,068,850	1,831,410	1,066,440
Qinghai West Copper Company Limited	Copper concentrates	120,000	1,564,950	1,091,040	704,630
Hunchun Zijin Mining Company Limited	Copper and gold concentrates	200,000	1,904,960	1,561,340	527,410
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	856,570	628,090	440,930
Hebei Chongli Zijin Mining Company Limited	Gold	237,500	794,760	540,310	320,400
Guizhou Zijin Mining Company Limited	Gold	200,000	1,259,660	904,450	300,090
Luoning Huatai Mining Development Company Limited	Gold	20,000	542,240	348,780	244,340
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	750,570	417,170	165,490
Malipo Zijin Tungsten Company Limited	Tungsten mining products	1,000,000	1,914,510	1,174,230	135,540
Yuanyang County Huaxi Gold Company Limited	Gold	150,000	433,970	372,650	116,280
Shanxi Zijin Mining Company Limited	Gold	159,100	299,790	228,740	101,190
Bayannaer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,356,740	1,060,790	12,530

Management Discussion and Analysis

- (6) The operation status and results analysis of the subsidiaries or jointly-controlled entities which affected the net profit of the Company for at least more than 10%:

Unit: RMB'000

Company name	Total assets	Net assets	Revenue from Principal Operations	Profit from Principal Operations	Net profit
Xinjiang Ashele Copper Company Limited	2,068,850	1,831,410	1,947,460	1,619,290	1,066,440
Qinghai West Copper Company Limited	1,564,950	1,091,040	1,539,990	1,173,410	704,630

GEARING RATIO

Gearing ratio is defined the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2011, the Group's consolidated total liabilities was RMB22,187,522,375 (it was RMB12,372,561,976 as at 31 December 2010), and the Group's consolidated total equity was RMB30,132,676,957 (it was RMB26,028,670,830 as at 31 December 2010). As at 31 December 2011, the Group's gearing ratio was 0.736 (it was 0.475 as at 31 December 2010).

PROFITS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT AND EARNINGS PER SHARE

The Group's profits attributable to shareholders of the parent as at 31 December 2011 was approximately RMB5,712,569,100, representing an increase of 18.32% over approximately RMB4,827,916,726 in 2010.

For the year ended 31 December 2011, the Group's 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.)

INCOME TAX EXPENSES

Unit: RMB

	2011	2010
Current—Mainland China	2,527,306,040	1,693,408,870
—Hong Kong	3,041	—
Deferred	(161,532,801)	(117,585,523)
	2,365,776,280	1,575,823,347

Management Discussion and Analysis

A reconciliation of the tax expenses applicable to profit before tax is as follows:

Unit: RMB

	2011	2010
Profit before tax	9,276,301,689	7,331,571,772
At the applicable tax rate (Note 1)	2,319,075,422	1,832,892,943
Different tax rates on the profit of the Company and certain subsidiaries	16,582,695	(341,443,379)
Underprovision in prior years	16,212,501	2,495,011
Income not subject to tax (Note 2)	(175,773,204)	(48,518,756)
Expenses not deductible for tax (Note 3)	89,678,618	65,528,538
Tax losses utilised	(21,547,998)	—
Deductible temporary differences and tax losses not recognised	121,548,246	64,868,990
Tax charge at the Group's effective rate	2,365,776,280	1,575,823,347

Note 1: Provision for the PRC corporate income tax has been made at applicable rates based on the taxable profits. Provision for Hong Kong profits tax has been made at the rate of 16.5% (2010: no assessable profits arising in Hong Kong) on the assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Note 2: Included share of profits of long-term equity investments under the equity method of RMB205,253,368 (2010: RMB137,365,606) and a gain of RMB301,265,861 (2010: Nil) on disposal of convertible bonds issued by Glencore Finance (Europe) S.A. in 2011.

Note 3: Included expenses of donations not deductible for tax of RMB124,631,890 in 2011 (2010: RMB100,246,613).

Details of the income tax of the Group are set out in note III to the financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note VII to the financial statements.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Jinghe, aged 55, graduated from Fuzhou University with a bachelor's degree in geology and obtained an EMBA degree. He is a professor grade senior engineer, a specialist who enjoys special allowance from the State Council, a delegate to the Tenth People's Congress of Fujian province and the vice-president of the China Gold Association. Mr. Chen has been appointed as the chairman of the Company since 2000. From August 2006 to November 2009, he also served as the president of the Company.

Mr. Luo Yingnan, aged 55, graduated from Fuzhou University with a bachelor's degree in geology. He is a professor grade senior engineer. Mr. Luo was appointed as director and general manager of the Company from August 2000 to August 2006. From August 2006 to November 2009, he served as the vice-chairman of the Company. Mr. Luo is a director and president of the Company.

Mr. Liu Xiaochu, aged 65, graduated from Fuzhou University with a bachelor's degree in physics. He has been serving as vice-chairman of the Company since August 2000. Mr. Liu Xiaochu resigned as an executive director with effect from 28 March 2012 due to his health issue.

Mr. Lan Fusheng, aged 48, graduated from Fuzhou University with a bachelor's degree in geology and obtained a master's degree in business administration. From August 2000 to August 2006, Mr. Lan was appointed as a director and standing deputy manager of the Company. Mr. Lan has been serving as a vice-chairman of the Company since August 2006.

Mr. Zou Laichang, aged 44, graduated from Fujian Agriculture and Forestry University Forestry College with a bachelor's degree in chemistry and obtained an MBA degree. He is a senior engineer. Since March 1996, Mr. Zou has held several senior positions within the Company, including deputy director of gold refinery plant, standing deputy head of the institute of mining and refining design and research, deputy chief engineer and chief engineer. Mr. Zou was a director and senior vice-president from August 2006 to November 2009. He is a director and standing vice-president of the Company.

Mr. Huang Xiaodong, aged 57, graduated from Hefei University of Technology with a specialisation in computing, and obtained an EMBA degree. Mr. Huang was an engineer of the Computer Science Research Institute in Fujian, and department head of the Science and Technology Committee in Fujian. He was an assistant to the general manager of Huamin (Group) Company Limited, and the deputy general manager of Chinalco (Fujian) Ruimin Company Limited. Mr. Huang served as the chief economist of the Company and standing deputy chief and chief of Zijinshan Gold and Copper Mine in 2005. From August 2006 to November 2009, he was appointed as director and senior vice-president of the Company. He is a director and vice-president of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Peng Jiaqing, aged 67, is a senior economist, and the vice-chairman of the Fujian Technology Economic and Modernization Management Association. Mr. Peng graduated from Fujian Normal University majoring in Chinese linguistics in 1968. He has been the chief secretary of Liupanshui Guizhou provincial government, deputy branch manager of Xiamen branch, branch manager of Zhangzhou branch and deputy office supervisor of the Fujian provincial branch of Industrial and Commercial Bank of China. Mr. Peng has been serving as a non-executive director of the Company since June 2008.

Directors, Supervisors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Yuchuan, aged 78, is an academician of the Chinese Academy of Engineering. He is a famous expert in Mine and Geology in the world. He was the chief engineer in the former geology and mine ministry, and head of the Chinese Academy of Geology Sciences, vice-chairman of the International Association of the Genesis of Ore Deposits, member of the course evaluation team for the State Council Degree Committee, and member of the 9th National People's Political Consultative Conference. Mr. Chen is the officer of the Science Committee for the Chinese Academy of Geology Sciences and head of the Mine and Geology Specialist Committee. He is a part-time professor of Beijing University and Nanjing University. Mr. Chen has been serving as an independent non-executive director of the Company since August 2006.

Mr. Lin Yongjing, aged 69, is a senior accountant, a registered certified public accountant ("CPA"), and a registered valuer. He graduated from Xiamen University, department of economics with accounting specialisation. He was formerly the director and chief accountant of the Fujian Huaxing Certified Public Accountants. He was the head of Fujian Assets Valuation Centre, the director of the Fujian State-owned Property Bureau, and vice chief-officer of Fujian Provincial Financial Bureau and a committee member of the 7th Provincial People's Political Consultative Conference of Fujian. He is an expert specially invited by National State-owned Property Management Committee and a senior member of China Appraisal Society. He is a specially invited professor of Fujian Economics and Management College and part-time professor of Jiangxi Finance University. Mr. Lin has been serving as an independent non-executive director of the Company since August 2006.

Mr. Su Congfu, aged 66, graduated from Beijing Steel Institute with mining specialisation. Mr. Su is a professor grade senior engineer. He was the chief of Anqing Copper Mine, and an assistant to the general manager of Tongling Non-ferrous Metal Group Company, deputy director of Anhui Metallurgy Department, and manager of Anhui Gold Company, head of the Metallurgy Department of Anhui Economics and Commerce Committee, and an assistant inspector of the Bureau of Work Safety in Anhui. He has been serving as an independent non-executive director of the Company since August 2006.

Mr. Wang Xiaojun, aged 57, obtained Master of Laws from the Chinese Academy of Social Sciences in 1986. He is a practicing solicitor admitted in the UK, PRC and Hong Kong. He joined The Stock Exchange of Hong Kong Limited in 1992. From 1993 to 1996, he worked with Richards Butler. In 1996, he served as an associate director of BNP Paribas Peregrine Capital Ltd. From 1997 to 2001, he served as a director of ING Barings Investment Bank. In 2001, he established X.J. Wang & Co., and in 2004, X.J. Wang & Co., formed an association with Jun He Law Offices. He is currently a partner of Jun He Law Offices. Mr. Wang has been serving as an independent non-executive director of the Company since November 2009.

SUPERVISORY COMMITTEE AND SUPERVISORS

Mr. Lin Shuiqing, aged 48, tertiary educated. He was a deputy secretary, head of town and secretary of Zhongdu Town of Shanghang County Communist Party. Mr. Lin was a director of Shanghang County Communist Party office, and a standing member of the Shanghang County Communist Party. He was director of Shanghang County Tongzhanbu and Secretary of Shanghang County Non State-owned Economic Working Committee. Mr. Lin has resigned as a civil servant. He has been serving as the chairman of the Supervisory Committee of the Company since November 2009.

Mr. Xu Qiang, aged 61, tertiary educated, is a senior accountant, registered CPA, and registered valuer. He has been the deputy director of Fujian Huaxing Certified Public Accountants and the director of Fujian Asset Valuation Centre. Mr. Xu was appointed as a supervisor of the Company since August 2000. He has been serving as the vice-chairman of the Supervisory Committee of the Company since August 2006.

Directors, Supervisors and Senior Management

Mr. Lin Xinxi, aged 50, tertiary educated, he was a committee member and secretary of the disciplinary council of Diantian Town of Shanghang County Communist Party. Mr. Lin was an inspector, standing member, and deputy secretary of the disciplinary council of Shanghang County Communist Party, and a committee member of the 15th Committee of the People's Congress of Shanghang County. He has been the chairman of supervisory committee of Minxi Xinghang State-owned Assets Investment Company Limited. Mr. Lin has resigned as a civil servant. He has been serving as a supervisor of the Company since November 2009.

Mr. Liu Xianhua, aged 56, a senior engineer. Mr. Liu joined the Company in October 1996, he was previously the vice-chief of Zijinshan Gold Mine, secretary of Communist Party branch of Zijinshan Gold Mine and standing vice-chief of Zijinshan Gold Mine, chief commander of Zijinshan Copper Mine construction command unit, chief of Zijinshan Gold and Copper Mine, chairman of Heilongjiang Duobaoshan Copper Company Limited, general manager and chairman of Xinjiang Wuqia Jinwang Mining Development Company Limited, general manager of Zijin Mining Group Northwest Company Limited, general manager of Liancheng Zijin Mining Company Limited, and president assistant of the Company. He currently is the chairman of the labour union of the Company. He has been serving as a supervisor representing workers and staff of the Company since November 2009.

Mr. Zhang Yumin, aged 61, secondary educated, he was previously a financial officer and an assistant to the factory manager of Fujian Shunchang Yuankeng Cement Plant, manager of the finance department of the Xinhua Hotel. He joined the Company as the assistant finance manager and officer of assets department in 2000. He has currently been serving as an officer of the audit department. Mr. Zhang has been serving as the supervisor representing workers and staff of the Company since August 2006.

SENIOR MANAGEMENT

Mr. Xie Chengfu, aged 46, graduated from Changchun College of Geology with a bachelor's degree in mine exploration. He is a senior engineer. In 1994, he joined the Company as plant manager of gold refinery plant, and then held the positions of chief of Zijinshan Gold Mine, assistant to general manager and deputy general manager of the Company, chairman and general manager of Hunchun Zijin Mining Company Limited. He has been serving as a vice-president of the Company since August 2006.

Mr. Liu Rongchun, aged 48, graduated from Central-South Institute of Mining and Metallurgy with a bachelor's degree in geology. Mr. Liu is a senior engineer. In December 1993, he joined the Company as chief commander of Zijinshan Copper Mine construction command unit, and then held the positions of deputy chief of Zijinshan Gold Mine, chief officer of office, secretary of the discipline council, assistant to general manager, deputy general manager and chief of Zijinshan Gold Mine. Mr. Liu was the general manager and chairman of Xinjiang Zijin Mining Co., Ltd. Mr. Liu has been serving as a vice-president of the Company since August 2006.

Mr. Lin Hongfu, aged 38, graduated from Chongqing Steel College majoring in smelting steel alloy and an MBA holder. In August 1997, Mr. Lin joined the Company as an assistant to plant manager of gold refinery plant and director of the electrolysis plant, and then held the positions of deputy plant manager, plant manager, deputy chief of Zijinshan Gold Mine. Mr. Lin was the general manager and chairman of Bayannaoer Zijin Non-ferrous Metals Company Limited. He has been serving as a vice-president of the Company since August 2006.

Directors, Supervisors and Senior Management

Ms. Lin Hongying, aged 42, tertiary educated, a senior accountant, she was an accountant in the finance department of transformer plant in Shanghang County. Ms. Lin joined the Company in 1993 and held the positions of accountant, deputy manager and manager of finance department and assistant financial controller. She has been serving as the financial controller of the Company since November 2009.

Mr. Zheng Yuqiang, aged 58, graduated from The Open University of Fujian in enterprise management. Mr. Zheng is an economist. He was the director and secretary to the Board of Directors for Fujian Sannong Group Company Limited. Mr. Zheng has been serving as the secretary to the Board of Directors for the Company since June 2001.

Mr. Fan Cheung Man, aged 51, graduated from the University of New England, Australia and holds a master's degree in business administration. He is an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of The Association of Chartered Certified Accountants, UK. He was a deputy general manager of Hungtai Electronic Factory and a financial controller of Vigers HK Limited. Mr. Fan has been serving as the company secretary (HK) for the Company since December 2004.

Position held in shareholder's company

Name	Name of shareholder's company	Position	Date of appointment	Date of cessation	Receive remuneration or allowance
Liu Xiaochu	Xinhuadu Industrial Group Co., Ltd.	Director	December 1999		No
Lin Xixi	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Chairman of supervisory committee			

Directors, Supervisors and Senior Management

Position held in other companies

Name	Name of company	Position	Date of appointment	Date of cessation	Receive remuneration or allowance
Liu Xiaochu	Hunan Nonferrous Metals Corporation Limited	Supervisor	December 2005		Yes
Liu Xiaochu	Fujian Hong Bo Printing Corporation Ltd.	Independent director	18 April 2007		Yes
Lin Yongjing	Greatown Holdings Ltd.	Independent director	July 2011	July 2014	Yes
Lin Yongjing	Hainan Zhenghe Industrial Group Co., Ltd.	Independent director	April 2007	December 2012	Yes
Lin Yongjing	Fujian Sanmu Group Company Limited	Independent director	June 2005	June 2012	Yes
Chen Yuchuan	Xinjiang Yakesi Resources Development Company Limited	Independent director			Yes
Chen Yuchuan	China Hanking Holdings Limited	Independent director	16 September 2011		Yes
Lan Fusheng	China Hanking Holdings Limited	Non-Executive director	30 January 2012		Yes
Wang Xiaojun	Yanzhou Coal Mining Company Limited	Independent director	January 2012		Yes
Wang Xiaojun	NORINCO International Company Limited	Independent director			Yes

Report of the Directors

The directors of the Company (“Directors”) hereby submit the Report of the Board and the audited financial statements of the Company and the Group for the year ended 31 December 2011.

PRIMARY BUSINESS

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources, and is a large mining conglomerate primarily engaged in the production of gold and non-ferrous metals. The Company produces mainly gold bullion of 99.99% and 99.95% purity under the “ZIJIN” brand, copper cathodes and zinc bullion. Currently, the sales of gold products represents 68.90% (after elimination) of the total sales and other related income. There were no significant changes in the nature of the Group’s principal activities during the year.

Details regarding the key businesses of the Group’s subsidiaries and associates are set out in notes IV.1 and V.10 to the financial statements, respectively.

OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2011 are set out in the financial statements on pages 97 to 352.

MAJOR INVESTMENT AND ACQUISITION IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Investment status of the Company

Unit: RMB’000

The amount of investment during the reporting period	5,646,690
The changes (increase/decrease) in the amount of investment	1,377,200
The amount of investment last year for the same period	4,269,490
Percentage (increase/decrease) in the amount of investment (%)	32.26

Status of invested companies

- (1) On 8 April 2011, Golden Star Mining (BVI) Limited, a wholly-owned subsidiary of the Company (“Golden Star Mining”), and CASA Mining Ltd. (“CASA”) entered into an agreement, pursuant to which Golden Star Mining will subscribe for 133,000 shares (at US\$50 per share) of CASA at consideration of US\$6,650,000. In addition to the 133,334 shares of CASA already acquired in 2010, Golden Star Mining will in aggregate hold 266,334 shares of CASA, representing approximately 30% of the issued shares of CASA after the completion of transaction. CASA’s main business is the exploration of gold mine in Congo, Africa.
- (2) During the reporting period, Qinghai Copper Company Limited (“Qinghai Copper”) which was jointly set up by Qinghai West Copper Mining Co., Ltd. (“Qinghai West”), a wholly-owned subsidiary of the Company, Western Mining Joint Stock Co., Ltd. and Geemu Shenghua Mining Company Limited, has a registered capital of RMB0.8 billion, in which Qinghai West owns 30% with the consideration of RMB0.24 billion. RMB48 million has been settled in the initial investment. Qinghai Copper is mainly engaged in the 100,000 tonnes copper refinery project.

Report of the Directors

- (3) During the reporting period, Xinjiang Tianshan Railway Company Limited (“Xinjiang Tianshan”) which was jointly set up by Xinjiang Jinneng Mining Co., Ltd. (“Xinjiang Jinneng”), a wholly owned subsidiary of the Company, Xinjiang Yaou Railway Economic Development Centre and other 5 companies, has a registered capital of RMB0.16 billion, in which Xinjiang Jinneng owns 12% with the consideration of RMB19.2 million. Xinjiang Tianshan is mainly engaged in the construction of railway for coal transportation in between Zhundong Meitian Jiangjunmiao station — Beishan station — Jijihu station.
- (4) The Company’s subsidiary, Xinjiang Ashele Copper Company Limited (“Xinjiang Ashele”) and Xinjiang Xinxin Mining Company Limited (“Xinjiang Xinxin”) jointly set up Xinjiang Wuxin Copper Co., Ltd. (“Wuxin Copper”). The initial registered capital was RMB0.1 billion, Xinjiang Ashele owns 34% with the consideration of RMB34 million. Wuxin Copper enlarged its registered capital from RMB0.1 billion to RMB0.6 billion and then further enlarged from RMB0.6 billion to RMB0.79 billion. Xinjiang Ashele injected RMB0.17 billion and RMB64.6 million in accordance with the shareholding. At the end of the reporting period, Xinjiang Ashele owns 34% with the consideration of RMB0.2686 billion. Wuxin Copper is mainly engaged in the 100,000 tonnes copper refinery project.
- (5) The Company, Glencore International Plc (“Glencore”) and other parties entered into an agreement on 4 May 2011, pursuant to which the Company will participate in the initial public offer of Glencore as a cornerstone investor and invest US\$100 million in 11,682,242 new shares of Glencore. The shares subscribed by the Company will be subject to a 6-month lock up period. Glencore’s main businesses are marketer of commodities, with the production, refinement, processing, storage and transport of these products etc.
- (6) During the reporting period, Zijin Mining Group North-west Company Limited, a wholly-owned subsidiary of the Company (“Zijin North-west”), will further subscribe for additional 19,685,039 shares of Xinjiang Tianlong Mining Company Limited (“Xinjiang Tianlong”) at consideration of RMB50 million. In addition to the 129,784,913 shares of Xinjiang Tianlong already acquired in 2010, Zijin North-west will in aggregate hold 149,469,952 shares of Xinjiang Tianlong, representing approximately 23.0335% of the issued shares of Xinjiang Tianlong after the completion of transaction. Xinjiang Tianlong is mainly engaged in the unified operation of coal, electricity, aluminum, cement and other associate business.
- (7) On 29 June 2011, Yield Gold Group Limited, a wholly-owned subsidiary of the Company (“Yield Gold”), and Equitas Resources Corp. (“Equitas”) entered into an agreement, pursuant to which Yield Gold will subscribe for 9 million ordinary shares of Equitas at a price of C\$0.15 per share (each ordinary share of Equitas carries 0.5 warrant, of which the exercise price is C\$0.2) at a total consideration of C\$1.35 million, representing approximately 17.69% of the issued shares of Equitas after the completion of transaction. Equitas is a junior exploration company listed in the Toronto Stock Exchange in Canada. The core asset of Equitas is the Day Copper-Gold Porphyry Project in Canada.
- (8) On 10 October 2011, the Company set up Zijin Mining Group (Xiamen) Sales Co., Ltd. with registered capital of RMB20 million in which the Company owns 100% equity interest. Zijin Mining Group (Xiamen) Sales Co., Ltd. is mainly engaged in gold, silver and its products selling business.
- (9) Fujian Zijin Real Estate Development Company Limited (“Zijin Real Estate”) enlarged its registered capital from RMB0.2 billion to RMB0.5 billion in 2011. The enlarged portion of the registered capital was paid by the Company in cash. After the completion of the enlargement of the registered capital, Zijin Mining Group (Xiamen) Investment Co., Ltd., a wholly-owned subsidiary of the Company, held 40% equity interest of Zijin Real Estate and the Company held 60% equity interest of Zijin Real Estate. Zijin Real Estate is mainly engaged in property development.

Report of the Directors

- (10) Fujian Jinyi Copper Company Limited (“Jinyi Copper”) enlarged its registered capital from RMB0.2 billion to RMB0.3 billion in 2011. The enlarged portion of the registered capital was paid by the shareholders in proportion to their shareholdings. After the completion of the enlargement of the registered capital, the Company held 46.5% equity interest of Jinyi Copper; Fujian Zijin Investment Company Limited, a wholly-owned subsidiary of the Company, held 28.5% equity interest of Jinyi Copper; and Best Ground Group Limited, a wholly-owned subsidiary of the Company, held 25% equity interest of Jinyi Copper. Jinyi Copper is mainly engaged in the production of high performance inner spiral copper pipes and other copper and copper alloy tubes processing.
- (11) During the reporting period, Zijin Copper Co., Ltd. (“Zijin Copper”) enlarged its registered capital from RMB0.6 billion to RMB1,818,300,000. The enlarged portion of the registered capital was paid by the Company in cash. The Company owns 100% equity interest of Zijin Copper. Zijin Copper is mainly engaged in the 200,000 tonnes copper refinery project and the investment in the phosphorus chemical downstream.
- (12) According to a resolution passed at a shareholders’ general meeting of Heilongjiang Duobaoshan Copper Company Limited (“Duobaoshan”), Duobaoshan enlarged its registered capital from RMB0.6 billion to RMB0.8 billion. Zijin Mining Group Northeast Asia Company Limited, a wholly owned subsidiary of the Company, paid RMB102,000,000 of the respective enlarged portion of the registered capital in proportion to its 51% shareholdings in Duobaoshan. Duobaoshan is mainly engaged in the development of Duobaoshan copper mines.
- (13) During the reporting period, Zijin Mining Group Qinghai Company Limited (“Qinghai Zijin”) enlarged its registered capital from RMB0.1 billion to RMB450,066,993. The enlarged portion of the registered capital was paid by the Company in cash. The Company owns 100% equity interest of Qinghai Zijin. Qinghai Zijin is mainly engaged in integrated utilization of mine tailings (pyrite).
- (14) According to a resolution passed at the shareholders’ general meeting of Heilongjiang Zijin Longxing Mining Company Limited (“Heilongjiang Longxing”), Heilongjiang Longxing enlarged its registered capital from RMB0.3 billion to RMB0.45 billion. Zijin Mining Group Northeast Asia Company Limited, a wholly-owned subsidiary of the Company, paid RMB105,000,000 of the respective enlarged portion of the registered capital in proportion to its 70% shareholdings in Heilongjiang Longxing. Heilongjiang Longxing, through its owned subsidiary, is engaged in the development of Tuva Lead-Zinc mine in Russia.
- (15) According to a resolution passed at the shareholders meeting of Wulatehouqi Zijin Mining Company Limited (“Wuhou Zijin”), Wuhou Zijin enlarged its registered capital from RMB50 million to RMB0.15 billion. RMB70 million of the enlarged portion of the registered capital was paid out by Wuhou Zijin’s conversion of retained profits. The remaining enlarged portion of the registered capital was paid by the shareholders in proportion to their shareholdings. Zijin International Mining Company Limited, a wholly owned subsidiary of the Company, paid RMB28,500,000 of the respective enlarged portion of the registered capital in proportion to its 95% shareholdings in Wuhou Zijin. Wuhou Zijin is mainly engaged in the development of lead-zinc mine.
- (16) On 21 November 2011, Xiamen Zijin AVIC Estate Co., Ltd. (“Zijin AVIC Estate”) which was jointly set up by Zijin Real Estate, a wholly-owned subsidiary of the Company, AVIC Real Estate Co., Ltd. and China National Aero-Technology Import and Export Xiamen Corporation, has a registered capital of RMB0.25 billion, in which Zijin Real Estate owns 50% with the consideration of RMB0.125 billion. Zijin AVIC Estate is mainly engaged in property development.

Report of the Directors

(17) Hunchun Zijin Mining Company Limited (“Hunchun Zijin”), a wholly-owned subsidiary of the Company, subscribed shares of Yanbianzhou SMEs Credit Security Investment Co., Ltd. (“Yanbian Credit Security”) with consideration of RMB20 million representing 20% equity interest in 2007. During the year, Hunchun Zijin further subscribed the shares of Yanbian Credit Security with consideration of RMB30 million. After the further subscription, Hunchun Zijin owns 25% equity interest of Yanbian Credit Security in aggregate. Yanbian Credit Security is mainly engaged in providing guarantees for loans to small and medium enterprises.

Asset Acquisition

Currency: RMB'000

Transaction parties or ultimate controlling parties	Target assets	Acquisition date	Acquisition price	Net profit contributed to listed company from the date of acquisition to reporting period end	Net profit contributed to listed company from the beginning of the year to the reporting period end (applicable to business combination under common control)	Connected transaction (If yes, explain pricing principles)	Pricing principles for asset acquisition	Completion of transfer of rights of property	Completion of transfer of creditors' rights and liabilities	Proportion of net profit generated by asset acquired to listed company to their total profit (%)	Type of connection
Fortune Source International Limited	100% equity interest and rights of shareholder's loan of Wuqia Huaxin Mining Company Limited	5 May 2011	140,000			No	Valuation	Yes	Yes		
Li Lijou	65% equity interest of Sanming City Hongguo Mining Company Limited	21 May 2011	159,900			No	Valuation	Yes	Yes		
Minxi Xinghang State-owned Assets Investment Company Limited	46.5% equity interest of Fujian Jinyi Copper Co., Ltd.	24 May 2011	93,500			Yes	Bidding, valuation	Yes	Yes		Controlling shareholder
Huang Qingshan, Zhao Ning, and Zhang Yong	100% equity interest of Shaanxi Huayi Mining Co., Ltd.	15 July 2011	68,800			No	Valuation	Yes	Yes		

Report of the Directors

Currency: RMB'000

Transaction parties or ultimate controlling parties	Target assets	Acquisition date	Acquisition price	Net profit contributed to listed company from the date of acquisition to reporting period end	Net profit contributed to listed company from the beginning of the year to the reporting period end (applicable to business combination under common control)	Connected transaction (If yes, explain pricing principles)	Pricing principles for asset acquisition	Completion of transfer of rights of property	Completion of transfer of creditors' rights and liabilities	Proportion of net profit generated by asset acquired contributed to listed company to their total profit (%)	Type of connection
Shangguan Jiandong, Li Xuejun	70% equity interest of Shaanxi Dadi	15 August 2011	31,500			No		Yes	Yes		
Summer Gold Limited Liability Partnership	60% equity interest in Altynken and the shareholder's loan provided by Summer Gold to Altynken	15 August 2011	US\$ 66,000,000 (equivalent to approximately RMB 422,136,000)			No	Internal assessment based on the resource situation	Yes	Yes		
Norton Gold Fields Limited	Subscription of 138,350,000 ordinary shares of Norton Gold	25 July 2011	A\$27,670,000 (equivalent to approximately RMB 193,158,736)			No	Internal assessment based on the resources situation	Yes	Yes		
Warrior Advance Pty. Ltd.	100% of the issued share capital in Long Province Resources and the whole shareholders' loan	4 November 2011	A\$175,000,000 (equivalent to approximately RMB 1,154,475,000)			No	Valuation	Yes	Yes		
Jinchuan Group (Hong Kong) Resources Holdings Limited	1,574,337,150 ordinary shares of Gold Eagle	7 November 2011	US\$ 227,566,495 (equivalent to approximately RMB 1,438,493,328)			No	Internal assessment based on the resource situation	No	No		

Report of the Directors

- (1) On 5 May 2011, the Company's wholly-owned subsidiary, Golden Asia Mining (BVI) Limited ("Golden Asia") entered into an agreement with Fortune Source International Limited and other parties in relation to the sale of all the issued shares and rights of shareholder's loan of United Summit Investment Limited. Golden Asia acquired 100% equity interest and rights of shareholder's loan of its subsidiary, Wuqia Huaxin Mining Company Limited ("Wuqia Huaxin") with the consideration of RMB140 million (in which the consideration for the acquisition of equity interest was RMB80,847,819). Wuqia Huaxin mainly owns a lead and zinc mine in Wuqia County, Xinjiang, which is adjacent to the mining region of Xinjiang Jinwang Mining Company's Wulagen Zinc and Lead Mine of the Company (same ore body). After the acquisition, the goal to unify planning and development of mines can be achieved.
- (2) On 21 May 2011, the Company's wholly-owned subsidiary, Fujian Zijin Investment Company Limited ("Fujian Zijin Investment") entered into a share transfer contract with an individual shareholder Li Liyou and agreed to acquire 65% equity interest of Sanming City Hongguo Mining Company Limited ("Hongguo Mining") with the consideration of RMB159,900,000. Hongguo Mining mainly owns a silver and multi-metals mine in Sanming, Fujian.
- (3) Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang") sold its 46.5% equity interest in Fujian Jinyi Copper Products Company Limited ("Jinyi Copper") by a bid through Longyan City Equity Exchange at the bottom price of RMB93.5 million. The Company participated in the bid for not more than RMB93.5 million. According to the valuation report issued by Xiamen City University Assets Appraisal Co., Ltd., the fair value of Jinyi Copper's total equity assessed based on income approach was RMB200,390,000, the corresponding fair value of the 46.5% equity interest acquired was RMB93,181,350. Since the Company is the only transferee in this bid, according to the relevant regulations of Longyan City Equity Exchange, a share purchase agreement will be applied to this share transfer. The Company entered into the "Property Transaction Contract" with Minxi Xinghang on 24 May 2011. The Company is the transferee of the 46.5% equity interest of Jinyi Copper sold by Minxi Xinghang at the consideration of RMB93.5 million. Upon the completion of the acquisition of equity interest, Jinyi Copper became a wholly-owned subsidiary of the Company.
- (4) On 15 July 2011, the Company and three individual shareholders of Shaanxi Huayi Mining Co., Ltd. ("Huayi Mining"), Huang Qingshan, Zhao Ning and Zhang Yong entered into a share transfer agreement in which the Company acquired 100% equity interest of Huayi Mining at a consideration of RMB68.8 million. After the completion of the acquisition, Huayi Mining was re-named as Shaanxi Ankang Zijin Co., Ltd. ("Ankang Zijin"). Ankang Zijin owns exploration rights for gold and multi-metals mines in Ankang Daihe Town Liushuping of Shaanxi Province.
- (5) On 15 August 2011, Ankang Zijin entered into an agreement of capital enlargement with the individual shareholders of Shaanxi Dadi Mining Co., Ltd. ("Shaanxi Daidi"), Shangguan Jiandong and Li Xuejun. The registered capital of Shaanxi Daidi increased from RMB12 million to RMB45 million in which Ankang Zijin paid consideration of RMB31.50 million, representing 70% equity interest of Shaanxi Daidi. Shaanxi Daidi owned 8 exploration rights in Hanbin District, Shiquan County, Ankang City of Shaanxi Province.
- (6) On 15 August 2011, the wholly-owned subsidiary of the Company, Superb Pacific Limited ("Superb Pacific") entered into an equity transfer agreement with Summer Gold Limited Liability Partnership ("Summer Gold") in which Superb Pacific paid consideration of US\$66,000,000 (equivalent to RMB422,136,000) to acquire 60% equity interest of Altynken Limited Liability Company ("Altynken") held by Summer Gold and the whole shareholder's loan provided by Summer Gold to Altynken (in which the consideration in relation to acquisition of equity interest was US\$34,600,000, equivalent to approximately RMB220,228,263). Altynken mainly engaged in the gold mining of Taldy-Bulak Levoberejny field (Zuoan Gold Mine) in the Kyrgyz Republic.

Report of the Directors

- (7) The Company and Luminous Gold Limited (“Luminous Gold”), its wholly-owned subsidiary, entered into a share subscription agreement with Norton Gold Fields Limited (“Norton Gold”) on 25 July 2011. The Company and Luminous Gold paid consideration of A\$27,670,000 (equivalent to approximately RMB193,158,736) to acquire 138,350,000 ordinary shares of Norton Gold in two tranches. In addition to the previous acquisition of 5,900,000 ordinary shares of Norton Gold in the secondary market, the Company held in aggregate of 144,250,000 ordinary shares of Norton Gold, representing approximately 16.98% of the enlarged issued shares of Norton Gold after the completion of the transaction. Norton Gold is principally engaged in the business of production and exploration of gold mines in Australia.
- (8) On 4 November 2011, the Company and the Company’s wholly-owned subsidiary, Ding Jin Limited (“Ding Jin”), entered into an equity transfer agreement with Warrior Advance Pty. Ltd. (“Warrior Advance”) and Dragon Mountain Gold Limited (“DMG”). Ding Jin paid consideration of A\$175,000,000 (equivalent to approximately RMB1,154,475,000) to acquire 100% equity interest in Long Province Resources Limited (“Long Province Resources”) held by Warrior Advance and the whole shareholders’ loan (in which the consideration in relation to acquisition of equity interest was A\$142,096,698, equivalent to approximately RMB910,964,048). Long Province Resources owns 90% interest in Gansu Long Jin Mining Resources Ltd. (“Gansu Long Jin”) and 87% interest in Gansu Long Ao Mining Ltd. (“Gansu Long Ao”). Gansu Long Jin and Gansu Long Ao own exploration rights of gold projects in Gansu Lixian.
- (9) On 7 November 2011, the Company and Thrive Build Investments Limited (“Thrive Build”), a wholly-owned subsidiary of the Company, entered into an equity sales and purchases agreement with Jinchuan Group (Hong Kong) Resources Holdings Limited (“Jinchuan HK”) and Jinchuan Group Limited (“Jinchuan Group”). Thrive Build paid consideration of US\$227,566,495 (equivalent to approximately RMB1,438,493,328) to acquire 45% equity interest (1,574,337,150 ordinary shares) of Gold Eagle Mining Investment Limited (“Gold Eagle”) from Jinchuan HK. Gold Eagle owns 100% interest in Tibet Tian Yuan Minerals Exploration Limited (“Tibet Tian Yuan”) through its subsidiaries. Tibet Tian Yuan owns Tibet Xietongmen gold copper project. As at the date of the report, the transaction has not yet completed.

Report of the Directors

Disposal of assets

Currency: RMB'000

Transaction parties	Asset disposed	Date	Price	Net profit of asset disposed contributed to listed company from the beginning of the year to the disposal date	Gains or losses arising on disposal	Connected transaction (If yes, explain pricing principles)	Pricing principles for asset disposal	Completion of transfer of rights of property	Completion of transfer of creditor's rights and liabilities	Proportion of net profit generated by asset disposal contributed to listed company to their total profit (%)	Connected relationship
Hubei Qianyi Investment Company Limited	60% equity interest and creditor's rights of Hunan Zijin Mining Company Limited	24 May 2011	12,000			No	Valuation	Yes	Yes		
Tianjin Datong Xintian Investment Co., Ltd.	84.405% equity interest of Sichuan Jiuzhaigou Zijin Mining Company Limited	26 April 2011	92,200			No	Valuation	Yes	Yes		

The Company and the non-controlling shareholder, Wenzhou Yuanjing Mining Investment Company Limited (“Wenzhou Yuanjing”) of Hunan Zijin Mining Company Limited (“Hunan Zijin”) entered into a “Share Transfer Agreement” with Hubei Qianyi Investment Company Limited on 24 May 2011. The Company and Wenzhou Yuanjing sold 100% equity interest and liabilities of Hunan Zijin with a consideration of RMB20 million. The Company and Wenzhou Yuanjing respectively owns 60% and 40% equity interest of Hunan Zijin. The consideration paid to the Company included RMB9,816,075 which was related to the transfer of equity of Hunan Zijin. Hunan Zijin is holding 100% equity interest of Hunan Anhua Xinfeng Mining Company Limited and 95% equity interest of Anhua Zijin Antimony Tungsten Mining Company Limited.

On 26 April 2011 the Company and Tianjin Datong Xintian Investment Co., Ltd. (“Tianjin Datong”) entered into an equity transfer agreement in which the Company sold 84.405% equity interest of Sichuan Jiuzhaigou Zijin Mining Company Limited to Tianjin Datong at a consideration of RMB92.20 million.

Save as disclosed above, the Group did not have any other substantial purchases or disposals of subsidiaries and associates during the reporting period.

Report of the Directors

MATERIAL CONNECTED TRANSACTION

1. Connected transaction related to daily operations

Currency: RMB

Parties of the connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Method of pricing	Price of connected transaction	Total transaction amount	Percentage of amount related to similar transactions(%)	Payment method	Market price	Reason for the difference between transaction price and market price
Fujian Xinhudu Engineering Company Limited	A subsidiary of a shareholder of the Company	Provision of service	Provision of exploitation contracting services for Deerni Copper Mine and Zijinshan Gold Mine	Market price		198,919,468				
Fujian Shanghang Ting River Hydropower Co., Ltd.	A subsidiary of a shareholder of the Company	Loans	the Company's subsidiary, Zijin Finance provided loans to its associate	Market price		30,000,000				

Fujian Xinhudu Engineering Company Limited has provided mining exploitation contracting services for Deerni Copper Mine and Zijinshan Gold Mine for many years. As modern large-scale mines, with reference to the requirements in working facilities, production techniques, safety and environmental protection, sustainable contractors are required.

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

The pricing of the above connected transactions is based on the prevailing market price. There is no unfairness in these connected transactions and there is no adverse effect on the independency of the Company.

Report of the Directors

2. Connected transaction as a result of acquisition and disposal of assets

Currency: RMB'000

Parties of the connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Method of pricing	Book value of asset transferred	Assessed value of assets transferred	Reason for the difference between selling price and book value or assessed value	Selling price	Payment method	Gain on disposal of asset
Minxi Xinghang state-owned Assets Investment Co., Ltd.	Company's substantial shareholder	Acquisition of shares	Participation in the bid for a 46.5% equity interest of Jinyi Copper held by the Company's substantial shareholder, Minxi Xinghang	Public bid and asset valuation		93,181.35		93,500		

Minxi Xinghang State-owned Assets Investment Co., Ltd. ("Minxi Xinghang") sold 46.5% equity interest of Fujian Jinyi Copper Co., Ltd. ("Jinyi Copper") through public bid at Longyan City Equity Exchange Centre at the bottom price of RMB93.5 million. The Company participated in the bid for the equity interest to be sold by Minxi Xinghang for not more than RMB93.5 million. According to the valuation report produced based on income approach by Xiamen City University Assets Appraisal Co., Ltd., the value of Jinyi Copper's total equity was RMB200,390,000. The value of 46.5% equity interest of Jinyi Copper was approximately RMB93,181,350. As our Company was the only one who interested in the 46.5% equity interest of Jinyi Copper, pursuant to relevant regulations of Longyan City Equity Exchange Centre, such equity interest transfer was made by agreement. The Company and Minxi Xinghang entered into the Share Purchase Agreement on 24 May 2011, pursuant to which the Company purchased 46.5% equity interest of Jinyi Copper held by Minxi Xinghang at the consideration of RMB93.5 million. Upon the completion of the acquisition of equity interest, Jinyi Copper became a wholly-owned subsidiary of the Company.

Save as disclosed above, the disclosed related party transactions in the auditors' report were not the non-exempt connected transactions defined by Chapter 14A in the Listing Rules.

Report of the Directors

Accordingly, it is confirmed by the Directors that:

- (a) The connected parties in the above connected transactions have undertaken to the Company and the Stock Exchange to provide adequate access for auditors' inspection the relevant books and records, in order to review the above connected transactions and prepare the relevant reports.
- (b) The Company has undertaken to the Stock Exchange, if it is aware or has reasons to believe that the independent non-executive directors and/or auditors are unable to confirm that the relevant transactions comply with the Listing Rules and the restrictions under the waiver conditions that the Company must immediately notify the Stock Exchange. The Company may have to comply with the relevant requirements of the Listing Rules to disclose and obtain independent shareholders' approval, or make corrections based on the instructions of the Listing Division of the Stock Exchange.
- (c) Independent directors of the Group have confirmed that all the connected transactions of the Company or its subsidiaries involved in the year 2011 were:
 1. entered into in the ordinary and usual course of business of the Company or its subsidiaries;
 2. entered into on normal commercial terms; or where no comparisons are available, then under terms which are fair and reasonable to the shareholders of the Company;
 3. entered into under the terms of the agreement governing such transactions; or where no such agreement is available, under terms not inferior from those available from or to independent third parties.
- (d) The Group's auditors have reviewed the transactions (details of which are set out in note VI to the financial statements), and confirmed to the Board that:
 1. the transactions have been approved by the Board;
 2. terms of the agreement of the relevant transactions are attached to the connected transactions;
 3. the aggregated amounts of the transactions have not exceeded the respective announced annual caps.

In addition, except for Mr. Liu Xiaochu who has interests in the connected transactions between the Group and Fujian Xinhudu Engineering Company Limited, other directors do not have any interests in other material contracts.

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

Save for the connected transactions/related-party transactions as disclosed in this report, there were no contracts of significance between the listed issuer or its subsidiaries and the controlling shareholder or any of its subsidiaries.

Save as disclosed above, please refer to the note VI to the financial statements for the details of commodity purchase, labour offering and other related party transactions.

Report of the Directors

STAFF OF THE GROUP

Total current staff	21,003
Retired employees that the Group is responsible for the retirement expenses	192

Profession structure

Classification	Number of Staff
Mining	1,825
Processing	4,529
Refining	2,101
Geology	899
Infrastructure	417
Electrical and Mechanical	1,805
Accounting	701
Survey	391
Finance	980
Chemical work	1,150
Management	1,574
Others	4,631
Total	21,003

Education

Classification	Number of Staff
Doctorial degree	31
Master degree	209
Bachelor degree	2,532
Tertiary education	3,679
Secondary school or below	14,552
Total	21,003

As at the end of 2011, the Group had 21,003 employees. According to the strategic human resources development strategy and planning, the Group has implemented a programme of global talent recruitment. The Group has introduced various methods in staff training including the establishment of three strata training system, job orientation, on-job training, technique competition, and external assigned training. In order to solve the bottle neck problem in recruiting key professionals, the Group has paid high attention to a result-oriented training integrated with production, academic and research, and the strategic co-operation with universities. The Group believes in the harmonic development among the enterprise, staff and the community and has built an annual salary system, negotiated salary system, structured salary system which are mainly interlocked with the enterprise's performance. The allocation of personal income will be based on the personal appraisal. The Group will motivate staff to create value to the enterprise and realize the personal goal simultaneously to achieve the maximization of value to shareholders.

Report of the Directors

MANAGEMENT CONTRACTS

There were no management and administrative contracts relating to the business as a whole or any principal operations of the Company entered into by the Company or existing for the year ended 31 December 2011.

Appointment and dismissal of auditors

Change of appointment of auditors:	No
Auditors in the mainland	Currently appointed
Remuneration for auditors this year	Ernst & Young Hua Ming
Appointment term	RMB6,850,000
	Renew once a year

The Ministry of Finance, the Recommended Committee of China Securities Regulatory Commission for the domestic accounting firms auditing the H shares enterprises, Hong Kong Financial Services and the Treasury Bureau, the Hong Kong Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited ("Stock Exchange"), Hong Kong Financial Reporting Council and Hong Kong Institute of Certified Public Accountants reached consensus to allow a PRC company listed in HK or a HK company listed in the PRC to prepare the financial statements according to local accounting standards and audited by local accounting firms according to local auditing standards. In order to reduce the audit costs, the Company decided not to re-appoint international auditors — Ernst & Young and appointed Ernst & Young Hua Ming to audit the Company's financial statements for 2011 according to the China Auditing Standards and to take over the responsibilities stated in the "Listing Rules of the Stock Exchange".

Report of the Directors

DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 31 December 2011, the interests of the directors and supervisors of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by directors of Listed Companies, to be notified to the Company and the Stock Exchange are as follows:

Shareholdings of directors and supervisors in the Company as at 31 December 2011:

Director	Number of domestic shares/amount of equity interest held	Nature of interest	Long/short positions	Approximate percentage of shareholding in same class of securities	Approximate percentage of shareholding in the registered capital
Chen Jinghe	132,000,000	Personal	Long	0.84%	0.61%
Liu Xiaochu	7,242,525	Personal	Long	0.05%	0.03%
Luo Yingnan	7,500,000	Personal	Long	0.05%	0.03%
Lan Fusheng	7,500,000	Personal	Long	0.05%	0.03%
Zou Laichang	1,500,000	Personal	Long	0.01%	0.01%

Save as disclosed above, none of the directors and supervisors or their associates has any interest in the securities of the Company or its associated company (as defined in the SFO) during the reporting period. None of the Directors and supervisors or their spouse or children under the age of 18 years is holding any option to subscribe securities or debentures of the Company, or has exercised any such option.

Save as disclosed above, no arrangement has been entered into between the Company or its holding company or its subsidiaries during any time in the reporting period, which will allow the directors or supervisors of the Company to be benefited by acquiring the shares or debentures of the Company or other body corporates.

Report of the Directors

SHARE CAPITAL AND SHAREHOLDERS

CHANGE OF ISSUED SHARES

As at 31 December 2011, the Company has issued 21,811,963,650 ordinary shares of RMB0.1 each.

Unit: share

	31 December 2011	31 December 2010
Domestic shares/A shares	15,803,803,650	10,535,869,100
H shares	6,008,160,000	4,005,440,000
Total shares	21,811,963,650	14,541,309,100

SHAREHOLDING STRUCTURE

As at 31 December 2011, the Company has a total of 978,589 shareholders, of which 1,004 are holders of H Shares and 977,585 are holders of domestic shares. By approximate percentage of shareholding in the registered capital, the shareholdings of the Company's top ten shareholders are as follows:

Shareholders' name	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the registered capital
1. Minxi Xinghang State-owned Assets Investment Co., Ltd. (Notes 2 and 3)	Domestic Shares	6,316,353,180	28.96%
2. HKSCC Nominees Limited (Note 1)	H Shares	5,975,200,581	27.39%
3. Xinhua Industrial Group Co., Ltd.	Domestic Shares	2,431,619,756	11.15%
4. Xiamen Hengxing Group Co., Ltd.	Domestic Shares	385,581,233	1.77%
5. Shanghang County Jinshan Trading Co., Ltd.	Domestic Shares	256,245,000	1.17%
6. Chen Jinghe	Domestic Shares	132,000,000	0.61%
7. Industrial and Commercial Bank of China – Shangzheng 50 Exchange-traded Funds	Domestic Shares	83,593,209	0.38%
8. Bank of Communications Limited –Yi Fonda 50 Index Securities Investment Fund	Domestic Shares	66,772,674	0.31%
9. Industrial and Commercial Bank of China - Huitianfu Growth Focus Securities Investment Fund	Domestic Shares	62,905,957	0.29%
10. Bank of China - Harvest Hushen 300 Equity Fund	Domestic Shares	43,238,582	0.20%

Note:

- (1) HKSCC Nominees Limited is holding 5,975,200,581 H shares in the Company as a nominee, representing 27.39% of the Company's shares in issue. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and trust business for customers.
- (2) 208,484,145 A shares of the Company held by Minxi Xinghang State-owned Assets Investment Co., Ltd. has to be transferred to the National Social Security Fund Council, that part of the stock is frozen.
- (3) Minxi Xinghang State-owned Assets Investment Co., Ltd. has pledged the 600,000,000 A shares of the Company.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

So far as the directors, supervisors and chief executives are aware, as at 31 December 2011, the interests and long/short positions of substantial shareholders (other than directors, supervisors and the chief executives of the Company) in the issued share capital of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Name of shareholders	Class of shares	Number of shares/ equity interest held	Approximate percentage of the total number of issued shares	Approximate percentage of the total number of issued domestic shares	Approximate percentage of the total number of issued H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	6,316,353,180	28.96%	39.97%	—	Long
Xinhua Industrial Group Company Limited	Domestic Shares	2,431,619,756 (Note 1)	11.15%	15.39%	—	Long
Chen Fashu	Domestic Shares	2,446,736,046 (Note 2)	11.22%	15.48%	—	Long
BlackRock, Inc.	H Shares	549,022,164 (Note 3)	2.52%	—	9.13%	Long
BlackRock, Inc.	H Shares	79,469,616 (Note 3)	0.36%	—	1.32%	Short
Morgan Stanley	H Shares	376,972,337 (Note 4)	1.73%	—	6.27%	Long
Morgan Stanley	H Shares	357,830,219 (Note 4)	1.64%	—	5.96%	Short

Notes:

- (1) Xinhua Industrial Group Company Limited holds 2,431,619,756 domestic shares in the Company.
- (2) Mr. Chen Fashu holds 15,116,290 domestic shares in the Company. Mr. Chen Fashu also holds 73.56% interests in the issued share capital of Xinhua Industrial Group Company Limited. Pursuant to Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 2,431,619,756 domestic shares in the Company. Therefore, Mr. Chen Fashu is deemed to be interested in 2,446,736,046 domestic shares in the Company.

Report of the Directors

- (3) BlackRock, Inc. is interested in 549,022,164 H shares (long position) of the Company (representing approximately 9.13% of the total issued H shares) and 79,469,616 H shares (short position) of the Company (representing approximately 1.32% of the total issued H shares).

According to the disclosure form filed by BlackRock, Inc. on 5 January 2012, the following interests in shares were held by BlackRock, Inc. in the following capacity:

Capacity	No. of Shares
Interest of corporations controlled by BlackRock, Inc.	549,022,164 (Long position) 79,469,616 (Short position)

These shares were held by BlackRock, Inc. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct		Number of shares
			control	interest	
Trident Merger, LLC	1209 Orange Street, Wilmington DE 19801, United States	Blackrock Inc.	100.00	N	Long position 3,470,250
BlackRock Investment Management, LLC.	800 Scudders Mill Road, Plainsboro NJ 08536, U.S.A	Trident Merger, LLC	100.00	Y	Long position 3,470,250
BlackRock Holdco 2 Inc.	1209 Orange Street, Wilmington DE 19801, United States	Blackrock Inc.	100.00	N	Long position Short position 545,551,914 79,469,616
BlackRock Financial Management, Inc.	40 East 52nd Street, New York NY 10022, United States	BlackRock Holdco 2 Inc.	100.00	Y	Long position Short position 545,551,914 79,469,616
BlackRock Holdco 4 LLC	40 East 52nd Street, New York, 10022, United States	BlackRock Financial Management, Inc.	100.00	N	Long position 342,405,617
BlackRock Holdco 6 LLC	40 East 52nd Street, New York, 10022, United States	BlackRock Holdco 4 LLC	100.00	N	Long position 342,405,617
BlackRock Delaware Holdings, Inc.	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States	BlackRock Holdco 6 LLC	100.00	N	Long position 342,405,617
BlackRock Institutional Trust Company, N.A.	400 Howard St, San Francisco, CA, 94105-2618	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position 342,405,617
BlackRock Fund Advisors	Howard Street, San Francisco, CA 94105, United States	BlackRock Institutional Trust Company, N.A.	100.00	Y	Long position 271,355,000
BlackRock Advisors Holdings Inc.	40 East 52nd Street, New York, 10022, United States	BlackRock Financial Management, Inc.	100.00	N	Long position Short position 203,146,297 79,469,616

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct		Number of shares	
			control	interest		
BlackRock Capital Holdings, Inc.	40 East 52nd Street, New York, NY 10022, USA	BlackRock Advisors Holdings Inc.	100.00	N	Long position Short position	6,291,731 2,056,000
BlackRock Advisors, LLC.	100 Bellevue Parkway, Wilmington DE 19809, United States	BlackRock Capital Holdings, Inc.	100.00	Y	Long position Short position	6,291,731 2,056,000
BlackRock International Holdings Inc.	40 East 52nd Street, New York, 10022, United States	BlackRock Advisors Holdings Inc.	100.00	N	Long position Short position	196,854,566 77,413,616
BR Jersey International LP	Forum House, Grenville Street, St. Helier, JE1 0BR, Jersey	BlackRock International Holdings Inc.	100.00	N	Long position Short position	196,854,566 77,413,616
BlackRock (Institutional) Canada Ltd	250 Yonge Street, Suite 2400, Toronto ON M5B 2M6, Canada	BR Jersey International LP	100.00	N	Long position	490,000
BlackRock Holdings Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1	BlackRock (Institutional) Canada Ltd	100.00	N	Long position	490,000
BlackRock Asset Management Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada	BlackRock Holdings Canada Limited	100.00	Y	Long position	490,000
BlackRock HK Holdco Limited	35/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong, SAR, China	BR Jersey International LP	100.00	N	Long position Short position	30,506,326 28,821,826
BlackRock Asset Management North Asia Limited	2503-05 One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.	BlackRock HK Holdco Limited	100.00	Y	Long position Short position	30,506,326 28,821,826
BlackRock Australia Holdco Pty Ltd	Level 18, 120 Collins Street, Melbourne VIC 3000, Australia	BR Jersey International LP	100.00	N	Long position	145,500
BlackRock Asset Management Australia Limited	Level 43, Grosvenor Place, 225 George Street, Sydney, NSW 2000, PO Box N43, Grosvenor Place NSW 1220, Australia	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	96,000
BlackRock Investment Management (Australia) Limited	Level 43, Grosvenor Place, 225 George Street, Sydney, NSW 2000, PO Box N43, Grosvenor Place NSW 1220, Australia	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	49,500
BlackRock Cayco Ltd.	c/o Walkers SPV Limited, P.O. Box 908GT, Walker House, Mary Street, George Town, British West Indies, Cayman Islands	BR Jersey International LP	100.00	N	Long position	3,082,500

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct control	interest	Number of shares	
BlackRock Trident Holding Company Limited	Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin, 2, Ireland	BlackRock Cayco Ltd.	100.00	N	Long position	3,082,500
BlackRock Japan Holdings GK	Sapia Tower, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan	BlackRock Trident Holding Company Limited	100.00	N	Long position	3,082,500
BlackRock Asset Management Japan Limited	Marunouchi Trust Tower Main, -8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217	BlackRock Japan Holdings GK	100.00	Y	Long position	3,082,500
BlackRock Group Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BR Jersey International LP	100.00	N	Long position Short position	162,630,240 48,591,790
BlackRock International Limited	40 Torphichen Street, Edinburgh, EH3 8JB, United Kingdom	BlackRock Group Limited	100.00	Y	Long position	4,584,000
Blackrock Advisors (UK) Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BlackRock Group Limited	100.00	Y	Long position Short position	64,194,040 48,591,790
BlackRock (Netherlands) B.V.	House, Grenville Street, St. Helier, JE1 0BR, Jersey	BlackRock Group Limited	100.00	Y	Long position	168,000
BlackRock Luxembourg Holdco S.a.r.l.	6D, Route de Trèves, Senningerberg, L-2633, Luxembourg	BlackRock Group Limited	100.00	N	Long position	68,978,200
BlackRock Investment Management Ireland Holdings Ltd	First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland	BlackRock Luxembourg Holdco S.a.r.l.	100.00	N	Long position	51,417,200
BlackRock Asset Management Ireland Limited	JPMorgan House, International Financial Services Centre, Dublin 1, Ireland	BlackRock Investment Management Ireland Holdings Ltd	100.00	Y	Long position	51,417,200
BlackRock (Luxembourg) S.A.	6D, Route de Trèves, Senningerberg, L-2633, Luxembourg	BlackRock Luxembourg Holdco S.a.r.l.	100.00	Y	Long position	17,561,000
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BlackRock Group Limited	100.00	N	Long position	24,706,000
BlackRock Holdings Deutschland GmbH	OpfernTurm, Bockenheimer Landstraße 2-4 , 60306 Frankfurt am Main, Germany	BlackRock Investment Management (UK) Limited	100.00	N	Long position	970,000

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares	
BlackRock Asset Management Deutschland AG	Max-Joseph-Straße 6, D-80333, München, Germany	BlackRock Holdings Deutschland GmbH	100.00	Y	Long position	970,000
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	BlackRock Investment Management (UK) Limited	100.00	Y	Long position	20,532,000
BlackRock Investment Management (Korea) Limited	23F, Seoul Finance Centre, 84 Taepyungro 1-ka, Jung-ku, Seoul, 100-768, Korea, Republic of	BlackRock Fund Managers Limited	100.00	Y	Long position	5,000

- (4) Morgan Stanley is interested in 376,972,337 H shares (Long position) of the Company (representing approximately 6.27% of the total issued H shares) and 357,830,219 H shares (Short position) of the Company (representing approximately 5.96% of the total issued H shares).

According to the disclosure form filed by Morgan Stanley on 4 January 2012, the following interests in shares were held by Morgan Stanley in the following capacities:

Capacity	No. of Shares
Interest of corporations controlled by Morgan Stanley	376,972,337 (Long position) 357,830,219 (Short position)

These shares were held by Morgan Stanley through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares	
Morgan Stanley Capital Management, L.L.C.	1585 Broadway, New York, 10036, New York, U.S.A. Place of Incorporation: Delaware	Morgan Stanley	100.00	N	Long position Short position	376,972,337 357,284,219
Morgan Stanley Domestic Holdings, Inc.	1585 Broadway, New York, 10036, New York, U.S.A. Place of Incorporation: Delaware	Morgan Stanley Capital Management, L.L.C.	100.00	N	Long position Short position	246,993,213 227,230,095
Morgan Stanley International Incorporated	1585 Broadway, New York, 10036, New York, U.S.A. Place of incorporation: Delaware.	Morgan Stanley Domestic Holdings, Inc.	10.00	N	Long position Short position	246,993,213 227,230,095
Morgan Stanley International Incorporated	1585 Broadway, New York, 10036, New York, U.S.A. Place of incorporation: Delaware.	Morgan Stanley	90.00	N	Long position Short position	246,993,213 227,230,095
Morgan Stanley International Limited	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley International Incorporated	100.00	N	Long position Short position	157,039,413 137,824,295

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct		Number of shares	
			control	interest	Long position	Short position
Morgan Stanley Group (Europe)	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley International Limited	98.30	N	Long position Short position	157,039,413 137,824,295
Morgan Stanley UK Group	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley Group (Europe)	100.00	N	Long position Short position	157,039,413 137,824,295
Morgan Stanley & Co. International plc.	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley UK Group	100.00	Y	Long position Short position	157,039,413 137,824,295
Morgan Stanley Domestic Holdings, Inc.	1585 Broadway, New York, 10036, New York, U.S.A. Place of Incorporation: Delaware	Morgan Stanley Capital Management, L.L.C.	100.00	N	Long position Short position	129,979,124 130,054,124
Morgan Stanley & Co, LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware	Morgan Stanley Domestic Holdings, Inc.	100.00	Y	Long position Short position	129,979,124 129,848,124
Morgan Stanley International Holdings Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware.	Morgan Stanley International Incorporated	18.00	N	Long position Short position	89,407,800 89,405,800
Morgan Stanley International Holdings Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware.	Morgan Stanley	72.00	N	Long position Short position	89,407,800 89,405,800
Morgan Stanley International Holdings Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware.	Morgan Stanley Domestic Holdings, Inc.	10.00	N	Long position Short position	89,407,800 89,405,800
MSDW Equity Financing Services (Luxembourg) S.a.r.l.	8-10, rue Mathias Hardt, Luxembourg, L-1717, Luxembourg. Place of incorporation: Luxembourg.	Morgan Stanley International Holdings Inc.	100.00	Y	Long position Short position	89,405,800 89,405,800

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct control	interest	Number of shares	
Morgan Stanley Capital (Luxembourg) S.A.	38-40 rue Sainte Zithe, L-2763 Luxembourg. Place of incorporation: Luxembourg.	Morgan Stanley International Incorporated	93.75	Y	Long position Short position	546,000 0
Morgan Stanley Asia Pacific (Holdings) Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of Incorporation: Cayman Island	Morgan Stanley International Holdings Inc.	100.00	N	Long position Short position	2,000 0
MSDW-JL Holdings I Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley Asia Pacific (Holdings) Limited	100.00	N	Long position Short position	2,000 0
Morgan Stanley (Hong Kong) Holdings Limited	46th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong SAR. Place of incorporation: Hong Kong.	Morgan Stanley Asia Pacific (Holdings) Limited	100.00	N	Long position Short position	2,000 0
Morgan Stanley Asia Regional (Holdings) III LLC	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley Asia Pacific (Holdings) Limited	100.00	N	Long position Short position	2,000 0
Morgan Stanley (Singapore) Holdings Pte Ltd.	#16-01 Capital Square, 23 Church Street, Singapore 049481. Place of incorporation: Singapore.	Morgan Stanley Asia Regional (Holdings) III LLC	100.00	N	Long position Short position	2,000 0
Morgan Stanley Asia Regional (Holdings) IV Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley (Singapore) Holdings Pte Ltd.	100.00	N	Long position Short position	2,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSDW-JL Holdings I Limited	70.00	N	Long position Short position	2,000 0

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct control	interest	Number of shares	
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley (Singapore) Holdings Pte Ltd.	10.00	N	Long position Short position	2,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley International Holdings Inc.	10.00	N	Long position Short position	2,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley (Hong Kong) Holdings Limited	10.00	N	Long position Short position	2,000 0
MSDW-JL Holdings II Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley Japan (Holdings) Ltd.	100.00	N	Long position Short position	2,000 0
MSJL Holdings 4682 Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSDW-JL Holdings II Limited	100.00	N	Long position Short position	2,000 0
MSJL Holdings Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSJL Holdings 4682 Limited	100.00	N	Long position Short position	2,000 0
MS CYM Preferred Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSJL Holdings 4682 Limited	100.00	N	Long position Short position	2,000 0
MSJS Preferred YK	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	MS CYM Preferred Ltd.	100.00	N	Long position Short position	2,000 0
Morgan Stanley Japan Holdings Co., Ltd	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	Morgan Stanley Asia Regional (Holdings) IV Limited	18.60	N	Long position Short position	2,000 0

Report of the Directors

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% Direct control	Direct interest	Number of shares
Morgan Stanley Japan Holdings Co., Ltd	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	MSJS Preferred YK	7.06	N	Long position 2,000 Short position 0
Morgan Stanley Japan Holdings Co., Ltd	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	MSJL Holdings Limited	74.34	N	Long position 2,000 Short position 0
Mitsubishi UFJ Morgan Stanley Securities	2-5-2 Marunouchi, Chiyoda-ku, Tokyo Japan. Place of incorporation: Japan	Morgan Stanley Japan Holdings Co., Ltd	40.00	Y	Long position 2,000 Short position 0
Morgan Stanley Capital (Cayman Islands) Limited	Ugland House, South Church Street, PO Box 309, George Town, Grand Cayman, Cayman Islands. Place of incorporation: Cayman Islands.	Morgan Stanley	100.00	Y	Long position 0 Short position 546,000
Morgan Stanley Capital Services Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801 USA. Place of incorporation: Cayman Islands.	Morgan Stanley Domestic Holdings, Inc.	100.00	Y	Long position 0 Short position 206,000

Save as disclosed above and so far as the directors are aware, as at 31 December 2011, no other person (other than the directors, supervisors, chief executives or members of senior management of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

Based on members register and other published information, the directors consider that the Company complies with the Listing Rules in relation to the requirement of minimum public shareholding.

Report of the Directors

USE OF PROCEEDS

RMB'000

Year	Type of financing	Total proceeds	Proceeds used in this reporting period	Accumulated use of proceeds	Total unused proceeds	Usage and placement of unused proceeds
2008	Initial Public Offering	9,806,960.20	863,644.00	9,568,596.80	238,363.40 (interest excluded)	Proceeds were injected in the projects stated in IPO prospectus and the amended projects, unused proceeds were deposited into the Company's specific bank accounts.
Total	/	9,806,960.20	863,644.00	9,568,596.80	238,363.40 (interest excluded)	/

The Company's initial public offering raised net proceeds of A Shares of RMB9,806,960,200 in April 2008 in the PRC. As at 31 December 2011, the Company has used an accumulated amount of RMB9,568,596,800. The unused net proceeds in the amount of RMB238,363,400 (interest income excluded) is deposited in a specific bank account for the raised proceeds or in time deposit accounts of the Company.

Report of the Directors

Use of proceeds for different projects

RMB'000

Project name	Project amended	Proposed investment	Actual investment	On schedule	Progress	Expected gains	Gains generated	Expected gains achieved	Explanation of projects not meeting the expected progress and gains	Reasons for amendments and procedure of use of proceeds
1. Zijinshan Gold and Copper Mine joint open pit mining project	No	1,522,526.80	1,524,113.20	Yes	Construction basically completed	Year of 2011: Production of gold of 16,165.13kg, recovering copper of 1,409.88 tonnes, copper concentrates containing copper of 7,494.22 tonnes, realized net profit of RMB2.75192 billion (including the production capacity before technological innovation)		Yes		
2. Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500.00	457,380.40	Yes	Construction completed and commenced production	Year of 2011: production of gold of 2,334.51kg, copper of 9,048.91 tonnes, realized net profit of RMB527.41 million (including the production capacity before technological innovation)		Yes		
3. 200 tonnes daily refractory gold processing and refining project	No	198,094.00	198,094.00	Yes	Construction completed and commenced production	Year of 2011: production of processed gold of 4,073.06kg, silver of 26,972.95kg, realized net profit of RMB38.3122 million		Yes		
4. Mining resources exploration project	Yes	17,067.60	17,067.60							
5. Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project	No	196,800.00	196,800.00	Yes	Acquisition completed					
6. Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals plc project in the United Kingdom	No	603,000.00	603,000.00	Yes	Acquisition completed					

Report of the Directors

RMB'000

Project name	Project amended	Proposed investment	Actual investment	On schedule	Progress	Expected gains	Gains generated	Expected gains achieved	Explanation of projects not meeting the expected progress and gains	Reasons for amendments and procedure of use of proceeds
7. Acquisition and development of the ZGC Gold Mine in Tajikistan	Yes	763,629.70	763,706.90	Yes	Acquisition completed, under development and construction	Acquisition completed, under development and construction, year of 2011: production of gold of 1,329.2kg, realized net profit of RMB103.3212 million				
8. Acquisition of 70% interest in Zijin Longxing (owned the mining rights of Lead, Zinc and Multi-metals Mine in Tuva Republic of Russia	No	271,600.00	271,600.00	Yes	Acquisition completed	Under development and construction				
9. Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project	Yes	342,105.10	255,427.90	Yes	Project construction basically completed, entering into pilot production					
10. 200,000 tonnes /year copper refinery project of Zijin Copper Co., Ltd.	Yes	807,835.40	513,406.80	Yes	Project construction basically completed, entering into pilot production					
11. Supplemental working capital	Yes	4,768,000.00	4,768,000.00							
Total	/	9,952,158.60	9,568,596.80	/	/	/	/	/	/	/

Notes:

- The gains in projects no. 4, 5, 6, and 8 could not be separately measured in a short-term, in which projects no. 5, 6, and 8 were involved in mines acquisition. The resources reserve and core competitive strength of the Company have been enhanced after the completion of these acquisitions and it will benefit the Company in a long-run.
- For the details of the use of proceeds, please refer to the specific report.

Report of the Directors

Status of change of use of proceeds

									RMB'000
Name of new project	Corresponding original project	Proposed investment	Actual investment	On Schedule	Expected gains	Gains	Progress	Expected gains achieved	Explanation of projects not meeting the expected progress and gains
Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project	Mining resources exploration project	342,105.10	255,427.90	Yes	—	Project construction basically completed, entering into pilot production			
200,000 tonnes/year copper refinery project of Zijin Copper Co., Ltd.	Acquisition and development of the ZGC Gold Mine in Tajikistan and supplemental working capital	807,835.40	513,406.80	Yes	—	Project construction basically completed, entering into pilot production			
Total	/	1,149,940.50	768,834.70	/		/	/	/	/

The investment period and cycle for the mining resources exploration project is relatively long, that the risk associated with the investment in exploration is high, and that it is difficult to estimate the investment returns accurately. As approved by the first 2010 extraordinary general meeting, the proposed investment sum of RMB342,105,100 (including interest) not yet applied towards the mineral resources exploration project will be re-directed and invested in the Comprehensive Utilization of Circular Economy for the Qinghai Deerni Tailings Project. This change has been announced in accordance with the listing rules (refer to the circular dated 3 November 2010 for details).

Due to the overseas logistic supply difficulty problem, the development project of the Tajikistan ZGC Gold Mine was delayed. To improve the efficiency in using the proceeds, according to the proceeds management and with the approval of the 2010 annual general meeting of shareholders, the unused proceeds of RMB552.5272 million (interest included) for "Acquisition and development of the ZGC Gold Mine in Tajikistan" will be injected in "200,000 tonnes/year copper refinery project of Zijin Copper Co., Ltd."; and the unused proceeds of RMB255.3082 million (interest included) from supplemental working capital will also be injected in "200,000 tonnes/year Copper Refinery project of Zijin Copper Co., Ltd.". This change has been announced in accordance with the Listing Rules (refer to the notice of 2010 annual general meeting dated 13 April 2011 for details).

Report of the Directors

SUPPLEMENTAL INFORMATION

Major litigation and arbitration

Unit: Yuan Currency: RMB

Plaintiff(s)	Defendants	Jointly and severally liable parties	Type of proceedings (arbitration)	Basic information of proceedings (arbitration)	Amount involved in proceedings (arbitration)	Progress of proceedings (arbitration)	Hearing results and impacts of proceedings (arbitration)	Execution progress of verdict (arbitration)
Longyan City Xinluo District People's Procuratorate	Zijinshan Gold and Copper Mine	No	Criminal	"7.3" Zijinshan Copper Mine hydro-metallurgical plant environmental incident, Zijinshan Gold and Copper Mine and other five individual defendants have been sued by prosecutor for committing substantial environmental pollution offence	A fine of RMB30 million (including original administrative fine) imposed to Zijinshan Gold and Copper Mine as a result of the judgment of the first trial	Fujian Province Longyan City Middle People's Court has completed the hearing	Zijinshan Gold and Copper Mine of Zijin Mining Group Co., Ltd. was sentenced to have committed a substantial environmental pollution offence and has been sentenced to pay a fine in the sum of RMB30 million (including original administrative fine).	Executed
Guangdong Province Xinyi City People's Government	Xinyi Zijin, Xinyi Baoyuan	No	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflowed and broke, caused casualties and property damages downstream. In October 2010, Xinyi City People's Government filed the claims of property damages.	Proceedings amount of RMB19.5 million, more claims will be requested if the confirmed loss exceeds the original claims.	Case is in progress		
Villagers of Datong Village and Shuanghe Village, Xinyi City	Zijin Mining, Xinyi Zijin, Xinyi Baoyuan	Xinyi City People's Court ordered to join companies which were in charge of design, construction, supervision, and examination and appraisal of the tailing dam as additional defendants; in relation to 17 victims in Shuanghe Village and agreed to join Xinyi City Shihuadi power plant and its 13 partners as additional defendants	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflowed and broke, caused 5 deaths in Datong Village downstream and the collapse of Shihuadi power plant caused 17 deaths in Shuanghe Village. Villagers commenced personal injury proceedings in December 2010.	Originally claimed RMB11,678,317.33 as compensation, changed to RMB12,674,539 later	Under the auspices of the court, Xinyi Zijin reached a mediation agreement with the plaintiffs in December 2011 and March 2012 respectively	Xinyi Zijin paid RMB7,928,800.68 in total to the plaintiffs for compensation, bore the litigation costs of RMB101,207. Also, Fujian Shanghang Charity Federation donated RMB4,745,739 to Qianpai Town, Xinyi City for giving financial assistance to the victims' families of the 15 cases in Shuanghe Village.	Executed

Report of the Directors

Unit: Yuan Currency: RMB

Plaintiff(s)	Defendants	Jointly and severally liable parties	Type of proceedings (arbitration)	Basic information of proceedings (arbitration)	Amount involved in proceedings (arbitration)	Progress of proceedings (arbitration)	Hearing results and impacts of proceedings (arbitration)	Execution progress of verdict (arbitration)
Villagers of Qianpai Town, and Qingyuan water supply plant in Xinyi City (Total 2,480 cases)	Xinyi Zijin, Xinyi Baoyuan, Zijin Mining	Engineering, Design, Construction, and Supervision units as defendants, in about 2,000 lawsuits, Xinyi City Shihuadi power plant and its 13 partners have been joined as additional defendants	Civil	On 21 September 2010, Xinyi Zijin's tailing pool dam overflow and broke, led to damages to the plaintiffs' property. Plaintiffs filed the claims of property damages in 2011.	Originally claimed RMB311,929,227 as compensation, changed to RMB371,419,020.29 later	Case is in progress		
Shihuadi power plant	Xinyi Zijin, Xinyi Baoyuan, Zijin Mining	Engineering, Design, Construction, and Supervision units as defendants	Civil	On 21 September 2010, as Xinyi Zijin's tailing pool dam overflow and broke, plaintiff claimed that the collapse of tailing pool dam caused the collapse of the power plant dam and claimed for property damage	Claimed RMB13 million	Case is in progress		

THE PUNISHMENT AND RECTIFICATION TO THE COMPANY, DIRECTORS, SUPERVISORS, SENIOR MANAGERS, SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

In relation to the incident of the leakage of waste water at Zijinshan Gold and Copper Mine copper hydro-metallurgical plant of the Company happened in July 2010, according to the criminal judgment [(2011) Yanxingzhongzi No. 42] the Fujian Province Longyan City Middle People's Court upheld the decision in respect of the item one in the criminal judgment [(2011) Longxinxingchuzi No. 31] issued by the Longyan City Xinluo District People's Court, which was that: "Zijinshan Gold and Copper Mine of the Company committed a serious offence relating to environmental pollution and was fined the sum of RMB30 million (including the original administrative fine)."

Report of the Directors

OTHER MAJOR EVENTS

In March 2011, the Company received a "Notice of cancellation of recognition of Zijin Mining Group Co., Ltd.* as a high technology enterprise" (Minkegao[2011] No.15) issued by the Fujian Recognition of New and High Technology Enterprises Leading Committee as a result of the leakages of acid copper-contained waste water from the Company's Zijinshan Gold and Copper Mine copper hydro-metallurgical plant, causing serious pollution to Ting River. According to Article 15 of "Recognition of New and High Technology Enterprises Management Policy"(Guokefahuo[2008] No. 172), the committee decided to cancel the recognition of the Company as a new and high technology enterprise with effect from 3 July 2010. As a result of the cancellation of the recognition of the new and high technology enterprise, a change of the Company's applicable profit tax rate from 15% to 25% has been implemented.

In June 2011 and July 2011, the Company's wholly owned subsidiary, Zijin International Finance Co., Ltd., ("Zijin Finance") as the issuer, has 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 of the United States pursuant to Regulation S under the U.S. Securities Act. The bonds are backed by a standby letter of credit issued by Bank of China, Paris Branch. The bonds issue has been completed on 27 July 2011. The issue of the bonds is mainly used for purchase of copper concentrates and other overseas operations.

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 as at 31 December 2010. After the conversion, the total number of shares increased to 21,811,963,650 shares. Dealing of the additional shares commenced on 5 July 2011.

Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang"), being the controlling shareholder of the Company, held 4,210,902,120 shares of the Company, all of which were held prior to the initial public offering of the A shares of the Company. In accordance with the relevant provisions of the Company Law and the Rules Governing the Listing of Stock on Shanghai Stock Exchange, when the Company made the public offer of the A shares, Minxi Xinghang undertook that it would not be within 36 months since the listing of A shares of the Company, transfer, or assign other parties, to manage the shares of the Company held by it, nor would the shares be acquired by the Company. In accordance with the undertaking of Minxi Xinghang and relevant regulations, the 4,210,902,120 A shares of the Company held by Minxi Xinghang were released from selling restrictions and be available in the market on 25 April 2011.

The profit distribution policy in the Company's Articles of Association:

I. Reasonable returns to our investors is an important factor when the Company distributes its profit; II. the Company provides cash dividend or bonus share; III. Accumulated cash dividends for the latest three years are not less than 60% of annual realized profit; i.e. accumulated distributed profit of latest 3 years \geq (the last year realized distributable profit + latest 2nd year realized distributable profit + latest 3rd year realized distributable profit) \div 3 \times 60%. The cash dividends distribution proposal in 2010: based on the total share of 14,541,309,100 as at 31 December 2010, to distribute cash dividend of RMB0.10 (including tax) per share to all shareholders. The Company distributed the cash dividends of RMB1,454,130,910 in total. The remaining undistributed profit carried forward to the next financial year. The above profit distribution proposal was implemented on 8 July 2011.

Report of the Directors

ANNUAL GENERAL MEETING

The Group's annual general meeting for year 2010 was held on 30 May 2011, the following matters had been considered and approved: Proposal for amendments of articles of association; Proposal of issuing bonds overseas by the Company through a domestic company's wholly-owned overseas subsidiary; Proposal of conversion of capital reserve to paid-up shares; The directors' report for year 2010; Report of the Independent Directors for year 2010; Report of Supervisory Committee for year 2010; Consolidated audited financial statements for year 2010; The Company's 2010 annual report and its summary; The profit distribution proposal for year 2010; The remunerations of the executive directors and the chairman of supervisory committee for 2010; Proposal of non re-appointment of international auditors — Ernst & Young and appoint Ernst & Young Hua Ming to audit the Company's financial statements 2011 and the Board of Directors was authorised to determine their remuneration; and Proposal of usage change of part of proceeds.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities as at 31 December 2011.

SHARE OPTION SCHEME

As at the date of this report, the Company has not granted nor agreed to grant any option to its directors or supervisors or the employees of the Company or its subsidiaries.

MAJOR SUPPLIERS AND CUSTOMERS

Transactions of the Company's gold products were conducted and settled through the Shanghai Gold Exchange. Information about the ultimate customers is unknown.

The Company's total purchases from the five largest suppliers and the largest supplier amounted to RMB4,490,610,000 and RMB1,755,326,000 respectively, representing 17.79% and 6.95% of the total purchases respectively. All transactions between the Company and the related suppliers were entered into under normal commercial terms.

As far as the directors are aware, none of the directors, supervisors or their respective associates (as defined in the Listing Rules of the Stock Exchange ("Listing Rules")), who own more than 5% equity interest of the Company had any interest in the above five largest suppliers in the year of 2011.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the directors and supervisors has entered into a service contract with the Company respectively. All these contracts will be started from the date of appointment and ended on 4 November 2012. Pursuant to article 106 of the articles of association of the Company, the terms for directors will be three years, (commencing from the date of appointment or re-appointment) subject to re-appointment. Under the Company Law of the PRC, the term of appointment for supervisors is also three years, and subject to re-appointment. Remuneration of directors and supervisors can be amended at annual general meetings.

Save as disclosed above, there are no service contracts entered between the Company and any of the directors or supervisors which requires the Company to make compensation (other than statutory compensation) upon termination by the Company within one year.

Report of the Directors

PRE-EMPTIVE RIGHTS

According to the articles of association of the Company and the laws of the PRC, there are no provisions for limited pre-emptive rights requiring the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

TERMS OF DIRECTORS AND SUPERVISORS

During the year and up to the date of this report, the terms of the existing Directors and supervisors are:

TERMS

EXECUTIVE DIRECTORS:

Chen Jinghe	3 years from his re-appointment on 5 November 2009
Luo Yingnan	3 years from his re-appointment on 5 November 2009
Liu Xiaochu	Resigned on 28 March 2012
Lan Fusheng	3 years from his re-appointment on 5 November 2009
Huang Xiaodong	3 years from his re-appointment on 5 November 2009
Zou Laichang	3 years from his re-appointment on 5 November 2009

NON-EXECUTIVE DIRECTOR:

Peng Jiaqing	3 years from his re-appointment on 5 November 2009
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INDEPENDENT NON-EXECUTIVE DIRECTORS:

Su Congfu	3 years from his re-appointment on 5 November 2009
Chen Yuchuan	3 years from his re-appointment on 5 November 2009
Lin Yongjing	3 years from his re-appointment on 5 November 2009
Wang Xiaojun	3 years from his appointment on 5 November 2009

SUPERVISORS:

Lin Shuiqing	3 years from his appointment on 5 November 2009
Xu Qiang	3 years from his re-appointment on 5 November 2009
Lin Xinxi	3 years from his appointment on 5 November 2009
Zhang Yumin	3 years from his re-appointment on 5 November 2009
Liu Xianhua	3 years from his appointment on 5 November 2009

None of the directors or directors intending to seek re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BRIEF BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biography of directors, supervisors and senior management are set out on pages 38 to 42 in this report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save for the service contracts of directors and supervisors as disclosed above, there were no significant contracts to which the Company or its controlling companies or its subsidiaries were a party to and in which a director or supervisor of the Company had a material interest, either directly or indirectly, subsisting at the end of the year or at any time during the year.

Report of the Directors

ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed from pages 43 to 50 of this report, the Company has no other significant acquisitions, disposal or merger of assets during the reporting period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the year, the articles of association of the Company was amended in the Company's general meeting convened on 30 May 2011. For details, please refer to the Company's notice issued on 13 April 2011.

RETAINED EARNINGS

As at 31 December 2011, details of the Company's retained earnings are set out in note V.39 to the financial statements.

ASSETS PLEDGED

As at 31 December 2011, details of the Group's pledged assets are set out in note V.20 to the financial statements.

CURRENCY HEDGING POLICY

As at 31 December 2011, details of the Group's currency hedging policy are set out in note X.6 to the financial statements.

PROFIT DISTRIBUTION PROPOSAL OR THE PLAN FOR CONVERTING CAPITAL RESERVE TO BONUS SHARES

As audited by Ernst & Young Hua Ming, the Group's net profit for the year ended 31 December 2011 prepared in accordance with CAS was RMB5,712,569,100.

The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2011 of RMB0.80 per 10 shares (tax included) (the "2011 Final Dividend") on the basis of 21,811,963,650 total issued shares as at 31 December 2011. The remaining balance of undistributed reserve will be reserved as undistributed reserve for further distribution in future.

No bonus issue and conversion of capital will be included in this distribution proposal.

The proposal of the above-mentioned distribution will be tabled to 2011 annual general meeting for approval.

For the distribution of dividends, dividends for holders of Domestic Shares/A Shares will be distributed and paid in RMB, while dividends for H Shares will be declared in RMB but paid in Hong Kong dollars ("HK\$") (conversion of RMB into HK\$ shall be calculated on the average price of the medium prices of the conversion of RMB into HK\$ announced by the People's Bank of China one calendar week preceding the announcement of the distribution).

FIXED ASSETS

Details of movements of the fixed assets of the Group for the year ended 31 December 2011 are set out in note V.13 to the financial statements.

Report of the Directors

SHARE CAPITAL

Details of the movements of the Company's share capital are set out in note V.35 to the financial statements.

BANK AND OTHER BORROWINGS

Details of the Group's bank and other borrowings are set out in note V.22, 30, and 31 to the financial statements.

TAXATION

The PRC's corporate income tax rate is 25%, details of the Group's taxation are set out in note III and V.51 to the financial statements.

AUDITORS

In the coming Annual General Meeting, the Company will submit a resolution for the reappointment of Ernst & Young Hua Ming as auditors of the Company for the year 2012. Save the non re-appointment of Ernst & Young as international auditors starting from 2011, the Company has not changed its auditors in the past three years.

POST BALANCE SHEET EVENTS

The First Extraordinary General Meeting in 2012 (the "EGM") of the Company was convened on 22 March 2012, poll voting was taken in accordance with the Company's articles of association and the following ordinary resolutions were duly approved by the shareholders attending the EGM as follows:

1. to consider, approve and ratify the proposal of providing internal guarantee and external loan financing to Ding Jin Limited; and to authorise the Board to deal with on behalf of the Company the contract signing, application, approval, registration, filing procedures and other related matters arising from the financing arrangement;
2. to consider, approve and ratify the proposal of providing internal guarantee and external loan financing to Thrive Build Investments Limited; and to authorise the Board to deal with on behalf of the Company the contract signing, application, approval, registration, filing procedures and other related matters arising from the financing arrangement; and
3. to consider, approve and ratify the proposal of providing internal guarantee and external loan financing to the Company's overseas subsidiaries; and to authorise the Board to deal with on behalf of the Company the contract signing, application, approval, registration, filing procedures and other related matters arising from the financing arrangement. This authorization is valid from date of the approval of this proposal at the general meeting to the date of annual general meeting 2012 to be convened in 2013.

The details of the Group's other events after the balance sheet date are set out in note IX to the financial statements.

By order of the Board
Chen Jinghe
Chairman

Shanghang, Fujian, the PRC
28 March 2012

Report of the Supervisory Committee

A. WORKING REPORT OF THE SUPERVISORY COMMITTEE

1. Meetings convened

No. of supervisory committee meetings	5
Relevant meetings of the supervisory committee	Resolutions discussed in the supervisory committee meetings
The Seventh meeting of the Fourth supervisory committee was convened on 30 March 2011 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2010 supervisory committee report of the Company", "The Company's annual report and summary report of 2010", "2010 financial report of the Company", "The Company's profit distribution proposal for the year of 2010", "Specific report of actual use and deposit of the Company's proceeds", "2010 self-assessment report for internal control of the Company", "2010 corporate social responsibility report of the Company", "Proposal of recognition of asset impairment loss provision and change of accounting policies" and "Proposal on recognition of certain fixed asset stock-take loss and obsolescence loss" were reviewed and passed.
The First extraordinary meeting of the Fourth supervisory committee was convened on 12 April 2011 in the Company's conference room at 12/F of the headquarters of the Company	"Proposal for change of use of part of proceeds in other investment projects" was reviewed and passed.
The Eighth meeting of the Fourth supervisory committee was convened on 27 April 2011 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2011 first quarterly report of the Company" was reviewed and passed.
The Ninth meeting of the Fourth supervisory committee was convened on 9 August 2011 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2011 interim report and summary report of Zijin Mining Group Co., Ltd.*", "Proposal for recognition of asset impairment loss and provision" and "Specific report for the actual use and deposit of the Company's proceeds" were reviewed and passed.
The Tenth meeting of the Fourth supervisory committee was convened on 27 October 2011 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2011 third quarterly report of Zijin Mining Group Co., Ltd.*" was reviewed and passed.

Report of the Supervisory Committee

Apart from convening the supervisory committee meetings, the supervisors of the Company have also attended all the board meetings of the Company in 2011, during which questions were raised or suggestions have been proposed on the resolutions of the Board; the supervisory committee has discussed and commented on the 2010 financial report and on all quarterly reports in 2011 during the meetings of board's audit and internal control committee. The chairman of the supervisory committee attended the Company's President meetings and the joint conference of executive directors and senior management to listen to the major matters in relation to the Company's operation and has given his opinions. By the above, the supervisory committee thoroughly understood the process of important decisions making and the management of the Company, and has performed the duties of the supervisory committee in relation to acknowledgement, monitoring and investigation.

Members of supervisory committee participated in the training courses for the directors, supervisors and senior management of the listed companies in the district organized by the CSRC Fujian Regulatory Bureau, learned the business knowledge in relation to supervisory committee and continuously enhanced management capability. The Company's supervisors frequently participated in the on-site investigation of subsidiaries in order to fully understand the Company's actual operating status.

B. INDEPENDENT OPINION OF SUPERVISORY COMMITTEE UPON COMPLIANCE OF THE COMPANY'S OPERATION

The supervisory committee has performed the supervisory function in accordance with the "Company Law", "Articles of Association" on the implementation status of the board resolutions, resolutions approved in the general meetings, performance of operation management on implementation of board resolutions and the Company's management regulations, etc. The supervisory committee concludes that significant items such as capital investment, foreign investment, major financing, appointment and dismissal of key personnel, information disclosure and production and operation can be lawfully decided by the board and were in compliance with the "Company Law", "Articles of Association" and relevant rules and regulations. The management team has seriously carried out all the board resolutions, and enhanced the quality of management from time to time for achieving continuous growth of the Company and protecting the interest of the shareholders. The Company has built up a comprehensive internal control system and has carried out its functions effectively. During the reporting period, the Company's directors and senior management performed their work diligently and dutifully. No Company's directors and senior management personnel in the performance of his duties were found to be in violation of laws, regulations, "Articles of Association" or in prejudice the interests of the Company.

Report of the Supervisory Committee

C. INDEPENDENT VIEWS OF THE SUPERVISORY COMMITTEE UPON INSPECTION OF THE COMPANY'S FINANCIAL POSITION

The supervisory committee has reviewed all periodic financial reports in 2011, futures hedging transactions, external donations and external guarantees, etc.

(1) The Group's financial statements for the year 2011 were audited by Ernst & Young Hua Ming, who has issued an independent auditor's report with an unqualified opinion. During the year, the Group recorded a revenue of RMB39.764 billion, representing an increase of 39.33% over last year; the Group realized a net profit of RMB6.911 billion, representing an increase of 20.06% over last year; in which, net profit attributable to equity holders of the parent amounted to RMB5.713 billion, representing an increase of 18.32% over last year; the Group realized earning per share of RMB0.26, representing an increase of 18.18% over last year; total equity attributable to equity holders of the parent was RMB25.009 billion, representing an increase of 14.55% over last year and total assets amounted to RMB52.320 billion, representing an increase of 36.25% over last year. With the efforts of all the employees and the effect of the favourable market, the Company maintained a substantial growth and obtained good results in 2011. However, the supervisory committee noticed that the growth in operating results in 2011 was attributable to the rising selling prices of the major products such as gold, etc. The supervisory committee also noticed that the relatively rapid increase in operating costs and the relevant expenses in 2011 was attributable to the rising costs of production materials and labour.

(2) In 2011, the Company has provided asset impairment loss of RMB202,878,300, in which RMB84,405,000 was impairment loss in intangible assets; RMB71,814,200 was loss in stock provision; RMB44,319,600 was impairment loss in goodwill; RMB1,587,600 was fixed assets impairment; and RMB751,900 was bad debts loss.

The supervisory committee considered that the impairment provisions for assets in 2011 has been adequately provided according to principles of prudence and objectivity in accordance with the relevant accounting standards and provisions and this reflected the true and fair view of the Company's financial position and operational results.

(3) To reduce the risk of profitability reduction of normal operation caused by the price fluctuation, the Company has engaged in futures hedging of gold, copper and other metals which are similar or same as the Company's mineral products regularly. Such futures hedging was in the key inspection area of supervisory committee. In 2011, the Company recorded a loss of RMB30,363,200 in settlement of forward contracts (2010: loss of RMB41,361,300), representing a decrease of 26.59% over last year. The supervisory committee considered that more attention should be paid on research and analysis on the market trend, place instruction cautiously in order to minimize the loss of futures hedging from misjudgment and achieve the objective of futures hedging.

(4) In 2011, the Group made donation of RMB274,749,800. These donations were mainly used for local economic development and social welfare, which were consistent with the mission of the Company as well as the corporate value of "harmony creates wealth, coordinates development with corporate, staff and community".

Report of the Supervisory Committee

- (5) At the end of 2011, the balance of external guarantee was RMB3,491,220,000, included external guarantee for an associate of RMB30,000,000 and external guarantee for subsidiaries of RMB3,119,220,000. After examination, the supervisory committee considered that the external guarantee have been given in accordance with the principle of prudent operation, effective prevention and elimination of asset loss risk, and in compliance with the requirement of "External guarantee management regulations" and the disclosure for external guarantee was true and complete.

The financial reports and the related information for each reporting period in 2011 have been reviewed and were considered to reflect the financial position and operating results of the Company in a true, accurate and complete manner. There was no false representation, misleading statement or material omission.

D. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE REGARDING THE MOST RECENT ACTUAL INVESTMENT MADE BY THE PROCEEDS

The Company raised net proceeds of RMB9,806,960,200 (excluding issuing fee of RMB175,039,800) from "A" shares listing. As at 31 December 2011, the accumulated use of the proceeds was RMB9,568,596,800, representing 97.57% of total proceeds.

In order to increase the utilisation efficiency of the proceeds and pursuant to the relevant requirements of the Shanghai Stock Exchange and the Company's management policy of funds raising, the Company re-directed the sum of available proceeds of RMB807,835,400 (including interests), of which RMB552,527,200 was derived from the unused proceeds of the project of acquisition and development of ZGC Gold Mine in Tajikistan as at 31 March 2011 (RMB56,142,900 which was deposited into ZGC NRA account was excluded) and of which RMB255,308,200 (including interests) was derived from the unused proceeds of the supplemental working capital, into the 200,000 tonnes copper refinery project of Zijin Copper Co., Ltd. The re-direction of proceeds was approved by the 2010 annual general meeting of shareholders on 30 May 2011. The supervisory committee considered that the re-direction of the proceeds has enhanced the Company's capability to utilize the proceeds efficiently in accordance with the applicable law and regulations in relation to use of proceeds of "A" shares listing. The procedures and resolutions were in compliance with the applicable law and regulations of the use of proceeds of listed companies and there has been no adverse effect to the interests of the shareholders. Save as the above, there is no other use of proceeds during the reporting period.

E. INDEPENDENT VIEWS OF THE SUPERVISORY COMMITTEE REGARDING THE COMPANY'S ACQUISITION AND SALE OF ASSETS

The supervisory committee concerned lawful, reasonable, and effective procedures of asset acquisitions and disposals, and close monitoring was continuously adopted. The Company's major acquisitions and disposal of assets and shares in 2011 include:

- (1) The Company's wholly-owned subsidiary, Ding Jin, acquired 100% of the issued share capital and the whole shareholders' loan in Long Province Resources from Warrior Advance at a consideration of A\$175,000,000 (equivalent to approximately RMB1,154,475,000).

Report of the Supervisory Committee

- (2) The Company and Thrive Build, a wholly-owned foreign subsidiary of Zijin International, acquired 45% shareholding of Gold Eagle from Jinchuan HK at a consideration of US\$227,566,495 (equivalent to approximately RMB1,438,493,328).
- (3) The Company's wholly-owned subsidiary, Superb Pacific, acquired 60% equity interest in Altynken and the whole shareholders' loan from Summer Gold in Altynken at a total consideration of US\$66,000,000 (equivalent to approximately RMB422,136,000) from Summer Gold.
- (4) The Company and Luminous Gold, its wholly-owned subsidiary, acquired an aggregate of 138,350,000 shares of Norton Gold in two tranches. The total consideration was A\$27,670,000 (equivalent to approximately RMB193,158,736).
- (5) The Company entered into a Share transfer agreement with Tianjin Datongxintian Investment Co., Ltd. to dispose its 84.41% equity interest in Jiuzhaigou Zijin at a consideration of RMB92,200,000.

The supervisory committee has conducted an inspection in relation to the above acquisitions and disposal of assets of the Company, by focusing on its pricing principles, third party's valuation, and the procedure of recognition and decision-making. The inspection results showed that the acquisitions and disposal of assets of the Company were in compliance with market principles and the procedure of decision making was also in compliance with the law and regulations and there was no insider dealing and activities that could damage the interests of the shareholders of the Company.

F. INDEPENDENT OPINION OF SUPERVISORY COMMITTEE REGARDING THE COMPANY'S CONNECTED TRANSACTIONS

Connected transactions entered into by the Company in 2011 included the purchase and sale of goods and services, mines exploration, financing services etc. Major connected transactions included:

- (1) The Group accepted to pay RMB198.9195 million for the stripping and mining services provided by Fujian Xinhua Engineering Company Limited.
- (2) The Company participated in the bid for the acquisition of 46.5% equity interest in Jinyi Copper at a consideration of RMB93.5 million.
- (3) At the end of the reporting period, Zijin Finance provided loans of RMB30 million to Ting River Hydropower.

The Company's connected transactions in 2011 strictly followed the "Articles of Association", "Connected Transactions Management Policy" and the Listing Rules of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange regarding the procedures of approval and information disclosure. The Company and the connected parties entered into the connected transactions after arm's length negotiations. The connected transactions were decided prudently, and the procedures were legal and regulated and that there was no insider dealing and no activities that could damage the interests of the Company and the shareholders.

Report of the Supervisory Committee

G. REVIEW ON THE REPORTS IN RELATION TO INTERNAL CONTROL AND SELF-ASSESSMENT BY THE SUPERVISORY COMMITTEE

The Company was the first listed company in Fujian Province with full implementation of internal control operation in 2011. In order to enhance the Company's internal control, promote the Company's regulated operations, ensure the Company's continuity, speedy and steady development, the Company continuously improved its internal control system by complying with the requirements of the "Basic norms of internal control" principles jointly issued by the 5 governmental authorities, the Company Law and Securities Law etc. and adopting to the Company's industrial characteristics, main business and actual operations to enhance the Company's and the Group's management control, the level of operation management and the capability of risk prevention. The Company's internal control organization was structurally completed and equipped with sufficient staff. The internal control department effectively performed internal control investigation by applying scientific measures, promoting the Company's regulated operations and keeping healthy and sustainable development. However, the Group's internal control system and the internal control assessment work still need to be continuously improved.

The supervisory committee considered that the evaluation report on internal control comprehensively, truly and accurately reflects the actual condition of the Company's internal control, and the "Self-evaluation Report of Internal Control 2011 of the board" of the Company was approved.

In 2012, the supervisory committee will strictly follow the Company's development strategies by performing its duties in accordance with "Company Law" and "Articles of Association", and will protect the interests of shareholders and the Company so as to foster the healthy, speedy and sustainable development of the Company. In the coming year, supervisory work over the Group will be focusing on the following aspects:

- (1) Perform duties of supervisory committee in accordance with the law and regulations, strictly follow the new development of the Company, strengthen supervision continuously, carry out supervision on corporate governance and management, ensure the Company's operation is in compliance with the law and protect the interests of shareholders and the Company.
- (2) Continue to strengthen the business guidance to the Company's audit supervision department and the audit supervision mechanism, further rationalize the management mechanism of audit supervision system, actively formulate the way in relation to supervision of overseas subsidiaries, strengthen the establishment of the relevant system and improve the use of mechanisms for monitoring outcomes.
- (3) Introduce supervision of internal control testing and evaluation, urge the Company to rectify important and significant defects and violations immediately to ensure that the Company's operation is in compliance with the law.

Report of the Supervisory Committee

- (4) Strengthen the building of supervision team, promote the overall quality of supervisors and monitoring and audit staff, in accordance with the principles of elite, high efficiency and relatively stableness, adjust and enrich the supervision team, continuously enhance the ability, quality and working skills of supervisors and audit supervision staff through the participation of outsourcing and internally organized training programs etc., to build up a supervision team with higher political ideology and operational capacity for supporting the development of enterprises .

Shareholders please review.

Zijin Mining Group Co., Ltd.*
Supervisory Committee

28 March 2012

Note: This report used Renminbi as currency.

Corporate Governance Report

The Code on Corporate Governance Practice (“Practice Code”) effective for accounting periods commencing on or after 1 January 2005 has superseded the Code of Best Practice as set out in Appendix 14 of the Listing Rules. Save as disclosed herein, the Group has applied the principles as set out in the Practice Code and has complied with the relevant code provisions and most of the recommended best practices.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by directors of the Group. The effective date was 23 December 2003. Following enquiries with all directors of the Company, the Group confirmed that all directors have complied with the provisions of the Model Code for the year ended 31 December 2011.

BOARD COMPOSITION AND PRACTICE

The Board of the Company is jointly responsible to all shareholders for leading and overseeing the operations of the Group so as to ensure the achievement of the objective of value adding to shareholders.

The Board comprises eleven directors, including six executive directors, one non-executive director and four independent non-executive directors. There is no related connections in respect of finance, business or family relations among the members of the Board.

Pursuant to the Listing Rules, a listed issuer must have at least three independent non-executive directors and at least one of them shall possess appropriate professional qualifications or appropriate expertise in accounting or financial management. The professional composition of independent non-executive directors of the Company is: one independent non-executive director who is an experienced registered accountant with expertise in accounting and financial management; one independent non-executive director who is an experienced lawyer with expertise in Hong Kong law; and two independent non-executive directors who are experienced specialists in smelting and mining operations.

For the year ended 31 December 2011, all the non-executive directors of the Company were appointed for 3 years from 5 November 2009 to 4 November 2012. Details are set out in the Report of the Directors.

All independent non-executive directors have submitted annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Group considers that all independent non-executive directors have complied with the Independence Guideline of Rule 3.13 of the Listing Rules and are considered as independent directors pursuant to the provisions of the guideline.

Mr. Chen Jinghe is the Chairman of the Board and Mr. Luo Yingnan is the President of the Company. The structure does not deviate from Rule A.2.1 of the Practice Code.

Led by the Chairman of the Board, the Board is responsible for approving and monitoring the overall development strategy of the Group, approving annual budgets and business plans, approving major investment projects related to the business development of the Group, assessing the performance of the Group, supervising the work of the management and ensuring that the Board acts in the best interests of the Group. The Chairman should ensure that the Board operates effectively and performs its proper duties and holds discussions on various important and proper businesses of the Company in a timely manner. All directors are entitled to propose any matter which needs to be submitted to the Board for discussion in the agenda of the board meeting. The Chairman has delegated the secretary to the Board to draft the agenda

Corporate Governance Report

of each board meeting. With the assistance of executive directors and the company secretary, the Chairman will ensure that all directors will be provided with sufficient and reliable information in a timely manner to enable them to make necessary analyses according to their business expertise.

As the President of the Company, Mr. Luo fully delegates the daily operation management to relevant managers. Executive directors and senior vice presidents are responsible for the daily management of various businesses, including implementing resolutions of the Board, and are responsible to the President for the business operations of the Group. The President of the Company is responsible to the Board for the overall operations of the Group.

The Board has convened 25 plenary board meetings for the year ended 31 December 2011. The attendance of directors at the meetings was as follows:

THE ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS

Name	Number of the board meetings	Attended in person	Attended by communication means	Attended by delegation	Absent
Chairman of the Board					
Chen Jinghe (Chairman)	25	5	20	0	0
Luo Yingnan (President)	25	5	20	0	0
Executive directors					
Liu Xiaochu (Vice chairman)	25	2	19	3	1
Lan Fusheng (Vice chairman)	25	5	20	0	0
Zou Laichang	25	4	20	1	0
Huang Xiaodong	25	5	20	0	0
Non-executive director					
Peng Jiaqing	25	4	20	1	0
Independent non-executive directors					
Chen Yuchuan	25	3	20	2	0
Lin Yongjing	25	5	20	0	0
Su Congfu	25	5	20	0	0
Wang Xiaojun	25	2	20	3	0

The Practice Code stipulates that “a notice shall be given at least 14 days before a regular board meeting to enable all directors to reserve time for attending the meeting. For other board meetings, a reasonable notice shall be given”. The Company has adopted the provisions of the Practice Code and issues meeting notices 14 days before convening a board meeting so that all directors can have sufficient time and opportunity to attend the meeting. All meeting papers were sent to all directors no less than three days before a meeting is convened. Matters discussed and resolved in the board meetings were recorded in detail and a summary of minutes was made or resolutions were filed.

Corporate Governance Report

NOMINATION AND REMUNERATION OF DIRECTORS

The new Board established the nomination and remuneration committee. It comprises independent non-executive directors, Mr. Su Congfu, Mr. Chen Yuchuan, Mr. Lin Yongjing, Mr. Wang Xiaojun, non-executive director, Mr. Peng Jiaqing, and Chairman of the Board, Mr. Chen Jinghe. Mr. Su Congfu was appointed as the chief commissioner of the nomination and remuneration committee. The nomination and remuneration committee also comprises various working group members. Detailed regulations for the nomination and remuneration committee are amended pursuant to the Practice Code and the regulations and the terms of reference of the Committee are published on the website of the Company.

The major responsibilities of the nomination and remuneration committee are:

- To review structure, number of members, and constitution (including skills, knowledge and experiences) of the Board, and propose any possible changes to the Board at regular intervals;
- To look for qualified person to take the position of director, and nominate and provide suggestions to the Board;
- To assess the independence of independent non-executive directors;
- To provide suggestions on appointment, reappointment and succession plan of directors (especially chairman and president) to the Board;
- To formulate the remuneration plan and reward and penalty plan for directors and senior management;
- To appraise and evaluate the performance of duties of directors and senior management;
- To ensure that no director or his associate can determine his own remuneration.
- There had been no nomination and selection of directors during 2011.

PROCEDURE AND BASIS FOR DETERMINATION OF REMUNERATION

Pursuant to the articles of association of the Company, the remuneration plan and reward and penalty plan for directors, supervisors and senior management shall be proposed by the nomination and remuneration committee. Remuneration of executive directors and chairman of supervisory committee shall be considered and approved in the general meeting. Remuneration of senior management shall be considered and approved by the Board. Confirmation of the remuneration of the directors, supervisors and senior management shall be based on the annual operation results of the Company and resolution of the general meeting/Board meeting.

During the reporting period, the nomination and remuneration committee had, in accordance with the working requirements of the board of directors of the Company to the Company's directors, supervisors and senior management personnel, organized and successfully completed the 2010 annual performance assessment of directors, supervisors and senior management personnel.

In the second half of year 2011, the nomination and remuneration committee has taken the lead for the 2011 annual performance assessment of directors, supervisors and senior management personnel of the Company.

During 2011, 4 meetings of the nomination and remuneration committee were held.

Corporate Governance Report

THE ATTENDANCE OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS

Name	Number of meetings	Attended in person	Attended by communication means	Attended by delegation	Absent
Su Congfu (Chief Commissioner)	4	4	0	0	0
Chen Yuchuan	4	0	4	0	0
Lin Yongjing	4	4	0	0	0
Wang Xiaojun	4	0	4	0	0
Peng Jiaqing	4	4	0	0	0
Chen Jinghe (Chairman)	4	2	0	0	2

Pursuant to the requirements of the articles of association and the detailed implementation rules of the nomination and remuneration committee, in the meetings, the committee members evaluated and gave proposal on the remuneration plan and the reward and penalty plan. The proposal was made by reference to the performance of the directors, the overall performance of the Group, the average salary of the local employees, etc.

ANNUAL REMUNERATION

Details are as set out in note X.7 to the financial statements.

AUDITORS' REMUNERATION

For the year ended 31 December 2011, the audit fees charged by the auditors of the Company was approximately RMB6.85 million, and the auditors did not charge any fees other than the audit fees.

AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee comprises independent non-executive directors, Mr. Lin Yongjing, Mr. Su Congfu, Mr. Chen Yuchuan, Mr. Wang Xiaojun, non-executive director, Mr. Peng Jiaqing, executive director, Mr. Liu Xiaochu (resigned as committee member on 27 April 2011), chairman, Mr. Chen Jinghe (appointed as committee member on 27 April 2011) and president, Mr. Luo Yingnan (appointed as committee member on 27 April 2011). The chief commissioner of the committee is Mr. Lin Yongjing. During 2011, four meetings of the audit committee were held.

THE ATTENDANCE OF AUDIT AND INTERNAL CONTROL COMMITTEE MEETINGS

Name	Number of meetings	Attended in person	Attended by communication means	Attended by delegation	Absent
Lin Yongjing(Chief Commissioner)	4	4	0	0	0
Su Congfu	4	4	0	0	0
Chen Yuchuan	4	3	0	1	0
Wang Xiaojun	4	2	0	2	0
Peng Jiaqing	4	4	0	0	0
Liu Xiaochu (Resigned as committee member on 27 April 2011)	4	2	0	0	0
Chen Jinghe (Chairman) (Appointed as committee member on 27 April 2011)	4	3	0	0	0
Luo Yingnan (President) (Appointed as committee member on 27 April 2011)	4	3	0	0	0

Corporate Governance Report

The Board considers that members of the audit and internal control committee have sufficient professional knowledge and experience in accounting and financial management to enable them to perform their duties.

The terms of reference of the audit and internal control committee are published on the website of the Company.

The major responsibilities of the audit and internal control committee are:

- To propose hiring or changing the external audit institution;
- To oversee the Company's internal audit system and its implementation;
- To audit the Company's financial information and its disclosure (including the annual report, the interim report, quarterly report and any feasible financial review);
- To audit the Company's financial reporting and internal control system and to audit major connected transactions;
- The audit and internal control committee has held meetings on a regular basis since its establishment and convened four meetings during the reporting period.

In the meeting held in March 2011, the committee reviewed the working report by the audit supervision office and reviewed the audited report and connected transactions of the Group for the year of 2010, and also submitted its concluding opinions on relevant connected transactions and the audit to the Board.

In the meeting held in April 2011, the committee reviewed the first quarterly report of the Group for the year of 2011 and submitted its concluding opinions on the audit to the Board.

In the meeting held in August 2011, the committee reviewed the interim report and connected transactions of the Group for the year of 2011, and reviewed the effectiveness of the Group's internal control system and also submitted its concluding opinions on the audit to the Board.

In the meeting held in October 2011, the committee reviewed the third quarterly report of the Group for the year of 2011 and submitted its concluding opinions on the audit to the Board.

The audit and internal control committee has communicated with the accounting firm for the focusing issues before they started the audit field work for the year ended 2011, during audit process and after the drafted audit report was issued respectively. The audit and internal control committee convened a meeting on 27 March 2012, in which it examined and approved the 2011 annual report and considered that: there is no major omission in the 2011 annual financial report issued by Ernst & Young Hua Ming, it presented the financial position of the Company fairly in all material respects as of 31 December 2011 and the production and operating results of 2011, agreed to submit the aforementioned documents to the board of directors for consideration.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS

All directors of the Group have acknowledged their responsibilities for preparing financial reports of the Group. Directors ensure that the preparation of financial reports of the Group is in compliance with relevant regulations and applicable accounting standards and that financial reports of the Group are issued in a timely manner.

The responsibility statement made by the auditors of the Company in respect of financial reports of the Group is set out in the auditors' report on page 95 to 96.

Corporate Governance Report

SHAREHOLDING INTERESTS OF SENIOR MANAGEMENT

The details of shareholding interests of senior management of the Group are set out in “Interests and Short Positions of Directors, Supervisors and Chief Executive in the issued shares of the Company” on page 56.

SHAREHOLDERS’ RIGHTS

The articles of association of the Company have stipulated the rights and obligations of all shareholders.

Shareholders holding more than 10% (including 10%) of the issued shares with voting right of the Company can demand in writing to convene an extraordinary general meeting.

The Company shall issue a written notice by 45 days before the holding of a general meeting and inform all registered shareholders about the matters to be considered in the meeting and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall return the written reply for attending the meeting to the Company by 20 days before the meeting.

In the annual general meeting convened by the Company, shareholders holding more than 3% of the shares with voting right of the Company are entitled to make new proposals in writing. The Company shall include the matters in the proposals that are within the scope of the terms of reference of the general meeting in the agenda of the meeting.

The Board shall give explanations and reasons in the general meeting if it decides not to include the general meeting proposals in the agenda of the meeting. It shall also publish the content of the proposals and the Board’s explanations together with resolutions of the general meeting following the conclusion of the general meeting.

Voting in a general meeting is by poll.

The Group communicates with shareholders through the issuance of annual reports, interim reports, quarterly reports, press and electronic announcements. All communications with shareholders are also published on the website of the Group, www.zjky.cn.

OBJECTIONS RAISED BY INDEPENDENT DIRECTORS FOR MATTERS RELATED TO THE COMPANY

During the reporting period, the independent non-executive directors of the Company has not raised any objection to the proposals of the board and other proposals out of the board of the Company for the year.

ESTABLISHMENT, IMPROVEMENT AND MAIN CONTENT OF THE RELEVANT WORKING SYSTEM OF INDEPENDENT DIRECTOR AND PERFORMANCE OF INDEPENDENT DIRECTORS

During the reporting period, the independent non-executive directors of the Company performed their duties seriously and diligently, actively participated in the board meetings and general meeting of shareholders, understood the production, operation, financial situation of the Company timely, raised independent opinions about the Company’s periodic reports, connected transactions, change of use of proceeds, provided professional advices for the board of directors’ scientific decisions, gave full play to the role of independent non-executive directors and safeguarded the legitimate rights and interests of the Company and the minority shareholders as a whole.

Corporate Governance Report

During the reporting period, the independent directors of the Company completed the performance evaluation of the senior management of the Company for 2010, and took the lead to organize the performance evaluation of the directors, supervisors and senior management of the Company for the second half of 2011.

During the reporting period, the independent directors of the Company carried out study and investigation for the following subsidiaries: Comprehensive Utilisation of Circular Economy for the Qinghai Deerni Tailings Project, Luoning Huatai, Luoyang Zijin Yinhui, Luoyang Refinery Plant, Henan Luoning Huatai Mining, 200,000 tonnes/year copper refinery project, Xinjiang Ashele Copper and the companies in three regions: Northwest, Beijing and Southwest to provide professional advices on the corporate's production operation, development ideas, investment decisions, major technical proposal, safety and environmental protection and strengthening corporate management etc.

RELATIONS WITH CONTROLLING SHAREHOLDERS

The Company and the controlling shareholders are completely independent and separated in terms of assets, personnel, finance, institution and operation; the Company's board of directors, supervisory committee and internal organs operate independently; the controlling shareholders of the Company strictly complied with the commitment made to the Company, of avoiding mutual competition within the industry. During the reporting period, there is no controlling shareholder of the Company using its special status to occupy and prejudice the listed companies and the interests of other shareholders.

SUPERVISORS AND THE SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of 5 members, including 2 employee supervisors, the number and composition of the supervisory committee comply with the relevant laws and regulations. Most of the supervisors have professional knowledge and working experience of accounting, auditing and so on. According to the powers and functions conferred by the articles of association, the supervisory committee regularly convened supervisory committee meetings, conscientiously performed their duties so as to be responsible to shareholders, supervised and checked the performance of the directors and senior management personnel and the legal and compliance of the Company's financial issues to fully safeguard the legitimate supervision rights and interests of the Company and shareholders. Under the supervisory committee, there is an audit office which is responsible to supervise the legal compliance of the Company's daily business, the regulation of financial operations etc.

AMENDMENT AND PERFECTION OF POLICIES

During the reporting period, the Company, according to relevant laws and regulations and combine with the actual situation of the Company, amended "the articles of association of the Company", "the donation guidance of the Company", "the rules of strategic and execution committee of the board of directors of the Company", "the working policy of the secretary to the board of directors", "the management policy of the inside information and the insiders of the Company" etc.; to further strengthen the regulation and implementation of the Group's internal control, the Company renamed the audit committee to the audit and internal control committee to increase its leadership function towards the implementation of the Group's internal control, which shall be responsible for the sound establishment and effective implementation of the corporate's internal control, and modify the relevant implementation details accordingly.

Corporate Governance Report

PERFORMANCE EVALUATION AND INCENTIVE AND RESTRICTION MECHANISM OF THE COMPANY

The Company has established a relatively reasonable performance evaluation system, each position of the Company has a clear set of performance evaluation indicators. In accordance with the performance evaluation criteria and procedures of the board of directors, supervisory committee and senior management personnel, the Company established the objectives, responsibilities, performance evaluation criteria and incentive and restriction mechanism, and continued to revise them for making them more scientific and encouraging.

ESTABLISHMENT AND IMPLEMENTATION OF REGISTRATION AND MANAGEMENT POLICY OF INSIDERS

The "Management Policy of Inside Information and Insiders of Zijin Mining Group Co., Ltd." was considered and approved by the third board meeting of the fourth term of board of directors of the Company, the revised "Management Policy of Inside Information and Insiders of the Company" was considered and approved by the thirteenth board meeting of the fourth term of board of directors of the Company. The relevant registration and management policy of insiders has been effectively implemented.

RELEVANT PARTIES TO THE COMPANY

The Company fully respected and safeguarded the legitimate rights and interests of the relevant parties, and established good channels of communication to jointly promote the sustainable, healthy and stable development of the Company. The Company actively concerned about the community development, and performed social responsibilities by way of helping, building, donation etc.

INFORMATION DISCLOSURE

The Company strictly followed the Listing Rules of the PRC and Hong Kong, fulfilled the information disclosure obligations in accordance with laws and complied with the principle of "Fair, Impartial, Open" to disclose relevant information like the periodic reports and ad hoc announcements of the Company truly, accurately, timely and completely; the secretary to the board of directors is responsible for information disclosure of the Company, the securities department and the investor relations management team of the Company are responsible for the reception of investors for their visits and consultation to strengthen communication and exchanges with investors. In July 2011, the Company held a reverse roadshow to organize a site visit to Shanghang Zijinshan Gold and Copper Mine for domestic and foreign investors for understanding more about mine production, environmental protection and safe operation.

INVESTOR RELATIONS

The Board fully recognises that effective communication with investors is a key to build investors' confidence and attract new investors.

The Group held press conferences and/or briefings to investment analysts immediately following the announcements of its annual and interim results. Senior management such as the chairman of the Board and the financial controller of the Group presented to analyse the performance of the Group during the relevant period, expound the business development of the Group and answer questions raised by investors. After the issue of A shares, the Group also issued results announcements on 27 April 2011 for the first quarter of year 2011 and on 27 October 2011 for the third quarter of year 2011.

Corporate Governance Report

Results announcements of the Group were also published timely on the website of the Group.

The Group has also arranged for professional investors to visit its subsidiaries so that they can understand the Group's existing production status, investment status and business development so as to enhance their confidence over the Group.

During the year, the Company convened general meetings on 30 May 2011. For details, please refer to the Company's notice issued on 13 April 2011 and circular issued on 13 May 2011.

The Group's annual general meeting for year 2010 was held at the headquarters of the Group in Shanghang, Fujian on 30 May 2011, the following matters had been considered and approved: "Proposal for amendments of articles of association"; "Proposal of issuing bonds overseas by the Company through a domestic company's wholly-owned overseas subsidiary"; "Proposal of conversion of capital reserve to paid-up shares"; "The board of directors' report for year 2010"; "Report of the Independent Directors for year 2010"; "Report of Supervisory Committee for year 2010"; "Consolidated audited financial statements for year 2010"; "The Company's 2010 annual report and its summary"; "The profit distribution proposal for year 2010"; "The remunerations of the executive directors and the chairman of supervisory committee for 2010"; "Proposal of non re-appointment of international auditors — Ernst & Young and appoint Ernst & Young Hua Ming to audit the Company's financial statements 2011 and the Board of Directors was authorised to determine their remuneration"; and "Proposal of usage change of part of proceeds".

All the above resolutions have been passed by voting in the general meeting.

As at 28 March 2012, the Company totally issued 21,811,963,650 ordinary shares (face value: RMB0.10 per share), in which, 6,008,160,000 shares (H-shares) listed in the Hong Kong Stock Exchange, representing about 27.55% of the total issued shares, and 15,803,803,650 shares (A shares) listed in the Shanghai Stock Exchange, representing about 72.45% of the total issued shares. The total listed shares in these two stock exchanges represented 100% of the total issued shares of the Company.

INTERNAL SUPERVISION AND CONTROL

The Board is solely responsible for the internal supervision and control system of the Group, including defining the management structure and relevant rights of permit determining the adoption of appropriate accounting policies, providing reliable financial information for internal use and public announcement, and ensuring compliance with relevant laws and regulations. The above internal supervision and control systems aim to reasonably (but not absolutely) ensure that there are no significant misrepresentations or losses and manage (but not completely eliminate) the risks of faults in the operating system and the Group's failure in reaching standards.

The executive directors and senior management of the Group are given corresponding authority to manage and monitor all operating systems of enterprises and deal with relevant affairs.

The Group has established an internal accounting system. The draft budget has to be approved by the Board before implementation. There are relevant procedures in the Group's budget management system and investment management system for assessing and reviewing major operating expenditures and capital expenditures. Operating results will be reported to executive directors through regular financial analyses.

Corporate Governance Report

The Group has established a dedicated internal audit institution and appropriate internal supervision and control procedures to ensure that accounting and management information are recorded in a comprehensive, accurate and timely manner. Besides, regular reviews are conducted to ensure that the preparation of financial statements is in compliance with the accounting standards, accounting policies and applicable laws and regulations, which is also extended to all subsidiaries controlled by the Group. The annual working plan of the audit department is subject to approval by the supervisory committee of the Group and the audit committee of the Board.

The Group has established an information disclosure management system which stipulates the relevant procedures for processing price-sensitive information. The Board conducts at least four reviews each year on internal supervision and control through the annual report, the interim report and the quarterly reports so as to assess the effectiveness of the internal control system of the Company and its subsidiaries.

The Board considers that the existing internal supervision and control system of the enterprise basically cover the current operating conditions of the enterprise. However, with the sustained development of the enterprise and a continued improvement in the management level of the Group, the internal supervision and control system of the enterprise shall also be subject to continuing revision and improvement.

After conduction of an annual internal control audit, the board of directors confirmed: the internal control relates to the financial report is valid on 31 December 2011. No significant deficiency and important defect of internal control related to non-financial reporting during internal control self-assessment process is found.

Independent Auditors' Report



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Ernst & Young Hua Ming (2012) Shen Zi No. 60468092_G01

To the shareholders of Zijin Mining Group Company Limited

We have audited the accompanying financial statements of Zijin Mining Group Company Limited (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated and company income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report *(continued)*

OPINION

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company's financial position of the Company as at 31 December 2011 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming

Chinese Certified Public Accountant: Huang Yin

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Gao Xin

28 March 2012

Consolidated Balance Sheet

As at 31 December 2011

Renminbi ("RMB")

(English Translation for Reference Only)

ASSETS	Note V	2011	2010
CURRENT ASSETS			
Cash and cash equivalents	1	6,180,009,655	4,651,209,600
Held-for-trading financial assets	2	264,029,003	388,384,383
Bills receivable	3	574,697,737	326,625,938
Trade receivables	4	489,112,425	669,093,678
Prepayments	5	1,691,517,698	631,892,986
Other receivables	6	987,302,617	792,011,714
Inventories	7	7,160,297,387	3,482,682,131
Other current assets	8	584,909,276	118,665,426
Total current assets		17,931,875,798	11,060,565,856
NON-CURRENT ASSETS			
Available-for-sale investments	9	938,012,473	2,058,973,823
Long-term equity investments	11	3,203,933,411	2,673,804,272
Investment properties	12	51,056,575	53,100,358
Fixed assets	13	10,145,321,562	8,444,568,258
Construction in progress	14	7,898,525,167	3,999,386,221
Construction materials		333,854,223	113,160,383
Intangible assets	15	7,138,194,099	5,292,918,677
Goodwill	16	338,979,724	383,299,356
Long-term deferred assets	17	769,907,533	752,546,244
Deferred tax assets	18	434,359,241	193,970,966
Other non-current assets	19	3,136,179,526	3,374,938,392
Total non-current assets		34,388,323,534	27,340,666,950
TOTAL ASSETS		52,320,199,332	38,401,232,806

Consolidated Balance Sheet (continued)

As at 31 December 2011
Renminbi ("RMB")
(English Translation for Reference Only)

LIABILITIES AND OWNERS' EQUITY	Note V	2011	2010
CURRENT LIABILITIES			
Short-term borrowings	22	3,815,092,312	4,496,151,701
Held-for-trading financial liabilities	23	4,005,648,200	2,321,910
Trade payables	24	3,232,112,911	1,024,790,051
Advances from customers	25	1,012,751,443	430,106,172
Employee benefits payable	26	276,852,910	237,155,968
Taxes payable	27	1,709,391,219	1,030,360,245
Dividends payable	28	23,125,841	29,070,369
Other payables	29	2,073,223,413	1,734,015,864
Current portion of non-current liabilities	30	216,444,590	652,448,993
Total current liabilities		16,364,642,839	9,636,421,273
NON-CURRENT LIABILITIES			
Long-term borrowings	31	2,360,713,448	2,303,074,858
Bonds payable	32	2,987,514,948	—
Long-term payables	33	159,595,217	157,147,490
Deferred tax liabilities	18	226,385,417	219,426,202
Other non-current liabilities	34	88,670,506	56,492,153
Total non-current liabilities		5,822,879,536	2,736,140,703
TOTAL LIABILITIES		22,187,522,375	12,372,561,976
EQUITY			
Issued capital	35	2,181,196,365	1,454,130,910
Capital reserve	36	7,689,487,793	9,377,131,118
Special reserve	37	33,491,518	56,500,682
Statutory reserve	38	1,319,401,104	999,800,342
Retained earnings	39	14,004,152,348	10,065,314,920
Exchange differences on foreign currency translation		(219,118,195)	(121,307,424)
Equity attributable to owners of the parent		25,008,610,933	21,831,570,548
Non-controlling interests	40	5,124,066,024	4,197,100,282
TOTAL EQUITY		30,132,676,957	26,028,670,830
TOTAL LIABILITIES AND OWNERS' EQUITY		52,320,199,332	38,401,232,806

The financial statements were signed by the followings:

Legal Representative:

Principal in charge of
accounting:

Head of accounting department:

Chen Jinghe

Lin Hongying

Qiu Shoucai

Consolidated Income Statement

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Note V	2011	2010
REVENUE	41	39,763,915,441	28,539,578,900
Less:Cost of sales	41	27,536,543,588	18,337,383,129
Taxes and surcharges	42	382,045,241	352,964,119
Selling expenses	43	433,256,436	468,769,177
Administrative expenses	44	1,609,339,207	1,362,043,598
Financial expenses	45	496,400,784	190,780,667
Assets impairment losses	46	202,878,294	175,688,227
Add:Gains/(losses) on changes in the fair value	47	(57,130,642)	107,325,325
Investment income	48	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	49	134,572,479	99,971,340
Less:Non-operating expenses	50	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	51	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
Earnings per share			
Basic earnings per share	52	0.26	0.22
OTHER COMPREHENSIVE INCOME	53	(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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Capital reserve	Special reserve	Statutory reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	1,454,130,910	9,377,131,118	56,500,682	999,800,342	10,065,314,920	(121,307,424)	21,831,570,548	4,197,100,282	26,028,670,830
II. Changes for the year									
(i) Net profit	—	—	—	—	5,712,569,100	—	5,712,569,100	1,197,956,309	6,910,525,409
(ii) Other comprehensive income	—	(796,417,140)	—	—	—	(97,810,771)	(894,227,911)	(224,202)	(894,452,113)
Subtotal of comprehensive income	—	(796,417,140)	—	—	5,712,569,100	(97,810,771)	4,818,341,189	1,197,732,107	6,016,073,296
(iii) Owners contributions and reductions in capital									
1. Others #	—	(164,160,730)	—	—	—	—	(164,160,730)	435,241,873	271,081,143
(iv) Profit distributions									
1. Transfer to statutory reserve	—	—	—	319,600,762	(319,600,762)	—	—	—	—
2. Distributions to owners	—	—	—	—	(1,454,130,910)	—	(1,454,130,910)	(708,757,856)	(2,162,888,766)
(v) Transfers within owners' equity									
1. Capitalisation of capital reserve	727,065,455	(727,065,455)	—	—	—	—	—	—	—
(vi) Special reserve									
1. Transfer to special reserve in the current year	—	—	388,480,304	—	—	—	388,480,304	30,892,534	419,372,838
2. Amount utilised in the current year	—	—	(411,489,468)	—	—	—	(411,489,468)	(28,142,916)	(439,632,384)
Subtotal of (i) to (vi)	727,065,455	(1,687,643,325)	(23,009,164)	319,600,762	3,938,837,428	(97,810,771)	3,177,040,385	926,965,742	4,104,006,127
III. Closing balance of the current year	2,181,196,365	7,689,487,793	33,491,518	1,319,401,104	14,004,152,348	(219,118,955)	25,008,610,933	5,124,066,024	30,132,676,957
#	Details are disclosed in Note V 36.								

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2010

RMB

(English Translation for Reference Only)

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Capital reserve	Special reserve	Statutory reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	1,454,130,910	9,049,520,390	71,752,895	999,800,342	6,691,529,106	(96,553,522)	18,170,180,121	3,443,284,863	21,613,464,984
II. Changes for the year									
(i) Net profit	—	—	—	—	4,827,916,726	—	4,827,916,726	927,831,699	5,755,748,425
(ii) Other comprehensive income	—	368,991,906	—	—	—	(24,753,902)	344,238,004	741,501	344,979,505
Subtotal of comprehensive income	—	368,991,906	—	—	4,827,916,726	(24,753,902)	5,172,154,730	928,573,200	6,100,727,930
(III) Owners contributions and reductions in capital									
1. Others #	—	(41,381,178)	—	—	—	—	(41,381,178)	248,693,610	207,312,432
(IV) Profit distributions									
1. Transfer to statutory reserve	—	—	—	—	—	—	—	—	—
2. Distributions to owners	—	—	—	—	(1,454,130,912)	—	(1,454,130,912)	(425,079,433)	(1,879,210,345)
(V) Special reserve									
1. Transfer to special reserve in the current year	—	—	385,561,043	—	—	—	385,561,043	8,844,957	394,406,000
2. Amount utilised in the current year	—	—	(400,813,256)	—	—	—	(400,813,256)	(7,216,915)	(408,030,171)
Subtotal of (i) to (v)	—	327,610,728	(15,252,213)	—	3,373,785,814	(24,753,902)	3,661,390,427	753,815,419	4,415,205,846
III. Closing balance of the current year	1,454,130,910	9,377,131,118	56,500,682	999,800,342	10,065,314,920	(121,307,424)	21,831,570,548	4,197,100,282	26,028,670,830
#	Details are disclosed in Note V 36.								

Consolidated Statements of Cash Flows

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Note V	2011	2010
I CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		42,854,655,033	28,875,365,333
Sub-total of cash inflows from operating activities		42,854,655,033	28,875,365,333
Cash payments for goods purchased and services received		(30,400,248,339)	(18,657,828,109)
Cash payments to and on behalf of employees		(1,243,421,788)	(974,949,710)
Payments of various types of taxes		(3,594,276,242)	(2,200,620,980)
Other cash payments relating to operating activities	54	(1,226,530,129)	(1,121,604,294)
Sub-total of cash outflows used in operating activities		(36,464,476,498)	(22,955,003,093)
Net cash flows from operating activities	55	6,390,178,535	5,920,362,240
II CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from investment income		228,046,482	242,151,017
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		591,200,500	485,657,466
Cash receipts from disposals and recovery of investments		1,975,121,621	223,358,410
Net cash receipts from disposals of subsidiaries and other business units	55	93,417,331	170,320,817
Cash receipts from time deposits		60,427,950	249,680,978
Other cash receipts relating to investing activities		—	19,992,000
Sub-total of cash inflows from investing activities		2,948,213,884	1,391,160,688
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		(7,476,373,611)	(4,952,234,557)
Cash payments to acquire investments		(1,646,301,298)	(2,420,738,553)
Cash payments for acquisitions of subsidiaries and other business units	55	(1,436,327,879)	(203,517,153)
Other cash payments relating to investing activities	54	(93,567,471)	(106,322,919)
Sub-total of cash outflows used in investing activities		(10,652,570,259)	(7,682,813,182)
Net cash flow used in investing activities		(7,704,356,375)	(6,291,652,494)

Consolidated Statements of Cash Flows (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Note V	2011	2010
III CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash receipts from capital contributions		183,850,260	94,952,733
<i>Including: Cash receipts from capital contributions from non-controlling shareholders of subsidiaries'</i>		183,850,260	94,952,733
Cash receipts from borrowings		11,969,162,578	8,722,044,537
Cash receipts from issue of bonds		3,051,784,128	—
Other cash receipts relating to financing activities	54	241,991,412	276,087,187
Sub-total of cash inflows from financing activities		15,446,788,378	9,093,084,457
Cash repayments of borrowings		(9,475,256,977)	(5,722,535,786)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(2,651,981,128)	(2,185,388,938)
<i>Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries'</i>		(708,757,856)	(395,079,433)
Other cash payments relating to financing activities	54	(786,579,238)	—
Sub-total of cash outflows used in financing activities		(12,913,817,343)	(7,907,924,724)
Net cash flows from financing activities		2,532,971,035	1,185,159,733
IV EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(93,077,303)	(21,452,721)
V NET INCREASE IN CASH AND CASH EQUIVALENTS		1,125,715,892	792,416,758
Add: Opening balance of cash and cash equivalents		3,791,471,973	2,999,055,215
VI CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	55	4,917,187,865	3,791,471,973

Balance Sheet

As at 31 December 2011

RMB

(English Translation for Reference Only)

ASSETS	Note XI	2011	2010
CURRENT ASSETS			
Cash and cash equivalents		3,129,014,590	2,205,081,046
Held-for-trading financial assets		17,266,049	7,610,019
Bills receivable		51,714,483	80,325,474
Trade receivables	1	185,986,403	92,815,911
Prepayments		92,419,151	63,880,756
Dividends receivable		10,462,500	10,462,500
Other receivables	2	5,791,930,414	4,964,489,949
Inventories		354,692,389	268,305,128
Other current assets		139,226,654	101,648,489
Total current assets		9,772,712,633	7,794,619,272
NON-CURRENT ASSETS			
Available-for-sale investments	3	628,953,457	251,671,265
Long-term equity investments	4	11,314,517,179	9,317,852,553
Fixed assets	5	1,007,236,197	904,977,431
Construction in progress	6	1,521,097,734	975,138,343
Construction materials		7,703,927	5,535,016
Intangible assets	7	351,252,411	374,315,576
Long-term deferred assets	8	67,540,287	78,961,520
Deferred tax assets		218,479,375	107,630,899
Other non-current assets	9	1,115,103,131	1,262,584,779
Total non-current assets		16,231,883,698	13,278,667,382
TOTAL ASSETS		26,004,596,331	21,073,286,654

Balance Sheet (continued)

As at 31 December 2011

RMB

(English Translation for Reference Only)

LIABILITIES AND OWNERS' EQUITY	Note XI	2011	2010
CURRENT LIABILITIES			
Short-term borrowings		918,268,384	1,567,389,850
Held-for-trading financial liabilities		3,490,174,465	2,321,910
Trade payables	12	170,401,663	220,602,743
Advances from customers		2,110,280	10,714,042
Employee benefits payable		162,244,197	138,077,300
Taxes payable		734,182,864	506,708,905
Other payables		305,890,146	372,488,699
Current portion of non-current liabilities		43,212,700	443,113,763
Total current liabilities		5,826,484,699	3,261,417,212
NON-CURRENT LIABILITIES			
Long-term payables	13	130,610,691	126,044,628
Other non-current liabilities		9,060,768	9,249,534
Deferred tax liabilities		—	31,299,391
Total non-current liabilities		139,671,459	166,593,553
TOTAL LIABILITIES		5,966,156,158	3,428,010,765
EQUITY			
Issued capital		2,181,196,365	1,454,130,910
Capital reserve		8,714,239,590	9,728,469,476
Special reserve		16,021	516,024
Statutory reserve		1,090,812,600	771,211,838
Retained earnings		8,052,175,597	5,690,947,641
TOTAL EQUITY		20,038,440,173	17,645,275,889
TOTAL LIABILITIES AND OWNERS' EQUITY		26,004,596,331	21,073,286,654

Income Statement

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Note XI	2011	2010
REVENUE	14	11,539,176,241	6,205,111,040
Less:Cost of sales	14	6,942,756,168	2,254,088,177
Taxes and surcharges		123,173,167	121,409,167
Selling expenses		12,116,345	9,546,283
Administrative expenses		520,508,087	443,228,961
Financial expenses	15	38,916,258	35,770,106
Assets impairment losses	16	1,401,806	286,733,176
Add:Gains on changes in the fair value		(991,265)	(7,377,271)
Investment income	17	1,383,040,214	1,067,604,680
<i>Including:Share of profits of associates</i>		15,131,318	21,286,875
Operating profit		5,282,353,359	4,114,562,579
Add:Non-operating income		11,272,169	26,143,929
Less:Non-operating expenses		222,455,215	351,770,926
<i>Including:Losses on disposal of non-current assets</i>		7,634,798	39,061,822
TOTAL PROFIT		5,071,170,313	3,788,935,582
Less:Income tax expenses		936,210,685	696,423,799
NET PROFIT		4,134,959,628	3,092,511,783
OTHER COMPREHENSIVE INCOME		(287,164,431)	92,132,896
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,847,795,197	3,184,644,679

Statement of Changes in Equity

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Issued capital	Capital reserve	Special reserve	Statutory reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	1,454,130,910	9,728,469,476	516,024	771,211,838	5,690,947,641	17,645,275,889
II. Changes for the year						
(I) Net profit	—	—	—	—	4,134,959,628	4,134,959,628
(II) Other comprehensive income	—	(287,164,431)	—	—	—	(287,164,431)
Subtotal of comprehensive income	—	(287,164,431)	—	—	4,134,959,628	3,847,795,197
(III) Profit distributions						
1. Transfer to statutory reserve	—	—	—	319,600,762	(319,600,762)	—
2. Distributions to owners	—	—	—	—	(1,454,130,910)	(1,454,130,910)
(IV) Transfers within owners' equity						
1. Capitalisation of capital reserve	727,065,455	(727,065,455)	—	—	—	—
(V) Special reserve						
1. Transfer to special reserve in the current year	—	—	219,979,364	—	—	219,979,364
2. Amount utilised in the current year	—	—	(220,479,367)	—	—	(220,479,367)
Subtotal of (I) to (V)	727,065,455	(1,014,229,886)	(500,003)	319,600,762	2,361,227,956	2,393,164,284
III. Closing balance of the current year	2,181,196,365	8,714,239,590	16,021	1,090,812,600	8,052,175,597	20,038,440,173

Statement of Changes in Equity (continued)

For the year ended 31 December 2010

RMB

(English Translation for Reference Only)

	Issued capital	Capital reserve	Special reserve	Statutory reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	1,454,130,910	9,636,336,580	671,181	771,211,838	4,052,566,770	15,914,917,279
II. Changes for the year						
(I) Net profit	—	—	—	—	3,092,511,783	3,092,511,783
(II) Other comprehensive income	—	92,132,896	—	—	—	92,132,896
Subtotal of comprehensive income	—	92,132,896	—	—	3,092,511,783	3,184,644,679
(III) Profit distributions						
1. Transfer to statutory reserve	—	—	—	—	—	—
2. Distributions to owners	—	—	—	—	(1,454,130,912)	(1,454,130,912)
(IV) Special reserve						
1. Transfer to special reserve in the current year	—	—	300,271,035	—	—	300,271,035
2. Amount utilised in the current year	—	—	(300,426,192)	—	—	(300,426,192)
Subtotal of (I) to (IV)	—	92,132,896	(155,157)	—	1,638,380,871	1,730,358,610
III. Closing balance of the current year	1,454,130,910	9,728,469,476	516,024	771,211,838	5,690,947,641	17,645,275,889

Statements of cash flows

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Note XI	2011	2010
I CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		11,802,989,933	6,256,000,075
Sub-total of cash inflows from operating activities		11,802,989,933	6,256,000,075
Cash payments for goods purchased and services received		(6,969,869,997)	(2,273,697,585)
Cash payments to and on behalf of employees		(346,589,934)	(322,476,932)
Payments of various types of taxes		(1,020,867,944)	(757,399,232)
Other cash payments relating to operating activities		(545,417,942)	(338,823,586)
Sub-total of cash outflows used in operating activities		(8,882,745,817)	(3,692,397,335)
Net cash flows from operating activities	18	2,920,244,116	2,563,602,740
II CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposal and recovery of investments		103,747,169	242,750,718
Cash receipts from investment income		1,368,484,889	1,149,025,895
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		55,903,682	173,184,958
Cash receipts from time deposits		493,732,503	326,665,464
Other cash receipts relating to investing activities		1,898,746	12,546,961
Sub-total of cash inflows from investing activities		2,023,766,989	1,904,173,996
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		(698,926,412)	(487,140,800)
Cash payments to acquire investments		(3,631,506,005)	(2,692,573,306)
Sub-total of cash outflows used in investing activities		(4,330,432,417)	(3,179,714,106)
Net cash flows used in investing activities		(2,306,665,428)	(1,275,540,110)

Statements of cash flows *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Note XI	2011	2010
III CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash receipts from borrowings		2,168,268,384	991,045,747
Cash receipts from gold leasing business		3,489,007,461	—
Other cash receipts relating to financing activities		19,937,406	8,806,780
Sub-total of cash inflows from financing activities		5,677,213,251	999,852,527
Cash repayments of borrowings		(3,135,054,850)	(689,944,473)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(1,609,725,509)	(1,552,267,764)
Other cash payments relating to financing activities		(487,443,998)	(161,000,000)
Sub-total of cash outflows used in financing activities		(5,232,224,357)	(2,403,212,237)
Net cash flows from/(used in) financing activities		444,988,894	(1,403,359,710)
IV EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(3,690,283)	3,170,211
V NET INCREASE IN CASH AND CASH EQUIVALENTS		1,054,877,299	(112,126,869)
Add: Opening balance of cash and cash equivalents		1,636,013,185	1,748,140,054
VI CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	18	2,690,890,484	1,636,013,185

Notes to Financial Statements

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

I. CORPORATE INFORMATION

Zijin Mining Group Company Limited (“the Company”) is a joint stock liability limited company, registered in Fujian Province of the People’s Republic of China (“PRC”) on 6 September 2000, under the “Company Law of the People’s Republic of China” (“the Company Law”). The Company’s business registration number is 3500001002192.

On 17 August 2000, as approved (Min Zheng Ti Gu (2000) No.22) by the People’s Government of Fujian Province, Minxi Xinghang State-owned Assets Investment Company Limited (“Minxi Xinghang”), as the principal promoter, together with other promoters such as Xinhua Industry Group Company Limited (“Xinhua Industry”), Shanghang County Jinshan Trading Company Limited (“Jinshan Trading”), Fujian Xinhua Engineering Company Limited (“Fujian Xinhua”), Xiamen Hengxing Industry Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited and Fujian Minxi Geological Team etc., transformed Fujian Province Minxi Zijin Mining Group Company Limited into Fujian Zijin Mining Industry Company Limited since 31 December 1999, as the base date of reorganisation. On 16 June 2004, the Company’s name changed from Fujian Zijin Mining Industry Company Limited to Zijin Mining Group Company Limited.

Pursuant to the Resolution at the First Extraordinary General Meeting on 28 June 2003 and the approval (Zheng Jian Guo He Zi [2003] No.41) “In Relation To the Approval of Issuing Overseas Listed Foreign Shares by Fujian Zijin Mining Industry Company Limited” granted by the China Securities Regulatory Committee on 18 November 2003, the Company publicly issued 400,544,000 overseas listed foreign shares with nominal value of RMB0.1 per share at an issue price of Hong Kong dollar (“HKD”)3.3 (approximately RMB3.516) per share; Minxi Xinghang, Fujian Gold Group Company Limited and Fujian Minxi Geologist Team reduced and sold their 36,413,090 state-owned shares at an issue price of HKD3.3 (approximately RMB3.516) per share. As a result of the issue, the Company’s registered capital changed to RMB131,413,091. Pursuant to the Resolution at the Annual General Meeting dated 28 May 2004 for Year 2003, on the transfer of capital reserve into issued capital, the Company transferred its capital reserve of RMB131,413,091 into 1,314,130,910 shares with nominal value of RMB0.1 per share; the Company’s registered capital then changed to RMB262,826,182. Pursuant to the Resolution at the Annual General Meeting dated 31 May 2005 for Year 2004 on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB262,826,182 into 2,628,261,820 shares with nominal value of RMB0.1 per share; the Company’s registered capital then changed to RMB525,652,364. Pursuant to the Resolution at the Annual General Meeting for Year 2005, dated 18 May 2006, on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB525,652,364 into 5,256,523,640 shares with nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 10 new issued ordinary shares as bonus issue based on the 5,256,523,640 issued shares as at the end of 2005). Pursuant to the Resolution at the Annual General Meeting for Year 2006, dated 30 April 2007, on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB262,826,182 into 2,628,261,820 shares with nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 2.5 new issued ordinary shares as bonus issue based on the 10,513,047,280 issued shares as at the end of 2006). As such, the Company’s registered capital changed to RMB1,314,130,910. On 25 April 2008, as approved by the China Securities Regulatory Committee ([2008] No.417) and the Shanghai Stock Exchange (Shang Zheng Shang Zi [2008] No. 29), respectively, the Company issued 1.4 billion ordinary shares with nominal value of RMB0.1 per share at an issue price of RMB7.13 per share and listed on the Shanghai Stock Exchange (“IPO A shares”). As such, the Company’s registered capital changed to RMB1,454,130,910.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

I. CORPORATE INFORMATION *(continued)*

The 1,050,000,000 IPO A shares issued through internet became publicly floating on the Shanghai Stock Exchange on 25 April 2008. The 350,000,000 IPO A shares issued through other ways became publicly floating on the Shanghai Stock Exchange on 25 July 2008. Except for 4,210,902,100 shares held by Minxi Xinghang with a lock up period of 36 months, the aggregate of 4,924,966,980 shares held by other domestic share shareholders had a lock up period of 12 months. Since the date of commencement listed in A shares, up to 27 April 2009, these proportion of restricted shares floated publicly, which representing a total proportion of 33.87% of issued capital. Up to the date of this report, all the Company's issued shares are publicly floating.

Pursuant to the Resolution at the Annual General Meeting for year 2010 on the transfer of capital reserve into issued capital dated 30 May 2011, the Company transferred capital reserve of RMB727,065,455 into 7,270,654,550 shares with nominal value of RMB0.1 per share, that is issued 5 new shares for every 10 existing shares based on the total number of issued shares accounting to 14,541,309,100 issued shares as bonus as at the year of 2010. As at the date of this report, the total number of issued shares is 21,811,963,650. Details are disclosed in Note V 35.

The Company's scope of business includes: exploration of mineral resources (for permitted items, and the permitted periods, please refer to the permits for exploration of mineral resources); open pit mining and underground mining (limited to branches) of gold and copper; processing and refining of gold and copper mines; sales of mineral products and research, production and sales of ordinary machinery and equipments; retailing of gold products; information technology services; sales of industrial production information (excluding 9-seats or below vehicles) and chemical products (excluding dangerous chemical items); hydro power; investment in mining business, hotel business and construction in mine; foreign trade. (The above activities may include permitted operating items which require the approval of the relevant governmental bodies before operation.).

The largest shareholder of the Group is Minxi Xinghang, which registered in the PRC.

The financial statements have been approved by the Company's board resolution on 28 March 2012. In compliance with the Articles of the Association of the Company, the financial statements will propose to be approved at the Shareholders' General Meeting.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The financial statements were prepared in accordance with the Basic Standard and 38 specific Standards of the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MoF") on 15 February 2006, and Application Guidance for ASBE and other relevant regulations issued thereafter (hereafter referred to as "CAS").

The financial statements have been prepared on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared using historical cost as the principal of measurement in financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

2. Statement of compliance with CAS

The financial statements have been prepared in accordance with CAS, and presented truly and completely the Company's and consolidated financial position as at 31 December 2011, and the Company's and consolidated financial performance and cash flows for the year then ended.

3. Accounting period

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

4. Functional currency

The Group adopts RMB to prepare its financial statements. Except for special instructions, the financial statements are denominated in RMB.

The subsidiaries of the Group, jointly-controlling entities and associates determined their own functional currencies according to their primary economic environment in which they operate. Foreign functional currencies are translated into RMB when preparing financial statements.

5. Business combination

A business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party (parties). The combination date is the date on which the merging party actually obtains control of the merged (parties).

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination / the aggregate face value of shares issued as consideration is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

5. Business combination *(continued)*

Business combinations not involving enterprises under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination not involving common control, the party which obtains control of other combining enterprise(s) on the combination date is the acquirer, the other combining enterprise(s) is (are) the acquiree(s). The combination date is the date on which the acquirer actually obtains control of the acquiree(s).

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date exceed the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is subsequently measured at cost less accumulated impairment losses. Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the consideration of combination. If after that reassessment, the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. A subsidiary is an entity whose financial and operating policies is under the control of the Company, directly or indirectly.

Where the accounting policies or accounting periods adopted by subsidiaries are inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies or accounting periods of the Company. All intra-group balances, transactions, unrealised profit or loss and dividends are eliminated on consolidation.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

6. Consolidation of financial statements *(continued)*

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests. Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

Where a subsidiary is acquired through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the acquirer from the acquisition date till the date that such control cease. In preparation of the consolidated financial statements, the financial statements of the acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

Where a subsidiary is acquired through a business combination during the reporting period involving enterprises under common control, the acquiree's operating results and cash flows shall be included in the consolidated income statement and consolidated financial statements as if the acquiree is under control of the group at the very beginning and the comparative amounts of the consolidated financial statements of the Group shall be restated accordingly.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currencies

The Group's foreign currency transactions are recorded in the respective functional currency on initial recognition.

A foreign currency transaction is recorded in the functional currency on initial recognition, by applying the prevailing exchange rate on the date of transaction or the average exchange rate through the transaction period. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period, are recognised in profit or loss for the period. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit or loss or as other comprehensive income.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

8. Foreign currency transactions and translation of financial statements denominated in foreign currencies *(continued)*

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into functional currency using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions or average exchange rates during the transactions period. The exchange differences arising on translation of financial statements denominated in foreign currencies is present under shareholders' equity in the balance sheet. For disposals of equity interest in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss. For partial disposals, the reclassification is determined on disposal percentage.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate of the transaction period of cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statements of cash flows.

9. Financial instruments

Financial instruments are the contracts that formed the financial assets of one entity, and meanwhile formed the financial liabilities or equity instruments of other entities.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset, part of a financial asset or group of financial assets, if one of the following conditions is satisfied:

- (1) The contractual rights to the cash flows from the financial asset expire; or
- (2) the contractual rights to the cash flows from the financial asset is transferred out, or obligated to transfer out all generated cash flows on receipt; and (a) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Recognition and derecognition of financial instruments *(continued)*

The Group derecognises a financial liability only when the underlying present obligation is settled, discharged or expired. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or to modify the original financial liability's terms substantially, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid should be recognised in profit or loss for the current period.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

Classification and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the categories including: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale investments. Classification of financial assets of the Group is determined on initial recognition. Financial assets are initially measured at fair value. For financial assets at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets, transaction costs are included in their initial recognised amounts.

Subsequent measurement of financial instruments is determined on the classification.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

The Group's financial assets at FVTPL are all financial assets held for trading. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) it has been acquired principally for the purpose of selling in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) it is a derivative that is not designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. The above financial instruments are subsequently measured at fair value, realised and unrealised profit or loss is recognised when incurred. Dividends or interest income from FVTPL are recognised as profit or loss.

An entity shall not reclassify any financial assets out of the fair value through profit or loss category if upon initial recognition it was designated by the entity as at fair value through profit or loss; and an entity shall not reclassify any financial assets into the fair value through profit or loss category after initial recognition.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation is recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation is recognised in profit or loss.

Available-for-sale investments

Available-for-sale investments include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. Available-for-sale investments are subsequently measured at fair value. The discounted or premium amount of available-for-sale investments is amortised using the effective interest method and the amortisation is recognised as an interest income or expense. Except for impairment losses and exchange differences arising from monetary financial assets are recognised as profit or loss, available-for-sale investments are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in capital reserve. Accumulated gains or losses arising from changes in the fair value are classified as profit or losses on derecognition or when impairment arose. Dividends and interest earned from available-for-sale investments are recognised in profit and loss.

Equity investment instrument without a quoted price in an active market, whose fair value cannot be reliably measured, is recognised and subsequently measured at cost.

Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. Classification of financial liabilities of the Group is determined on initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial liabilities, transaction costs are included at their initial recognised amounts.

Subsequent measurement of financial liabilities is determined on the classification.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities *(continued)*

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading. A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. Financial liabilities at FVTPL are subsequently measured at fair value. Any realised and unrealised gains or losses to the financial liabilities are recognised in profit or loss.

An entity shall not reclassify any financial liabilities out of the FVTPL category if upon initial recognition it was designated by the entity as at FVTPL; and an entity shall not reclassify any financial liabilities into the FVTPL category after initial recognition.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts are measured at fair value on initial recognition. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (a) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (b) the amount initially recognised less cumulative amortisation recognised in accordance with the principles of revenue recognition.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Derivatives

The Group uses derivative financial instruments, such as forward commodity purchase contracts for hedging of price fluctuation risk. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value. Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative. For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

Except for the effective cash flow hedging which is recorded in other comprehensive income, changes in fair value on derivatives are recognised as profit or loss.

Fair value of financial instrument

For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Financial assets measured at amortised cost

If there is objective evidence that a financial asset carried at amortised cost is impaired, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The reduced amount is recognised in profit or loss. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (the effective interest rate upon initial recognition), and the value of the relevant guaranty should also be taken into account. If a financial asset has a variable interest rate, the present effective discount rate contracted is taken into account.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Financial assets measured at amortised cost (continued)

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. If any objective evidence indicates that it has been impaired, the impairment-related losses are recognised in profit or loss for the current period. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

If, subsequent to the recognition of an impairment losses on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed through profit and loss. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on an available-for-sale investment, there is objective evidence of a recovery in value of the financial asset, the previously recognised impairment loss is reversed. The amount of reversal of impairment losses on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment losses on available-for-sale debt instruments is recognised in profit or loss.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Financial assets measured at cost

If an impairment loss has been incurred on the financial assets measured at cost, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment losses on such financial asset is not reversed once it is recognised.

For long-term equity investments accounted for using the cost method in accordance with the requirements of the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" and which is not quoted in an active market and its fair value cannot be measured reliably, impairment is accounted for in accordance with the above principle.

Transfer of financial assets

The Group derecognises a financial asset when it has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; The group does not derecognise for those financial asset transferred while retains all the risk and rewards of the ownership.

The Group neither transfers nor retains substantially all the risk and rewards of ownership of financial asset: derecognised when the Group retains no control of the financial instrument; if the Group retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

10. Hedge accounting

Hedging activities of the Group include fair value hedges.

Fair value hedges refer to hedging of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Designated effective hedge accounting for hedges through fair value will be recorded as follows:

A gain or loss arising from a change in fair value of a derivative that is designated and qualifies as a fair value hedge is recognised in profit or loss. A gain or losses on the hedged item attributable to the hedged risk is recognised in profit or loss, with a corresponding adjustment to the carrying amount of the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold (except for replacement or extension), terminated, or exercised, or no longer qualifies for hedge accounting.

11. Receivables

(1) Receivables that are individually significant and for which bad debt provision has been assessed individually

A receivable that exceeds RMB10,000,000 is deemed as an individually significant receivable by the Group. If there are objective evidence that the receivable has been impaired, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss. Objective evidence that a receivable is impaired is evidence that, arising from one or more events that occurred subsequent to the initial recognition of the financial asset, the estimated future cash flows of the receivable, which can be reliably measured, have been affected.

(2) Receivables that are not individually significant and for which bad debt provision has been assessed individually

For receivables that are not significant individually, if there are objective evidence that the receivable has been impaired, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, consumable materials and development costs, etc..

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion, cost of land, cost of construction and other expenditures incurred in bringing the inventories to their present location and condition. The actual cost of inventories upon delivery is calculated using the weighted average method. Consumable materials included low value consumption and packing materials, which is record at cost in full upon delivery. After the completion of development, all relevant development costs will be allocated based on the saleable areas. Cost for unsold area is recorded as development properties.

The perpetual inventory system is maintained for stock system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made and recorded in profit or loss. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. For finished goods, provision for decline in value is made based on item-by-item basis; for raw materials, provision for decline in value is made based on categories of inventories.

13. Long-term equity investments

Long-term equity investments includes equity investments in subsidiaries, jointly-controlled entities, associates and long-term equity investments over which the Group does not have joint control or significant influence and, without quoted prices in an active market that fair values cannot be reliably measured.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

13. Long-term equity investments *(continued)*

The long-term equity investment is initially measured at its cost. For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of a long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The investment cost is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The costs of the investments acquired other than business combination are recognised as follows: a) acquired by cash, the investment is initially recognised at the actual consideration paid plus the expenses, taxes and other required expenditures directly attributable to the acquisition; b) acquired through issuing of equity securities, the investment is initially recognised at the fair value of issuing equity instruments; and c) acquired through investment by investors, the investment is initially recognised at the consideration pertaining to the investment contract or agreement unless the value is unfair; and d) acquired through exchange of non-monetary assets, the cost of investment is initially recognised in accordance with the requirements of the "Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets".

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market, whose fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. For long-term equity investments over which the Company has control are accounted for using the cost method in the Company's separate financial statements. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee. The long-term equity investment is reviewed for determination of impairment according to related accounting policy.

For long-term equity investments over which the Group have joint control or significant influence, the Group accounts for such long-term equity investments using the equity method. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

13. Long-term equity investments *(continued)*

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profit or loss resulting from the Group's transactions with its associates and jointly-controlled entities are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and jointly-controlled entities which represent impairment losses on the transferred assets are not eliminated. The Group shall reduce the carrying amount of the long-term equity investment for shares of dividends declared of the invested enterprise. However, the share of net loss is only recognised to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the shareholders' equity.

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the proportion interest disposed is transferred to profit or loss for the period.

More details about the method of impairment assessment and determination of the provision for impairment loss for investments in subsidiaries jointly-controlled entities and associates are disclosed in Note II 26. Details about the method of impairment assessment and provision for impairment loss of other long-term equity investment that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are disclosed in Note II 9.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

14. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. It includes a building that is leased out, a land use right or a leased-out building held for transfer upon capital appreciation.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation policy for the investment properties which are consistent with that for buildings.

For details of impairment provision for investment properties measured at cost are given in Note II 26.

15. Fixed assets

A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered. The cost of a fixed asset is the aggregate cost of purchase price, related taxes and any directly attributable expenditure for bring the asset to its working condition for its intended use. When the Company was incorporated, the used fixed assets invested by shareholders were recorded based on valuation using the replacement cost approach.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

15. Fixed assets *(continued)*

A mining asset (included in Note V 13 Mining assets) is depreciated over its designed estimated production using the units-of-production method. Other fixed assets are depreciated over their useful lives using the straight-line method. The annual depreciation rate which is decided with the useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate	Annual depreciation rate
Buildings	8-35	3%	2.77-12.13%
Power generating and transmission equipments	8-30	3%	3.23-12.13%
Plant, machinery and equipments	5-15	3%	6.47-19.4%
Leasehold improvements	5	3%	19.4%
Furniture and fixtures	4-10	3%	9.7-24.25%
Motor vehicles	6	3%	16.17%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

Details on the method for impairment test and provision of fixed assets are disclosed in Note II 26.

16. Construction in progress

Construction in progress is measured at its actual cost. The actual cost includes various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for intended use.

Details on the method for impairment test and provision of construction in progress, are disclosed in Note II 26.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

17. Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset full filled the conditions of capitalisation, other borrowing costs are recorded in profit or loss. Qualifying assets are assets (fixed assets, investment properties and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs can commence only when all of the following conditions are satisfied:

- (1) Expenditures for the asset are being incurred;
- (2) Borrowing costs are being incurred; and,
- (3) Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. The actual amounts of any borrowing costs subsequently incurred shall be recognised in profit or loss in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) Where funds are borrowed under a specific-purpose borrowing for the acquisition, the amount of interest to be capitalised shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds;
- (2) Where funds are borrowed under general-purpose borrowing and are utilised for the acquisition, the company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months. The borrowing costs incurred during these periods shall be recognised in profit or loss for the current period until the acquisition, construction or production is resumed.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

18. Intangible assets

Intangible assets are recognised and measured on initial recognition at cost only if the related economic benefits will probably flow into the Group and their costs can be measured reliably. However, the intangible assets acquired through business combination should be measured at fair value separately as intangible assets when their fair values can be reliably measured.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of intangible assets are as follows:

<u>Categories</u>	<u>Useful lives</u>
Land use rights	Beneficial lives (30-50 years)
Exploration and mining rights	Beneficial lives (2-30 years) (Beneficial lives of mining rights are assessed according to the proven and probable reserve)
Exclusive fishing rights	Beneficial lives (50 years)
Membership of Shanghai Gold exchange	Beneficial lives (10 years)

Land use rights obtained by the Group are accounted for as intangible assets. As for the construction of plants, factories and other buildings of the Group, the related land use rights, plants, factories and other buildings were accounted for as intangible assets and fixed assets, respectively. Purchase price of land and building was allocated between cost of land use right and building respectively. Purchase price was recognised as cost of fixed assets, only if the allocation was impracticable.

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method or other reasonable systematic method. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the financial year, and makes adjustments when necessary.

Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Intangible assets with indefinite useful lives may not be amortised. The Group reviews the service life of intangible assets with indefinite useful lives at the end of the financial year. Where there is evidence to prove the intangible assets have a finite service life, the intangible assets can be amortised according to above accounting standards for intangible assets with a finite useful life.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

18. Intangible assets *(continued)*

Exploration and development expenditure is recognised at cost less impairment. Exploration and development expenditure includes cost of geological prospecting for technical consultancy and commercial development of feasibility study which incurred on existing mineral properties, costs of drilling and other associated activities. Such expenditures may be capitalised when the mineral properties are proved to be commercially available and recognise in intangible assets which will be amortised under units of production method. If any construction was abandoned in the development phase, all costs shall be written off and recognised in profit or loss.

Details on the methods of impairment test and impairment provision of intangible assets are given in Note II 26.

19. Long-term deferred assets

Long-term deferred assets represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term deferred assets mainly included land compensation cost etc. Land compensation costs are amortised over the estimated beneficial useful lives of 5 to 50 years, other Long-term deferred assets are amortised over estimated useful life.

20. Contingent liabilities

Except for contingent consideration and contingent liabilities arising from business combinations, contingent liabilities are recognised when the Group has an obligation related to a contingency, which meets the all the below conditions:

- (1) It is a present obligation related to a contingency;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation, and,
- (3) the amount of the obligation can be measured reliably.

The amount recognised as a contingent liability is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. A contingent liability is reviewed at balance sheet's date. Where there are objective evidences that the recognised amount does not reflect the best estimation of the contingency, the contingent liability would be adjusted according to the best estimated amount.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

21. Revenue

Revenue is recognised when it is probable that the economic benefits will flow into the Group, the amount can be measured reliably and all of the following conditions are satisfied.

Revenue from sale of goods

Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold and the relevant amounts of costs can be measured reliably. The amount of sale of goods is determined by the contract or agreed price received or receivable from the buyer, except that the received or receivable contract or agreed price is unfair. Transaction based on contracted deferred payment, it has been a contract of financing, the revenue should be measured by the fair value of the contracted price.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction shall be recognised using the Proportion of completion method. Otherwise, revenue shall be recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the associated economic benefits will flow to the company; (iii) the stage of completion of the transaction can be measured reliably and (iv) the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction by the proportion of services performed to date to the total services to be performed. The amount of rendering of services income is determined by the contract or agreed price received or receivable, except that the received or receivable contract or agreed price is unfair.

When the Group enters into a contract which contains sale of goods and rendering services, if the portions of revenue in relation with sale of goods and rendering services can be measured separately and individually, the revenue for sale of goods and rendering service should be accounted for separately. Otherwise, the entire revenue should be accounted for as sale of goods.

Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Rental income

Revenue from operating leases is recognised on the straight-line basis over the lease terms, contingent rents are credited to profit or loss in the period in which they are actually incurred.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

22. Government grants

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period. A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

23. Income tax

The income tax expenses include current income tax and deferred tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in owners' equity, in which case they are recognised in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

At the balance sheet date, for temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) That the deferred tax liability arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Income tax *(continued)*

For deductible temporary differences, deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised, except:

- (1) Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at related tax rates according to the requirements of tax laws during the period that the assets expected to be recovered or the liabilities expected to be paid. The recognition of deferred tax assets and liabilities also take the recovery or the repayment terms into account.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. At the balance sheet date, the carrying amount of deferred tax assets is reviewed and recognised to extend that available taxable profits in the future will allow the benefits of deferred tax assets to be utilised.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

24. Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee under operating leases

Operating lease payments are recognised on the straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

As lessor under operating leases

Rental income from operating leases is recognised in profit or loss on the straight-line basis over the term of the relevant lease. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

25 Non-current assets held for sale

The non-current assets excluding financial assets and deferred tax assets that meet the following conditions are accounted for as non-current assets held for sale:

- (1) the Group has determined to dispose of;
- (2) has entered into an irrevocable transfer agreement with the transferee;
- (3) it is highly probable that the transfer will be completed within one year.

An individual asset or a group of assets classified as non-current assets held for sale do not provide for depreciation or amortisation. Non-current assets held for sale are measured at fair value less disposal cost to extend of the original carrying amount at the time conditions for classification as non-current assets held for sale are fulfilled. The portion that carrying amount exceeds the fair value less disposal cost is recognised as impairment losses in profit or loss.

26. Impairment of assets

Impairment of assets other than inventories, deferred tax assets, financial assets and long-term equity investments measured at cost which have no quoted market prices in an active market and the fair value cannot be reliably measured is recognised based on the following method:

The Group assesses at each balance sheet date whether there is any indication that the assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be assessed for impairment annually, irrespective of whether there is any indication incurred. Impairment test of intangible assets should be performed at each year end, even if they were not ready for use.

The recoverable amount of an asset is the higher of fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the assessed group to which the asset belongs will be estimated. Identification of an asset group shall be based on whether there are major cash inflows which are independent from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount. The reduction is recognised as an impairment loss and charged to profit or loss. A provision for impairment losses of the assets is recognised accordingly. Except for impairment of fair value premium of assets through business combination not involving enterprises under common control would be recorded to extend of recognised capital reserve.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated represents those are expected to benefit from the synergies of the combination and is not larger than a segment in the Group's report.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

26. Impairment of assets *(continued)*

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, the Group shall first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is lower than its recoverable amount, an impairment loss on goodwill shall be recognised. Firstly, the impairment loss shall be allocated to reduce the carrying amount of any goodwill allocated to asset group or set of asset groups. Then, the impairment loss shall be allocated to the other assets of the asset group or set of asset groups on the basis of the carrying amount of each asset in the asset group or set of asset groups.

Once an impairment loss is recognised, it shall not be reversed in any subsequent period.

27. Employee benefits

Employee benefits refer to all forms of consideration given and other relevant expenditures incurred by the Group in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits payable as a liability. When the termination benefits fall due more than one year after the balance sheet date, and if the discounted value is material, it is reflected in the present value.

The Group participates in the employee social security system, such as basic pension insurance, medical insurance, unemployment insurance, housing funds and other social security established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred. When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

Internal retirement plans for staff applied the same accounting treatment as termination benefits. The payments made to employee benefits including payroll and social insurance during the termination of rendering service to retirement, which meets the conditions of termination benefits is recognised as employee benefits payable, and recorded in profit or loss.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

28. Profits distribution

Cash dividends of the Company are recognised as a liability after they are approved by the shareholders in a general meeting.

29. Related party

When a party controls, jointly controls or exercises significant influence over another party, or when two or more parties are under the control, joint control or significant influence of the same party, the affiliated party relationships are constituted.

30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system.

An operating segment is a component of the Group that meets the following respective conditions:

- (1). Engage in business activities from which it may earn revenues and incur expenses;
- (2). Whose operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;
- (3). For which financial information regarding financial position, operation result and cash flows are available.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

31. Significant accounting estimates and estimation uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting estimates and estimation uncertainty *(continued)*

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments-as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and fixed assets

The Group signed leased out contracts for buildings entered into commercial lease. The Group determined that the leased out building is held to earn rentals or for capital appreciation or both and is accounted for as investment properties.

Income tax

As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income tax expenses to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will be accounted in the income tax expenses in the period in which the differences are realised.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Impairment of available-for-sale investments

When an available-for-sale investment is impaired, the impairment losses and cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The impairment loss is the cost of available-for-sales less any repayments and amortisation. A provision for impairment will be made for available-for-sale investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of "significant" or "prolonged" requires judgement. Other than these, the Group also assesses other related factors, i.e., fluctuation of stock prices. Reversal of impairment losses of available-for-sale investments should be recognised in capital reserve rather than profit or loss.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting estimates and estimation uncertainty *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets other than goodwill

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets at the end of financial year. Intangible assets with an indefinite life are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment. This estimation is based on the actual useful lives of property, plant and equipment with similar nature and functions and the historical experience. Management will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Impairment of goodwill

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, present value of cash flows, which are generated from sets of assets or asset groups considered together with goodwill, is estimated. Estimation of present value of cash flows from sets of assets or asset groups and choose a suitable discount rate in order to calculate the present value of those cash flows. Details are disclosed in Note V 16.

Exploration and development expenditures

Determination of the capitalisation amount of exploration and development expenditures requires estimation of future cash flows and choosing a suitable discount rate in order to calculate the present value.

Bad debt provision for receivables

Bad debt provision for receivables is estimated according to objective evidence (i.e., the possibility of bankruptcy or serious financial difficulties of debtors) which will affect the recoverable amount of receivables. Bad debt provision is reviewed at every financial year end for re-estimation.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting estimates and estimation uncertainty *(continued)*

Estimation uncertainty *(continued)*

Inventory provision determined on net realisable value

Inventory provision is provided for those slow-moving inventories or inventories with carrying amount higher than net realisable value. At the balance sheet date, inventory provision is reviewed individually for slow-moving items or inventories whose carrying amount exceeds the net realisable amount.

Proved mineral reserves

According to above accounting policies, mining assets and mining rights are depreciated and amortised using the units of production method according to proved mineral reserves. Proved mineral reserves are estimated based on professional knowledge, experience and industrial practice. Most of the time, the estimation basis on probing and estimation could not be accurate. The estimation of reserves is updated in accordance with new technologies and new information. The update of estimation mineral reserves will result in changes or effect of the Group's operation and development program, and the Group's operating results.

Deferred tax assets

To the extent that it is probable that the deferred tax assets will ultimately be realised, deferred tax assets shall be recognised. Judgement regarding the timing and amount of future taxable profit, and considerations for tax planning strategies, are needed when estimating the amount of deferred tax assets.

Estimated Compensation

The Group is involved in a number of environmental litigations. The estimated compensation is based on the management's understanding of the litigations and the opinions of legal counsel or legal representatives. These estimations are likely to be updated according to the progress of litigations. This may affect the Group's operating results.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***III. TAX****1. Major taxes and tax rates**

Value-added tax ("VAT")	Sales for final gold products and carrying-gold minerals are exempted from VAT. The VAT rate for sales of mining and processing of non-ferrous metals such as iron concentrates, gold concentrates, copper concentrates, zinc concentrates, copper cathodes, zinc bullion, and material sales and processing is 17%. VAT is levied at 17% on the invoiced value of sales and is payable by the purchaser. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.
Business tax	Business tax rate for rental income, hotel service revenue and trademark royalty income is 5%, and that for ground transportation service revenue and construction labor income is 3%.
City construction tax	Depending on the location of different taxpayers, the tax rates were 1%, 5% or 7%.
Resources tax	Tax rates for gold resources ranged from RMB2 to RMB6 (2010: RMB2 to RMB6) per ton depending on the gold ore quantity; Tax rates for copper resources ranged from RMB6 to RMB7 (2010: RMB6 to RMB7) per ton depending on the copper ore quantity; Tax rate for iron resources was RMB7.14 (2010: RMB7.14) per ton according to ore quantity; Tax rate for zinc-lead resources was RMB20 (2010: RMB20) per ton according to ore quantity.
Resources compensation fee	The resources compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: Mineral sales revenue x Resources compensation rate x Coefficient of mining recovery. Resources compensation rates range from 2% to 4%.
Corporate income tax	Provision for the PRC corporate 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

III. TAX *(continued)*

2. Tax incentives and approvals

Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") was recognised by the Economic and Trade Commission of Xinjiang Autonomous Region as a domestic enterprise of national promoted industry set up in the western region. Pursuant to Article 2(1) of the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202), "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010", Xinjiang Ashele was granted a preferential tax rate of 15% from 1 January 2009 to 31 December 2010. Xinjiang Ashele is subject to a tax rate of 25% from 1 January 2011.

Pursuant to Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (Guo Fa [2007] No.39), enterprises which enjoy preferential tax treatment under the original tax law, administrative rules and regulations and related legal documents which was in effect, shall transit as follows: from 1 January 2008, legally prescribed tax rates shall apply to enterprises covered under the original preferential corporate income tax policy within five years after the implementation of the new policy. Enterprises which were granted a preferential tax rate of 15% under the original preferential policy shall pay corporate income tax at a rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012, respectively. Zijin Mining Group (Xiamen) Investment Company Limited ("Xiamen Zijin") and Xiamen Zijin Mining and Metallurgy Technology Company Limited were granted a tax concession at a preferential tax rate of 24% for 2011.

Pursuant to Article 2(1) of the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202), "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010" and the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (Guo Fa [2007] No.29), discussed in the third Qinghai State Administration of Taxation Chief Officers meeting on 27 February 2008, Qinghai West Copper Company Limited ("Qinghai West") was granted a tax concession at a preferential rate of 15% from 2007 to 2010. Qinghai West is subject to a tax rate of 25% from 1 January 2011.

Pursuant to the Forwarded Notice of the Notice of Autonomous Region State Tax Bureau in relation to the Adjustment of Corporate Tax Exemption and Tax Deduction Items granted to Fuyun Jinshan Mining and Metallurgy Company Limited issued by the local state tax bureau (A Di Guo Shui Ban [2008] No.421), Fuyun Jinshan Mining and Metallurgy Company Limited ("Fuyun Jinshan") was exempted from corporate income tax from 2008 to 2010. Fuyun Jinshan is subject to a tax rate of 25% from 1 January 2011.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

III. TAX *(continued)*

2. Tax incentives and approvals *(continued)*

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202) and the relevant regulations of the Notice of Local Tax Bureau of Yunnan Province on the Implementation of Taxation Preferential Policy for the Western Region (Yun Di Shui Er Zi [2002] No.65), Yuanyang County Huaxi Gold Company Limited ("Yuanyang Huaxi") was granted a preferential tax rate of 15% from 2003 to 2010. Yuanyang Huaxi is subject to a tax rate of 25% from 1 January 2011.

Pursuant to Article 2(1) of the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for the Western Development (Cai Shui [2001] No.202), "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010", the Notice of the State Administration of Taxation Concerning the Opinions on the Implementation of the Relevant Taxation Policies for the Western Development (Guo Shui [2002] No.47) and endorsed by Ba Guo Shui Suo Han [2008] No.50, Bayannaoer Zijin Non-ferrous Metal Company Limited ("Bayannaoer Zijin"), a company located in western China and its principal business is a key industry encouraged by the state, was granted a tax concession at a preferential rate of 15% for the year 2010. Bayannaoer Zijin is subject to a tax rate of 25% from 1 January 2011.

Pursuant to Ji Guo Shui Fa [2006] No.80, Hunchun Zijin Mining Company Limited ("Hunchun Zijin"), a company located in the autonomous region of Yanbian, Jilin Province, enjoyed a tax concession at a preferential rate of 15% from 2006 to 2010. Hunchun Zijin is subject to a tax rate of 25% from 1 January 2011.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (INCLUDING SUBSIDIARIES INDIRECTLY HELD)

(1) Principal subsidiaries established or acquired through investments

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Guizhou Zijin Mining Company Limited ("Guizhou Zijin")	73097727-8	Zhengfeng County, Qian Xian State, Guizhou Province	Mining exploration and studies in Shuiyindong	Limited liability company	RMB 200,000,000	RMB 112,000,000	51%	5%	Note 1
Xiamen Zijin	70546552-9	Xiamen City, Fujian Province	Geological studies, exploration, mining, selecting, refining and processing of gold and other non-ferrous metals. Scientific and technological achievement cooperation and transfer	Limited liability company	400,000,000	400,000,000	100%	—	Note 2
Hunchun Zijin	74456685-9	Hunchun City, Jilin Province	Mining, refining and processing of gold, copper and other non-ferrous metals. Exploration of mineral resource	Limited liability company	200,000,000	200,000,000	96.63%	3.37%	Note 3
Zijin Mining Group Northwest Company Limited ("Northwest Company")	76378183-7	Urumqi City, Xinjiang Autonomous Region	Sales of mineral products and geological exploration advisory service	Limited liability company	300,000,000	300,000,000	100%	—	Note 4
Fujian Zijin Investment Company Limited ("Zijin Investment")	76176521-9	Shanghai County, Longyan City, Fujian Province	Investment and scientific information service	Limited liability company	564,000,000	564,000,000	99.11%	0.89%	Note 5
Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains H.K.")	N/A	Hong Kong, China	Investment	Limited liability company	HKD838,500,001/ HKD1,000,000,000	HKD 838,500,001	100%	—	Note 6

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Zijin International Mining Company Limited ("Zijin International")	77041052-4	Beijing	Investment, import and export, mining advisory	Limited liability company	RMB 300,000,000	RMB 300,000,000	95%	5%	Note 7
Bajamaoer Zijin	76786644-0	Bajamaoer City, Inner Mongolia	Zinc refinery	Limited liability company	375,000,000	252,000,000	67.2%	—	Note 8
Fujian Zijin Copper Company Limited ("Fujian Zijin Copper")	76615601-7	Shanghang County, Longyan City Fujian Province	Production and exploration of copper based alloy plate & strip products	Limited liability company	300,000,000	300,000,000	—	100%	Note 9
Fuyun Jishan	78469998-X	Fuyun County, Aletai District, Xinjiang Autonomous Region	Mining, direct reduction of pellets, intensive processing, refining and selling of mineral products; geological resource exploration and related technological services.	Limited liability company	120,000,000	72,000,000	—	60%	Note 10
Chongli Zijin Mining Company Limited ("Chongli Zijin")	78084088-6	Chongli County, Zhanjiaokou City, Hebei Province	Mining, refining and selling of gold and other mineral products; geological resource exploration and related technological services.	Limited liability company	237,500,000	142,500,000	60%	—	Note 11
Fujian Jishan Gold Refinery Company Limited ("Jishan Refinery")	78901087-0	Shanghang County, Longyan City Fujian Province	Refining of gold and other non-ferrous metals; processing of related slag	Limited liability company	298,000,000	298,000,000	100%	—	Note 12
Zijin Mining Group Southwest Company Limited ("Southwest Company")	79515408-8	Kunming City, Yunnan Province	Sales of precious metal, non-ferrous metal and other metal, geology research, mining resources information and technology support	Limited liability company	1,179,600,000	1,179,600,000	100%	—	Note 13

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Hunan Jinfeng Mining Company Limited ("Hunan Jinfeng")	79474193-4	Anhua County, Yiyang City, Hunan Province	Exploitation and processing of vanadium, establishment of related sales projects	Limited liability company	RMB 22,500,000/ 50,000,000	RMB 22,500,000	75%	25%	Note 14
Shanxi Zijin Mining Company Limited ("Shanxi Zijin")	77959258-X	Fanshi County, Yizhou City, Shanxi Province	Development, refining, processing, and sales of gold and other metal, nonmetal mineral products; geology research, mineral research and other information and technology support	Limited liability company	159,100,000	159,100,000	80%	20%	Note 15
Xinyi Zijin Mining Company Limited ("Xinyi Zijin")	66498436-4	Xinyi City, Guangdong Province	Refining, processing, sales of tin and gold; mineral resource technology support	Limited liability company	200,000,000	200,000,000	100%	—	Note 16
Yuanyang Huaxi	79211756-4	Yuanyang County, Honghe City, Yunnan Province	Exploration, exploitation, processing, acquisition and sales of gold, silver, copper, lead, iron, wolfram, tin, exploration technical support	Limited liability company	150,000,000	150,000,000	—	100%	Note 17
Heilongjiang Duobaoshan Copper Company Limited ("Heilongjiang Duobaoshan")	78193694-3	Heihe City, Heilongjiang Province	Sales of mineral products; mining technology development, advisory and transfer	Limited liability company	800,000,000	408,000,000	—	51%	Note 18
Wenstan Malipo Zijin Tungsten Group Company Limited ("Malipo Zijin")	79724451-1	Malipo County, Wenstan State, Yunnan Province	Investment in mining pit, underground and open mining exploitation, processing, refining and sales	Limited liability company	1,000,000,000	775,180,000	—	77.52%	Note 19

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Shangri-la Huaxi Mining Company Limited ("Shangri-la Huaxi")	79722687-4	Shangri-la County, Diqing Autonomous Region, Yunnan Province	Development, refining, processing, and sales of gold and other precious metal, nonmetal mineral products, exploration technical support, underground exploitation on copper mine	Limited liability company	RMB 40,000,000	RMB 40,000,000	—	100%	100% Note 20
Shanghai Jirshan Mining Company Limited ("Jirshan Mining")	66507451-4	Shanghai County, Longyan City Fujian Province	Mineral products, sales of mining machinery and equipments	Limited liability company	100,000,000	70,000,000	—	70%	Note 21
Qinghai West	71052565-3	Maqin County, Qinghai Province	Exploration and exploitation on copper mine, and technical support	Limited liability company	120,000,000	120,000,000	100%	—	100% Note 22
Fujian Zijin Real Estate Company Limited ("Zijin Real Estate")	67193079-4	Xiamen City, Fujian Province	Real estate development	Limited liability company	500,000,000	500,000,000	60%	40%	100% Note 23
Zijin Mining Group Northeast Asia Company Limited ("Northeast Asia Zijin")	67334624-1	Changchun City, Jilin Province	Investment in non-ferrous metal, other precious metal, nonmetal, sales of mineral products (excluding for those special approval requirements), export and import trading (excluding for those special approval requirements); mining exploration and development on copper mining, and technical support	Limited liability company	600,000,000	600,000,000	100%	—	100% Note 24

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Fujian Jinchuan Investment Company Limited ("Jinchuan Investment")	67651193-5	Shanghang County, Longyan City, Fujian Province	Mining investment, sales of mineral products, self operation and agent of import and export (excluding prohibited commodities and technology)	Limited liability company	RMB 10,000,000	RMB 8,000,000	80%	—	80% Note 25
Zijin Mining Group Qinghai Company Limited ("Qinghai Zijin")	67915178-7	Xining City, Qinghai Province	Refining, processing, sales of tin and gold; mineral resource technology support, sales of equipments, machineries, building and construction materials; self operation and agent of import and export	Limited liability company	RMB 450,066,993	RMB 450,066,993	100%	—	100% Note 26
Malipo Jinhua Mining Company Limited ("Malipo Jinhua")	67873293-4	Malipo County, Wenshan State, Yunnan Province	Sales of non-ferrous metal, other precious metal, and nonmetal mineral products; exploration technical support, underground exploitation on copper mining	Limited liability company	RMB 30,000,000	RMB 30,000,000	—	100%	100% Note 27
Malipo Zijin Luowei Tungsten Products Development Company Limited ("Malipo Tungsten")	79724451-1	Malipo County, Wenshan State, Yunnan Province	Purchase and sales of mineral products, APT, wolfram, and wolfram powder, import and export of chemical materials	Limited liability company	RMB 50,000,000	RMB 25,500,000	—	51%	51% Note 28

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Malipo Jinguo Mining Company Limited ("Malipo Jinguo")	67362506-4	Malipo County, Wenshan State, Yunnan Province	Open-pit and underground exploitation of wolfram and tin, exploitation and refining of wolfram and tin, acquisition and sales of mining rights; geology research technical support	Limited liability company	RMB 70,000,000	RMB 35,700,000	—	51%	Note 29
Jinfeng H.K. International Mining Company Limited ("Jinfeng H.K.")	N/A	Hong Kong	Investment	Limited liability company	HKD1	HKD1	—	100%	Note 30
Xinjiang Jinmai International Logistics Company Limited ("Xinjiang Jinmai")	67633284-9	Urumqi City, Xinjiang Autonomous Region	Domestic trading; import and export of commodities and technologies; sales of mineral products; construction products, vehicles, spare parts; mining investment	Limited liability company	10,000,000	10,000,000	—	100%	Note 31
Liancheng Zijin Mining Company Limited ("Liancheng Zijin")	67845873-6	Liancheng County, Longyan City, Fujian Province	Establishment, refining, exploitation and sales of copper and molybdenum (prohibited to involve in operation during the establishment)	Limited liability company	280,000,000	280,000,000	—	100%	Note 32
Kingbao Mining Limited ("Kingbao Mining")	N/A	Hong Kong	Mining exploitation, exploration; sales of mineral resources; import and export; project construction; real estate development; agent sales of commodities	Limited liability company	HKD10,000 / HKD4,000,000	HKD9,000	—	90%	Note 33

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes	
							Directly	Indirectly		
Guizhou Xinhengji Mining Company Limited ("Guizhou Xinhengji")	75019157-1	Xinren County, Guizhou Province	Refractory mining exploration, exploration, refining, processing, mining geology resource exploration and information technical support; sales of self manufactured products in the approved scope, with the compliance with regulators and rules.	Limited liability company	RMB 40,000,000	RMB 20,400,000	—	51%	Note 34	
Zijin Mining Group Finance Company Limited ("Finance Company")	69437785-6	Shanghang County, Longjan City, Fujian Province	Financing advisory to member units; credit verification and related advisory agent services; assist member units to settle payments; approved insurance agent services; guarantee provision to member units; entrusted loans and investment among member units; bill discount and honour among member unit; internal account settlement and clearing among member units; acceptance of deposits from member units; application for loans and leasing commitments and inter-bank borrowings.	Limited liability company	500,000,000	475,000,000	95%	—	95%	Note 35

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(1) Principal subsidiaries established or acquired through investments (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Proportion of voting right (%)	Notes
							Directly	Indirectly		
Xinjiang Jimeng Mining Company Limited ("Jimeng Mining")	69340238-6	Changji State, Xinjiang Autonomous Region	Mining investment, sales of mineral products and exploration technical support	Limited liability company	RMB 50,000,000	RMB 50,000,000	100%	—	100%	Note 36
Zijin Xiangyu (Longyan) Logistics Company Limited ("Xiangyu Logistics")	69663482-8	Longyan City, Fujian Province	Purchase, sales, storage, and distribution of mineral products, machinery and equipments, spare parts, construction materials; cargo agent of shipping, air freight, land transport; corporate logistics and supply chain advisory, economics information consultancy and logistics area development	Limited liability company	RMB 20,000,000	RMB 13,000,000	65%	—	65%	Note 37
Yongding Zijin Longhu Ecological Industry Development Company Limited ("Zijin Longhu")	55956067-4	Yongding County, Fujian Province	Ecological aquatic cultivation, ecological traveling and ecological agriculture development	Limited liability company	RMB 430,000,000/ 500,000,000	RMB 350,000,000	—	70%	70%	Note 38
Zijin International Finance Company Limited ("International Finance")	N/A	Hong Kong	Bond issuance	Limited liability company	HKD1	HKD1	—	100%	100%	Note 39

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(2) Principle subsidiaries acquisition not involving enterprises under common control

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Heilongjiang Zijin Longxing Mining Company Limited ("Heilongjiang Longxing")	79502922-8	Harbin City, Heilongjiang Province	Mining technical development; import and export of commodities and technologies.	Limited liability company	RMB 450,000,000	RMB 315,000,000	—	70%	Note 40
Russia Longxing Company Limited ("Russia Longxing")	1055406364980	Russia	Exploitation of zinc and lead	Limited liability company	Russia Rubles ("RUB") 700,000,000	RUB 700,000,000	—	100%	Note 40
Wuqia County Jinwang Mining Development Company Limited ("Wuqia Jinwang")	78179649-3	Wuqia County, Xinjiang Autonomous Region	Exploration and exploitation of Wulugan lead and zinc mine in Wuqia County	Limited liability company	100,000,000	80,000,000	—	80%	Note 41
Malipo Jinwei Mining Company Limited ("Malipo Jinwei")	79722896-8	Malipo County, Wenshan State, Yunnan Province	Processing and sales of wolfram, tin and other non-ferrous metal; exploration, development and advisory of multi-metal mining in the scope of approved area	Limited liability company	160,000,000	81,600,000	—	51%	Note 42
Huamin Mining Company Limited ("Huamin Mining")	77535888-4	Xiamen City, Fujian Province	Solid mining exploration; wholesale of stone products, construction materials and metal products; processing and sales of mineral products; investment in geology research and related technical advisory	Limited liability company	156,410,000	79,769,000	51%	—	Note 43
Luoyang Yinhui Gold Refinery Company Limited ("Luoyang Yinhui")	71911452-7	Luoyang City, Henan Province	Gold and silver refining and purchase of mining gold; gold transaction agency, sales of mineral products and mining pit design and research	Limited liability company	150,000,000	105,000,000	70%	—	Note 44

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(2) Principle subsidiaries acquisition not involving enterprises under common control (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Proportion of voting right (%)	Notes
							Directly	Indirectly		
Yunnan Huaxi Mineral Resources Company Limited ("Yunnan Huaxi")	75719558-3	Kunming City, Yunnan Province	Mining right operation; mineral resource development; sales of mineral products and processing; exploration technical support	Limited liability company	200,000,000	106,000,000	53%	—	53%	Note 45
Wulatehouqi Zijin Mining Company Limited ("Wulatehouqi Zijin")	76446796-2	Wulate, Bayannaocer City, Inner Mongolia	Flotation and sales of iron powder, zinc, lead, and sculpture	Limited liability company	150,000,000	142,500,000	—	95%	95%	Note 46
Longkou Jinfeng Company Limited ("Longkou Jinfeng")	70582836-9	Longkou City, Shandong Province	Gold refining; machinery modeling, processing of package material; wholesale, packaging and processing of handiwork	Limited liability company	10,000,000	10,000,000	—	100%	100%	Note 47
Longkou Jintai Gold Company Limited ("Longkou Jintai")	74895614-1	Longkou City, Shandong Province	Gold and non-ferrous metal, other precious metal and nonmetal mineral products exploitation; exploration technical support	Limited liability company	200,000,000	180,000,000	90%	—	90%	Note 48
Funing Zhenglong Gold Mining Exploration Company Limited ("Funing Zhenglong")	75718253-9	Funing County, Wenshan State, Yunnan Province	Gold ore dressing and sales	Limited liability company	120,000,000	61,200,000	—	51%	51%	Note 49
Hunchun Zijin Tianhong Mining Company Limited ("Hunchun Tianhong")	79521653-3	Hunchun City, Jilin Province	Investment in mining; sales of mining machines and accessories; self-operation and agent of import and export of commodities and technology	Limited liability company	5,000,000	3,500,000	—	70%	70%	Note 50

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(2) Principle subsidiaries acquisition not involving enterprises under common control (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Mongolia Tianhong Company Limited ("Mongolia Tianhong")	N/A	Gaole District, Mongolia	Development, processing and sales of mineral resources; overseas trading	Limited liability company	RMB Tugrik ("MNT") 2,382,842,600	RMB MNT 2,382,842,600	—	100%	Note 50
JV Zerafshan LLC ("ZGC")	N/A	Tadzhikistan	Production and sales of gold	Limited liability company	(United States dollar ("USD")) 24,249,091	USD 18,186,818	—	75%	Note 51
Gansu Yate Mining Company Limited ("Gansu Yate")	79488492-7	Li County, Longnan City, Gansu Province	Exploration, processing and refinery of mining gold and sales of gold products and associated products	Limited liability company	30,000,000	18,000,000	60%	—	Note 52
Xinjiang Astelle	71296908-X	Aletai City, Xinjiang	Research and exploration of geological resource; production, processing and sales of mineral products; technological and transportation services of geological mining; environmental protection and development of tourism	Limited liability company	250,000,000	127,500,000	51%	—	Note 53
Luoning Huatai Mining Development Company Limited ("Luoning Huatai")	73248166-3	Luoyang City, Henan Province	Underground exploitation, refinery, processing and sales of non-ferrous metal mineral products	Limited liability company	20,000,000	20,000,000	—	100%	Note 54
Sino Trend Hydro Power Investment Limited ("Sino Trend Hydro Power")	N/A	British Virgin Islands	Hydroelectric power	Limited liability company	USD3,500,000/ USD50,000,000	USD3,500,000	—	100%	Note 55

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(2) Principle subsidiaries acquisition not involving enterprises under common control (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
Fujian Jinyi Copper Company Limited ("Jinyi Copper")	77934346-3	Shanghang County, Longyan City, Fujian Province	Planning development of inner thread copper tube with high capacities used in the manufacturing of refrigerators and air-conditioners	Limited liability company	RMB 300,000,000	RMB 300,000,000	46.5%	53.5%	Note 56
Zijin Copper Company Limited ("Zijin Copper")	68508216-7	Shanghang County, Longyan City, Fujian Province	Refinery and sales of copper cathodes, gold and silver; production and sales of vitriol	Limited liability company	1,818,300,000	1,818,300,000	100%	—	Note 57
Golden China Inner Mongolia Gold Exploration Corporation ("Golden China Inner Mongolia")	N/A	British Virgin Islands	Geology research	Limited liability company	USD1,000	USD550	—	55%	Note 58
Inner Mongolia Jinchong Mining Company Limited ("Jinchong Mining")	79716773-9	Somid Left Banner, Inner Mongolia	Exploration, exploitation, processing and sales of gold mining and associate mineral products	Limited liability company	USD20,000,000	USD20,000,000	—	100%	Note 58
Inner Mongolia Alpaik Resources Company Limited ("Alpaik Resources")	7678759-3	Hohehot Municipality, Inner Mongolia	Exploration on solid mining	Limited liability company	USD500,000	USD500,000	—	100%	Note 58
Altynken Limited Liability Company ("Altynken")	N/A	Kyrgyz Respublikasy	Exploration and ore processing	Limited liability company	SOM10,000	SOM 6,000	—	60%	Note 59

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (continued)

(2) Principle subsidiaries acquisition not involving enterprises under common control (continued)

Company name	Organisation code	Address	Principal activities	Type of entities	Paid-in capital/Registered capital	Capital contribution of the Group	Proportion of ownership interest (%)		Notes
							Directly	Indirectly	
United Summit Investment Limited ("United Summit Investment")	N/A	British Virgin Islands	Mining exploitation	Limited liability company	RMB HKD1	RMB HKD1	—	100%	Note 60
Huaxin Mining Company Limited ("Huaxin Mining")	78988603-9	Urumqi City, Xinjiang Autonomous Region	Mining exploitation	Limited liability company	46,500,000	46,500,000	—	100%	Note 60
Long Province Resources Company Limited ("Long Province Resources")	N/A	Hong Kong	Investment in mining company	Limited liability company	HKD100	HKD100	—	100%	Note 61
Gansu Long Jin Mineral Resources Company Limited ("Gansu Long Jin")	75659957-8	Lanzhou City, Gansu Province	Exploration on the mining resources within the mining right areas (excluding areas prohibited by government)	Limited liability company	USD12,876,000	USD11,588,400	—	90%	Note 61
Gansu Long Ao Mining Company Limited ("Gansu Long Ao")	75659965-8	Lanzhou City, Gansu Province	Exploration on the mining resources within the mining right areas (excluding areas prohibited by government)	Limited liability company	USD13,174,000	USD11,461,380	—	87%	Note 61
Sanming City Hongguo Mining Company Limited ("Sanming Hongguo")	76617631-7	Shaxian County, Sanming City, Fujian Province	Mining exploitation	Limited liability company	30,000,000	19,500,000	—	65%	Note 62
Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao")	74520691-9	Fuyun County, Aletai District, Xinjiang Autonomous Region	Iron mining exploitation and geology research	Limited liability company	50,000,000	28,000,000	—	56%	Note 63

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)*IV. SCOPE OF CONSOLIDATION *(continued)*1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 1: Guizhou Zijin was established on 17 December 2001 with initial registered capital of RMB10,000,000. The Company and Xiamen Zijin, a subsidiary of the Company, held 55% and 10% equity interest respectively. Pursuant to the Resolution at the Shareholders' General Meeting of Guizhou Zijin dated 26 January 2003, the registered capital of Guizhou Zijin increased from RMB10,000,000 to RMB30,000,000 on 24 March 2003. The Company and its subsidiary Xiamen Zijin injected capital of RMB9,800,000 and RMB500,000 in cash respectively, holding 51% and 5% equity interest after the capital enlargement respectively. Pursuant to the Resolution at the Shareholders' General Meeting of Guizhou Zijin dated 21 January 2005, the Company and its subsidiary Xiamen Zijin made further investments by dividend receivables of RMB15,300,000 and RMB1,500,000, respectively, on 10 March 2005. The registered capital of Guizhou Zijin increased to RMB60,000,000. The Company and its subsidiary Xiamen Zijin held 51% and 5% equity interest in Guizhou Zijin, respectively. Pursuant to the Resolution at the Shareholders' General Meeting of Guizhou Zijin dated 13 February 2006, the registered capital of Guizhou Zijin increased from RMB60,000,000 to RMB100,000,000 on 28 February 2006, the Company made further investment by its dividend receivables of RMB15,300,000 and allocated equity interest of RMB5,100,000, while Xiamen Zijin, a subsidiary of the Company made further investment by its dividend receivables of RMB1,500,000 and allocated equity interest of RMB500,000. Pursuant to the Resolution at the Shareholders' General Meeting of Guizhou Zijin dated 9 January 2010, Guizhou Zijin transferred retained earnings of RMB100,000,000 to issued capital. As at 31 December 2011, the registered capital of Guizhou Zijin was RMB200,000,000. The Company and its subsidiary Xiamen Zijin held 51% and 5% equity interest in Guizhou Zijin, respectively. As such, Guizhou Zijin was included in the scope of consolidation as a subsidiary.

Note 2: Xiamen Zijin was established on 9 March 2001, with initial registered capital of RMB10,000,000. The Company held a 86.5% equity interest in Xiamen Zijin. The registered capital subsequently increased from RMB10,000,000 to RMB15,000,000. The Company injected capital of RMB4,325,000 in cash, holding a 86.5% equity interest in Xiamen Zijin. Pursuant to the Resolution at the Shareholders' General Meeting dated 16 May 2004, the registered capital of Xiamen Zijin increased from RMB15,000,000 to RMB80,000,000 on 9 May 2004. The Company injected capital of RMB64,065,000 in cash, holding a 96.3% equity interest in Xiamen Zijin. Pursuant to the Share Transfer Agreement entered into between Zijin International, the subsidiary of the Company, and Longyan Wangyuan Information Technology Limited Company ("Wangyuan Technology"), Zijin International acquired a 1.5% equity interest in Xiamen Zijin at a consideration of RMB1,200,000 from Wangyuan Technology. Pursuant to a Share Transfer Agreement entered into among the Company, Fujian Xinhuaadu, Fujian Xinhuaadu Technology Company Limited, Zijin International and Xiamen Hengxing Industry Company Limited, the Company acquired 0.2%, 1%, 1.5% and 1% equity interest in Xiamen Zijin at considerations of RMB256,000, RMB1,280,000, RMB1,920,000 and RMB1,280,000, respectively. On 24 December 2009, the registered capital of Xiamen Zijin increased from RMB80,000,000 to RMB400,000,000. The Company injected capital of RMB320,000,000 in cash. As at 31 December 2011, the Company held the entire 100% equity interest in Xiamen Zijin. As such, Xiamen Zijin was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 3: Hunchun Zijin was established on 10 January 2003 with initial registered capital of RMB10,000,000. The Company held a 67% equity interest while its subsidiary, Xiamen Zijin, held a 6% equity interest. Pursuant to the Resolution at the Shareholders' General Meeting of Hunchun Zijin dated 18 April 2003, the registered capital of Hunchun Zijin increased from RMB10,000,000 to RMB30,000,000 on 20 May 2003. The Company and its subsidiary, Xiamen Zijin, injected capital of RMB13,400,000 and RMB1,200,000 in cash, and held 67% and 6% equity interest in Hunchun Zijin respectively. Pursuant to the Resolution at the Shareholders' General Meeting of Hunchun Zijin dated 1 August 2003, the registered capital of Hunchun Zijin increased from RMB30,000,000 to RMB50,000,000 on 9 December 2003, while the Company and Xiamen Zijin injected capital of RMB13,400,000 and RMB1,200,000 in cash and held 67% and 6% equity interest in Hunchun Zijin respectively. Pursuant to the Share Transfer Agreement dated 18 June 2005, the Company and Xiamen Zijin acquired 8.375% and 0.75% equity interest in Hunchun Zijin from Hunchun Gold and Copper Mining Company Limited at considerations of RMB12,562,500 and RMB1,125,000 respectively. Pursuant to the Share Transfer Agreement dated 26 July 2006, the Company acquired in aggregate 17.875% equity interests in Hunchun Zijin from Xiamen Hengxing Mining Company Limited, Fujian Shanghang Hongyang Mining Engineering Company Limited ("Hongyang Mining") and other shareholders at a total consideration of RMB89,375,000. Pursuant to the Resolution at the Shareholders' General Meeting of Hunchun Zijin dated 29 July 2006, the registered capital of Hunchun Zijin increased from RMB50,000,000 to RMB100,000,000 on 14 August 2006, while the Company injected capital of RMB50,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Hunchun Zijin dated 1 December 2006, Hunchun Zijin transferred retained earnings of RMB100,000,000 as at 12 April 2007 to issued capital. As at 31 December 2011, the registered capital of Hunchun Zijin was RMB200,000,000, while the Company and its subsidiary, Xiamen Zijin, held 96.63% and 3.37% equity interest in Hunchun Zijin, respectively. As such, Hunchun Zijin was included in the scope of consolidation as a subsidiary.

Note 4: Northwest Company was established on 9 August 2004 with initial registered capital of RMB100,000,000, of which the Company held a 68% equity interest. Pursuant to the Share Transfer Agreement dated 28 October 2004 entered into between the Company's subsidiary, Xinjiang Jinbao, China Metallurgy Geology Prospecting Engineering Northwestern Division, Xinjiang Jinbao acquired a 12% equity interest in Northwest Company at a consideration of RMB12,000,000. Pursuant to the Share Transfer Agreement entered into between the Company and China Metallurgy Geology Prospecting Engineering Northwestern Division dated 19 December 2005, the Company acquired a 20% equity interest in Northwest Company at a consideration of RMB20,000,000. Pursuant to the Share Transfer Agreement entered into between the Company and its subsidiary Xinjiang Jinbao on 10 July 2006, the Company acquired a 12% equity interest in Northwest Company at a consideration of RMB12,000,000. Pursuant to the Resolution at the Shareholders' General Meeting of Northwest Company dated 17 May 2010, the registered capital of Northwest Company increased from RMB100,000,000 to RMB300,000,000, of which the Company injected capital of RMB200,000,000 in cash. As at 31 December 2011, the Company held a 100% equity interest in Northwest Company. As such, Northwest Company was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 5: Zijin Investment was established on 30 April 2004 with initial registered capital of RMB100,000,000. The Company held a 95% equity interest and its subsidiary, Xiamen Zijin, held a 5% equity interest in Zijin Investment. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin Investment dated 13 June 2005, the registered capital of Zijin Investment increased from RMB100,000,000 to RMB150,000,000. The Company injected capital of RMB50,000,000 in cash to held a 96.67% equity interest in Zijin Investment. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin Investment dated 16 May 2006, the registered capital of Zijin Investment increased from RMB150,000,000 to RMB200,000,000, while the Company injected capital of RMB50,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin Investment dated 13 May 2008, the registered capital of Zijin Investment increased from RMB200,000,000 to RMB550,000,000, the Company injected capital of RMB350,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin Investment dated 26 September 2010, the registered capital of Zijin Investment increased from RMB550,000,000 to RMB564,000,000, of which the Company enlarged Zijin Investment's issued capital with the injection of physical assets. As at 31 December 2011, the Company and its subsidiary, Xiamen Zijin, held 99.11% and 0.89% equity interest in Zijin Investment, respectively. As such, Zijin Investment was included in the scope of consolidation as a subsidiary.

Note 6: Gold Mountains H.K. was established on 3 November 2004 with initial registered capital of HKD10,000 and paid-in capital of HKD1. The Company held a 100% equity interest in Gold Mountains H.K.. Pursuant to the Investment Confirmation entered into between the Company and Gold Mountains H.K. dated 31 December 2010, the Company enlarged Gold Mountains H.K.'s issued capital converting shareholder's loan of HKD838,500,000 into share capital. As at 31 December 2011, the paid-in capital of Gold Mountains H.K. was HKD838,500,001 and the registered capital was HKD1,000,000,000. The Company held a 100% equity interest in Gold Mountains H.K. was included in the scope of consolidation as a subsidiary.

Note 7: Zijin International was established on 10 January 2005 with initial registered capital of RMB50,000,000. The Company held a 95% equity interest and its subsidiary, Xiamen Zijin, held a 5% equity interest, of Zijin International, respectively. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin International dated 20 February 2007, Zijin International enlarged its share capital by converting the retained earnings of RMB50,000,000 to the issued capital. Pursuant to the Resolution at the Shareholders' General Meeting dated 16 February 2011, the retained earnings of RMB200,00,000 attributed to the Company and Xiamen Zijin were converted into the paid-in capital of Zijin International. As at 31 December 2011, the registered capital of Zijin International was RMB300,000,000. The Company and its subsidiary, Xiamen Zijin, held 95% and 5% equity interest in Zijin International, respectively. As such, Zijin International was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 8: Bayannaer Zijin was established on 22 November 2004 with initial registered capital of RMB15,000,000. As at 31 December 2004, the registered capital and paid-in capital of Bayannaer Zijin was RMB250,000,000 and RMB25,000,000, respectively. The Company held a 60% equity interest in Bayannaer Zijin. As at 31 December 2005, the Company injected capital of RMB135,000,000 in cash. As at 31 December 2005, the paid-in capital of Bayannaer Zijin was RMB192,500,000, of which the Company held a 77.92% equity interest. Pursuant to the Resolution at the Shareholders' General Meeting of Bayannaer Zijin dated 23 July 2006, the registered capital of Bayannaer Zijin increased from RMB250,000,000 to RMB300,000,000. The Company injected capital of RMB75,000,000 in cash, holding a 75% equity interest in Bayannaer Zijin. Pursuant to the Share Transfer Agreement entered into between the Company and the individual shareholder Mr. Liu Daonan dated 5 December 2007, the Company acquired a 3% equity interest in Bayannaer Zijin at a consideration of RMB28,800,000. Pursuant to the Resolution at the Shareholders' General Meeting of Bayannaer Zijin for capital enlargement dated 24 December 2007, Western Mining Company Limited ("Western Mining") was introduced as a new shareholder with its capital contribution of RMB240,000,000. The proportion of equity interest attributable to the Company was diluted to 62.4% accordingly. Pursuant to the Share Transfer Agreement entered into between the Company and the individual shareholder Huang Mao dated 16 December 2009, the Company acquired a 4.8% equity interest in Bayannaer Zijin at a consideration of RMB43,200,000. As at 31 December 2011, the registered capital of Bayannaer Zijin was RMB375,000,000, of which the Company held a 67.2% equity interest. As such, Bayannaer Zijin was included in the scope of consolidation as a subsidiary.

Note 9: Fujian Zijin Copper was established on 9 August 2004, of which Zijin Investment and Xiamen Zijin, subsidiaries of the Company, injected capital of RMB31,500,000 and RMB2,100,000 in cash, holding 30% and 2% equity interest, respectively, in Fujian Zijin Copper. Zijin Investment paid in cash of RMB5,040,000 in 2004 and RMB26,460,000 in 2005 by instalment. On 14 June 2005, Zijin Investment acquired 5.51%, 2.28% and 1.22% equity interest in Fujian Zijin Copper from Shanghai Boai Jiankang Investment Company Limited, Hongfeng Holdings Company Limited and Xiamen Zijin at considerations of RMB5,790,000, RMB2,400,000 and RMB1,290,000, respectively. Pursuant to the Resolution at the Shareholders' General Meeting of Fujian Zijin Copper dated 14 June 2005, the registered capital of Fujian Zijin Copper increased from RMB105,000,000 to RMB129,000,000, Zijin Investment injected capital of RMB24,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Fujian Zijin Copper dated 18 October 2007, the registered capital of Fujian Zijin Copper increased from RMB129,000,000 to RMB190,000,000, Zijin Investment and Xiamen Zijin made additional capital contributions of RMB30,725,700 and RMB380,000, respectively. On 6 November 2008, Best Ground Group Limited ("Best Ground Group"), a subsidiary of the Company, acquired 31.22% and 16.97% equity interest in Fujian Zijin Copper from Xingaorun Group Company Limited and Hongfeng Holdings Company Limited at considerations of RMB56,349,535 and RMB30,637,500, respectively. On 6 November 2008, Zijin Investment acquired a 0.81% equity interest in Fujian Zijin Copper from Shanghai Bayson Company Limited at a consideration of RMB1,467,085. Pursuant to the Resolution at the Shareholders' General Meeting of Fujian Zijin Copper dated 7 February 2009, the registered capital of Fujian Zijin Copper increased from RMB190,000,000 to RMB300,000,000, of which Zijin Investment injected capital of RMB110,000,000 in cash. As at 31 December 2011, its subsidiary Zijin Investment, Xiamen Zijin, Best Ground Group held 69.08%, 0.4%, and 30.52% equity interest in Fujian Zijin Copper, respectively. As such, Fujian Zijin Copper was included in the scope of consolidation as a subsidiary.

Note 10: Fuyun Jinshan was established on 10 April 2006 with initial registered capital of RMB120,000,000, Northwest Company, the subsidiary of the Company, injected capital of RMB72,000,000 in cash, holding a 60% equity interest in Fuyun Jinshan. As at 31 December 2011, Northwest Company, the subsidiary of the Company, held a 60% equity interest in Fuyun Jinshan. As such, Fuyun Jinshan was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 11: Chongli Zijin was established on 1 January 2006 with initial registered capital of RMB57,000,000. The Company injected capital of RMB34,200,000 in cash, holding a 60% equity interest in Chongli Zijin. Pursuant to the Resolution at the Shareholders' General Meeting of Chongli Zijin dated 9 March 2006, the registered capital of Chongli Zijin increased from RMB57,000,000 to RMB237,500,000. The Company injected capital of RMB108,300,000 in cash. As at 31 December 2011, the registered capital of Chongli Zijin was RMB237,500,000, the Company held a 60% equity interest in Chongli Zijin. As such, Chongli Zijin was included in the scope of consolidation as a subsidiary.

Note 12: Jinshan Refinery was established on 30 May 2006 with initial registered capital of RMB50,000,000, the Company injected the whole capital in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Jinshan Refinery dated 10 October 2007, the registered capital of Jinshan Refinery increased from RMB50,000,000 to RMB100,000,000. The Company injected capital of RMB50,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Jinshan Refinery dated 22 April 2008, the registered capital of Jinshan Refinery increased from RMB100,000,000 to RMB298,000,000. The Company injected capital of RMB198,000,000 in cash. As at 31 December 2011, the Company held a 100% equity interest in Jinshan Refinery. As such, Jinshan Refinery was included in the scope of consolidation as a subsidiary.

Note 13: Southwest Company was established on 23 October 2006 with initial registered capital of RMB50,000,000. The Company injected all the capital in cash, holding a 100% equity interest in Southwest Company. Pursuant to the Resolution at the Shareholders' General Meeting of Southwest Company dated 7 August 2007, the registered capital of Southwest Company increased from RMB50,000,000 to RMB200,000,000. The Company injected capital of RMB150,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Southwest Company dated 10 July 2008, the registered capital of Southwest Company increased from RMB200,000,000 to RMB300,000,000 and the Company injected capital of RMB100,000,000 in cash. On 7 June 2009, the registered capital of Southwest Company increased from RMB300,000,000 to RMB400,000,000 of which the Company injected capital of RMB100,000,000 in cash. Pursuant to the Resolution at the Shareholders' General Meeting of Southwest Company dated 23 November 2009, the registered capital of Southwest Company increased from RMB400,000,000 to RMB1,179,600,000 up to 14 January 2010. The Company made the capital contribution with its share of the equity interest of 77.96% in Malipo Zijin which was valued at RMB779,600,000. As at 31 December 2011, the Company held a 100% equity interest in Southwest Company. As such, Southwest Company was included in the scope of consolidated as a subsidiary.

Note 14: Hunan Jinfeng was established on 1 January 2007 with initial registered capital of RMB50,000,000. The Company and its subsidiary, Gold Mountains H.K., injected capital of RMB10,000,000 and RMB12,500,000 in cash, holding 75% and 25% equity interests in Hunan Jinfeng, respectively. As at 31 December 2011, the Company and its subsidiary, Gold Mountains H.K., held 75% and 25% equity interest in Hunan Jinfeng, respectively. As such, Hunan Jinfeng was included in the scope of consolidation as a subsidiary.

Note 15: Shanxi Zijin was established on 1 January 2006. The Company and its subsidiary Zijin International, injected capital of RMB81,140,000 and RMB23,860,000 in cash, holding 51% and 15% equity interest respectively in Shanxi Zijin. Pursuant to the Share Transfer Agreement entered into among the Company, Zijin International and Fanshi Yixingzhai Gold Mining Company Limited dated 10 October 2006, the Company and Zijin International acquired 29% and 5% equity interest in Shanxi Zijin from Fanshi Yixingzhai Gold Mining Company Limited at considerations of RMB46,140,000 and RMB7,960,000, respectively. As at 31 December 2011, the registered capital of Shanxi Zijin was RMB159,100,000, the Company and Zijin International held 80% and 20% equity interest in Shanxi Zijin, respectively. As such, Shanxi Zijin was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 16: The Company held 80% equity interest in Xinyi Baoyuan Mining Company Limited (“Xinyi Baoyuan”) and Guangdong Xinyi Dongkeng Gold Mining Company (“Xinyi Dongkeng”), respectively. Pursuant to the Resolution at the Shareholder Meeting dated 16 August 2006, all shareholders agreed to merge Xinyi Baoyuan and Xinyi Dongkeng into Xinyi Zijin. Xinyi Zijin was established on 17 January 2007 with the initial registered capital of RMB100,000,000, the Company held a 80% equity interest of Xinyi Zijin. As the transfer of mining rights from Xinyi Baoyuan and Xinyi Dongkeng to Xinyi Zijin is still in process, Xinyi Zijin has not yet completed the merger with Xinyi Baoyuan and Xinyi Dongkeng at the time of its establishment. Pursuant to the Share Transfer Agreement dated 26 March 2007 the Company acquired the rest of 20% equity interest at a consideration of RMB63,900,000 from the non-controlling shareholders. After the acquisition, the Company held a 100% equity interest in Xinyi Zijin. Pursuant to the Resolution at the Shareholders’ Meeting of Xinyi Zijin dated 8 August 2008, Xinyi Zijin increased the registered capital by RMB100,000,000. As at 31 December 2011, the Company held a 100% equity interest in Xinyi Zijin, as such, Xinyi Zijin was included in the consolidation scope as a subsidiary. As at 31 December 2011, the transfer of mining rights from Xinyi Baoyuan and Xinyi Dongkeng to Xinyi Zijin was still in process, Xinyi Zijin has not yet completed the merger with Xinyi Baoyuan and Xinyi Dongkeng.

Note 17: Yuanyang Huaxi was established on 18 January 2007 with initial registered capital of RMB90,000,000. Yunnan Huaxi, the subsidiary of the Company, injected cash of RMB6,737,000 and physical assets as well as mining rights of RMB56,263,000 into Yuanyang Huaxi, holding a 70% equity interest in Yuanyang Huaxi. Pursuant to the Share Transfer Agreement entered into between Southwest Company, the subsidiary of the Company, and Li Yonghong as well as the other five individual shareholders in March 2009, the Company acquired a 10% equity interest in Yuanyang Huaxi at a consideration of RMB67,500,000. Pursuant to the Share Transfer Agreement entered into between Southwest Company and Yuanyang Hongyuan Mining Company Limited (“Yuanyang Hongyuan”), a previous shareholder of Yuanyang Huaxi, dated 7 December 2009, Southwest Company acquired a 20% equity interest in Yuanyang Huaxi at a consideration of RMB162,000,000. Pursuant to the Resolution at the Shareholders’ General Meeting of Yuanyang Huaxi dated 5 January 2010, the registered capital of Yuanyang Huaxi increased from RMB90,000,000 to RMB150,000,000, Yunnan Huaxi and Southwest Company injected capital of RMB42,000,000 and RMB18,000,000 in cash, respectively. As at 31 December 2011, the registered capital of Yuanyang Huaxi was RMB150,000,000, and Yunnan Huaxi and Southwest Company, subsidiaries of the Company, held in aggregate 100% equity interests in Yuanyang Huaxi. As such, Yuanyang Huaxi was included in the scope of consolidation as a subsidiary.

Note 18: Heilongjiang Duobaoshan was established on 5 January 2006. The Company injected capital of RMB93,000,000 in cash, holding a 31% equity interest in Heilongjiang Duobaoshan. Pursuant to the Share Transfer Agreement entered into between the Company and Western Mining dated 9 August 2007, the Company acquired a 20% equity interest in Heilongjiang Duobaoshan at a consideration of RMB60,000,000. Pursuant to the Resolution at the Shareholders’ General Meeting of Heilongjiang Duobaoshan dated 30 November 2007, the registered capital of Heilongjiang Duobaoshan increased from RMB300,000,000 to RMB600,000,000. The Company injected capital of RMB153,000,000 in cash for capital enlargement. Pursuant to the Group’s regional administration requirement, the Company transferred all the equity interests in Heilongjiang Duobaoshan to Northeast Asia Zijin, the wholly-owned subsidiary of the Company on 16 January 2009. Pursuant to the Resolution at the Shareholders’ General Meeting of Heilongjiang Duobaoshan dated 11 January 2011, the registered capital of Heilongjiang Duobaoshan increased from RMB600,000,000 to RMB800,000,000, Northeast Asia Zijin injected capital of RMB102,000,000 in cash. The paid-in capital of Heilongjiang Duobaoshan was RMB800,000,000 after the capital enlargement. As at 31 December 2011, Northeast Asia Zijin held a 51% equity interest in Heilongjiang Duobaoshan. As such, Heilongjiang Duobaoshan was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 19: Malipo Zijin was established on 16 February 2007 with initial registered capital of RMB100,000,000. The Company injected capital of RMB20,000,000 in cash, holding a 51% equity interest in Malipo Zijin. Pursuant to the Agreement of Capital Enlargement entered into among the Company, Malipo County State-owned Assets Holdings Company Limited and Malipo Lo Wei Investment Company Limited dated 26 September 2007, the registered capital of Malipo Zijin increased from RMB100,000,000 to RMB1,000,000,000. The Company injected capital of RMB229,000,000 in cash, in aggregate holding a 85% equity interest in Malipo Zijin after the capital enlargement. On 31 August 2008, the Company made a further capital contribution of RMB601,000,000 in cash to Malipo Zijin. Pursuant to the Resolution at the Shareholders' General Meeting dated 22 December 2008, the Company transferred 2% equity interest in Malipo Zijin to Malipo County Hung Yuan Investment Company Limited, 1% equity interest to Malipo County Yung Hui Development Company Limited, 1.54% equity interest to Wu Qing Lin, a representative of Nan Young Tin Village, 1% equity interest to Liang Yuan An, a representative of Mou Ping Village, 0.8% equity interest to Li Jun Meng and 0.7% equity interest to Xie Yuan Ming at considerations of RMB20,000,000, RMB10,000,000, RMB15,400,000, RMB10,000,000, RMB8,000,000 and RMB7,000,000, respectively, on 10 June 2008. Pursuant to the Group's regional administration requirements, the Company transferred all the equity interests in Malipo Zijin to Southwest Company, a wholly-owned subsidiary of the Company, on 14 January 2010. Pursuant to the Share Transfer Agreement dated 20 March 2010, Southwest Company transferred a 0.44% equity interest in Malipo Zijin to Tao Qifu, an individual shareholder, at a consideration of RMB4,420,000. As at 31 December 2011, Southwest Company, the subsidiary of the Company, held a 77.52% equity interest in Malipo Zijin. As such, Malipo Zijin was included in the scope of consolidation as a subsidiary.

Note 20: Shangrila Huaxi was established on 30 January 2007 with initial registered capital of RMB10,000,000. Yunnan Huaxi, the subsidiary of the Company, injected capital of RMB9,000,000 in cash, holding a 90% equity interest in Shangrila Huaxi. Pursuant to the Resolution at the Shareholders' General Meeting of Shangrila Huaxi dated 20 March 2007, the registered capital of Shangrila Huaxi increased from RMB10,000,000 to RMB40,000,000, Yunnan Huaxi injected capital of RMB27,000,000 in cash. Pursuant to the Share Transfer Agreement entered into between Southwest Company, the subsidiary of the Company, and Zhang Bihong, an individual shareholder, dated 23 July 2008, the Southwest Company acquired a 7% equity interest in Shangrila Huaxi at a consideration of RMB19,600,000. Pursuant to the Share Transfer Agreement dated 23 July 2008, Southwest Company acquired a 30% equity interest in Shangrila Huaxi from Yunnan Huaxi at a consideration of RMB84,000,000. Pursuant to the Share Transfer Agreement entered into between Southwest Company and Lv Tinggang, a non-controlling shareholder of Shangrila Huaxi, dated 14 April 2010, Southwest Company acquired a 3% equity interest in Shangrila Huaxi at a consideration of RMB8,400,000. As at 31 December 2011, the registered capital of Shangrila Huaxi was RMB40,000,000, Yunnan Huaxi and Southwest Company, subsidiaries of the Company, held 60% and 40% equity interests in Shangrila Huaxi, respectively. As such, Shangrila Huaxi was included in the scope of consolidation as a subsidiary.

Note 21: Jinshan Mining was established on 26 May 2007 with initial registered capital of RMB50,000,000. The first paid-in capital was RMB10,000,000. Zijin Investment, the subsidiary of the Company, injected capital of RMB7,000,000 in cash, holding a 70% equity interest in Jinshan Mining. On 21 July 2008, Zijin Investment made further capital contribution of RMB28,000,000 in cash. On 27 November 2009, Jinshan Mining increased its registered capital to RMB100,000,000, Zijin Investment made further capital contribution of RMB35,000,000 in cash and maintained a 70% equity interest in Jinshan Mining. As at 31 December 2011, the registered capital of Jinshan Mining was RMB100,000,000, and Zijin Investment, the subsidiary of the Company, held a 70% equity interest in Jinshan Mining. As such, Jinshan Mining was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 22: Qinghai West was established on 24 January 2003 with initial registered capital of RMB10,000,000. Pursuant to the Resolution at the Shareholders' General Meeting of Qinghai West dated 11 April 2004, the registered capital of Qinghai West increased from RMB10,000,000 to RMB120,000,000. The Company injected capital of RMB72,000,000 in cash, holding a 60% equity interest in Qinghai West after the capital enlargement. Pursuant to the Share Transfer Agreement entered into among the Company, Shanxi Runlong Mining Company Limited ("Runlong Mining") and Labour Union Committee of Zijin Mining Group Company Limited ("Labour Union Committee") dated 12 August 2008, the Company acquired 33.5% and 6.5% equity interests in Qinghai West at considerations of RMB723,600,000 and RMB140,400,000 from Run Long Mining and Labour Union Committee, respectively. As at 31 December 2011, the registered capital of Qinghai West was RMB120,000,000, the Company held a 100% equity interest in Qinghai West. As such, Qinghai West was included in the scope of consolidation as a subsidiary.

Note 23: Zijin Real Estate was established on 17 March 2008 with initial registered capital of RMB20,000,000. The Company injected capital of RMB20,000,000 in cash, holding a 100% equity interest in Zijin Real Estate. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin Real Estate dated 13 June 2008, the registered capital of Zijin Real Estate increased from RMB20,000,000 to RMB200,000,000. The Company injected capital of RMB180,000,000 in cash, holding a 100% equity interest in Zijin Real Estate after the capital enlargement. Pursuant to the Group's regional administration requirements, the Company transferred all the equity interests in Zijin Real Estate to Xiamen Zijin, the wholly-owned subsidiary of the Company, on 22 February 2010. Pursuant to the Resolution at the Shareholders' General Meeting dated 26 December 2011, the registered capital of Zijin Real Estate increased from RMB200,000,000 to RMB500,000,000. The Company injected capital of RMB300,000,000 in cash, holding a 60% equity interest after the capital enlargement. As at 31 December 2011, the Company and its subsidiary, Xiamen Zijin, held 60% and 40% equity interests in Zijin Real Estate, respectively. As such, Zijin Real Estate was included in the scope of consolidation as a subsidiary.

Note 24: Northeast Asia Zijin was established on 3 July 2008 with initial registered capital of RMB500,000,000. The Company injected capital of RMB500,000,000 in cash, holding a 100% equity interest in Northeast Asia Zijin. In 2009, the Company made further capital contribution of RMB100,000,000 in cash. As at 31 December 2011, the registered capital of Northeast Asia Zijin was RMB600,000,000, the Company held a 100% equity interest in Northeast Asia Zijin. As such, Northeast Asia Zijin was included in the scope of consolidation as a subsidiary.

Note 25: Jinshan Investment was established on 5 June 2008 with initial registered capital of RMB10,000,000. The Company injected capital of RMB8,000,000 in cash, holding an 80% equity interest in Jinshan Investment. As at 31 December 2011, the Company held an 80% equity interest in Jinshan Investment. As such, Jinshan Investment was included in the scope of consolidation as a subsidiary.

Note 26: Qinghai Zijin was established on 4 November 2008 with initial registered capital of RMB100,000,000. The Company injected capital of RMB100,000,000 in cash, holding a 100% equity interest in Qinghai Zijin. The registered capital of Qinghai Zijin increased from RMB100,000,000 to RMB450,066,993 on 11 January 2011. The Company made further capital contribution of RMB350,066,993 in cash, holding a 100% equity interest. As such, Qinghai Zijin was included in the scope of consolidation as a subsidiary.

Note 27: Malipo Jinhua was established on 8 September 2008 with initial registered capital of RMB30,000,000. Yunnan Huaxi, the subsidiary of the Company, injected capital of RMB30,000,000 in cash, holding a 100% equity interest in Malipo Jinhua. As at 31 December 2011, Yunnan Huaxi, the subsidiary of the Company, held a 100% equity interest in Malipo Jinhua. As such, Malipo Jinhua was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 28: Malipo Tungsten was established on 21 January 2008 with initial registered capital of RMB50,000,000. Pursuant to the Cooperation Agreement entered into between Malipo Zijin, the subsidiary of the Company, and Malipo Guo Wei Investment Company Limited, Malipo Zijin injected capital of RMB36,320,000 in cash, holding a 51% equity interest in Malipo Tungsten. As at 31 December 2011, Malipo Zijin has injected capital of RMB36,320,000 in cash in total. The registered and paid-in capital of Malipo Tungsten was RMB50,000,000. As at 31 December 2011, Malipo Zijin, the subsidiary of the Company, held a 51% equity interest in Malipo Tungsten. As such, Malipo Tungsten was included in the scope of consolidation as a subsidiary.

Note 29: Malipo Jinguo was established on 21 April 2008 with initial registered capital of RMB70,000,000, Malipo Zijin, the subsidiary of the Company, injected capital of RMB35,700,000 in cash, holding a 51% equity interest in Malipo Jinguo. As at 31 December 2011, the registered and paid-in capital of Malipo Jinguo was RMB70,000,000. Malipo Zijin, the subsidiary of the Company, held a 51% equity interest in Malipo Jinguo. As such, Malipo Jinguo was included in the scope of consolidation as a subsidiary.

Note 30: Jinfeng H.K. was established on 16 October 2007 with initial registered capital of HKD1. Northwest Company, the subsidiary of the Company, injected capital of HKD1 in cash, holding a 100% equity interest in Jinfeng H.K.. As at 31 December 2011, Northwest Company, the subsidiary of the Company, held a 100% equity interest in Jinfeng H.K.. As such, Jinfeng H.K. was included in the scope of consolidation as a subsidiary.

Note 31: Xinjiang Jinmai was established on 24 July 2008 with initial registered capital of RMB10,000,000. Northwest Company, the subsidiary of the Company, injected capital of RMB10,000,000 in cash, holding a 100% equity interest in Xinjiang Jinmai. As at 31 December 2011, Northwest Company, the subsidiary of the Company, held a 100% equity interest in Xinjiang Jinmai. As such, Xinjiang Jinmai was included in the scope of consolidation as a subsidiary.

Note 32: Liancheng Zijin was established on 5 August 2008 with initial registered capital of RMB110,000,000. Huanmin Mining, the subsidiary of the Company, injected capital of RMB110,000,000 in cash, holding a 100% equity interest in Liancheng Zijin. Pursuant to the Resolution at the Shareholders' General Meeting of Liancheng Zijin dated 1 September 2008, the registered capital of Liancheng Zijin increased from RMB110,000,000 to RMB280,000,000. Huanmin Mining injected capital of RMB170,000,000 in cash, holding a 100% equity interest in Liancheng Zijin after the capital enlargement. As at 31 December 2011, Huanmin Mining, the subsidiary of the Company, held a 100% equity interest in Liancheng Zijin. As such, Liancheng Zijin was included in the scope of consolidation as a subsidiary.

Note 33: Kingbao Mining was established on 23 March 2005 with initial registered capital of HKD4,000,000 and paid-in capital of HKD10,000. Gold Mountains H.K., the subsidiary of the Company, injected capital of USD700,000 (equivalent to RMB5,437,050) in cash, holding a 50% equity interest in Kingbao Mining. Pursuant to the Share Transfer Agreement entered into between Gold Mountains H.K. and Wanbao Mining Company Limited ("Wanbao Mining") dated 18 April 2008, Gold Mountains H.K. acquired a 40% equity interest in Kingbao Mining from Wanbao Mining at a consideration of USD20,000,000 (equivalent to RMB129,023,625). As at 31 December 2011, the registered capital and paid-in capital of Kingbao Mining were HKD4,000,000 and HKD10,000, respectively. As at 31 December 2011, Gold Mountains H.K., the subsidiary of the Company, held a 90% equity interest in Kingbao Mining. As such, Kingbao Mining was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 34: Guizhou Xinhengji was established on 30 September 2003 with initial registered capital of RMB10,000,000. Guizhou Zijin, the subsidiary of the Company, injected capital of RMB2,000,000 in cash, holding a 20% equity interest in Guizhou Xinhengji. Pursuant to the Share Transfer Agreement entered into among Guizhou Zijin, the subsidiary of the Company, Guizhou Mineral Exploration Development Company, and Xin Ren County Gold Development Company Limited dated 3 December 2007, Guizhou Zijin acquired 14% and 9% equity interests in Guizhou Xinhengji at considerations of RMB6,400,000 and RMB5,976,700, respectively. Pursuant to the Capital Enlargement Agreement entered into among Guizhou Zijin, Sunbase (Hong Kong) Company Limited, Guizhou Xin Ren County Gold Development Company Limited, Guiyang Qianjin Geology Mineral Industry Company Limited and Xin Ren County Hungji Resources Development Company Limited dated 3 December 2007, the registered capital of Guizhou Xinhengji increased from RMB10,000,000 to RMB40,000,000. Guizhou Zijin injected capital of RMB25,955,100 in cash, holding a 51% equity interest in Guizhou Xinhengji after the capital enlargement. As at 31 December 2011, the registered capital and paid-in capital of Guizhou Xinhengji was RMB40,000,000. Guizhou Zijin, the subsidiary of the Company, held a 51% equity interest in Guizhou Xinhengji. As such, Guizhou Xinhengji was included in the scope of consolidation as a subsidiary.

Note 35: Pursuant to the Approval "Yin Jian Fu [2009] No.343" issued by the China Banking Regulatory Commission dated 16 September 2009, Finance Company was established on 24 September 2009 with initial registered capital of RMB500,000,000. The Company and United Trust and Investment Limited injected capital of RMB475,000,000 and RMB25,000,000 in cash, respectively. The Company held a 95% equity interest in the Finance Company. As at 31 December 2011, the registered capital of the Finance Company was RMB500,000,000, the Company held a 95% equity interest in Finance Company. As such, the Finance Company was included in the scope of consolidation as a subsidiary.

Note 36: Jinneng Mining was established on 17 August 2009 with initial registered capital of RMB20,000,000. The Company injected capital of RMB20,000,000 in cash, holding a 100% equity interest in Jinneng Mining. Pursuant to the Resolution at the Shareholders' General Meeting of Jinneng Mining dated 2 February 2010, the registered capital of Jinneng Mining increased from RMB20,000,000 to RMB50,000,000. The Company injected capital of RMB30,000,000 in cash, holding a 100% equity interest in Jinneng Mining after the capital enlargement. As at 31 December 2011, the registered capital of the Jinneng Mining was RMB50,000,000, the Company held a 100% equity interest. As such, Jinneng Mining was included in the scope of consolidation as a subsidiary.

Note 37: Xiangyu Logistics was established on 25 November 2009 with initial registered capital of RMB20,000,000. The Company injected capital of RMB13,000,000 in cash, holding a 65% equity interest in Xiangyu Logistics. As at 31 December 2011, the Company held a 65% equity interest in Xiangyu Logistics. As such, Xiangyu Logistics was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)*IV. SCOPE OF CONSOLIDATION *(continued)*1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 38: Zijin Longhu was established on 26 July 2010 with initial registered capital of RMB200,000,000. Zijin Investment, the subsidiary of the Company, injected capital of RMB180,000,000 in cash, holding a 90% equity interest in Zijin Longhu. Pursuant to the Resolution at the Shareholders' General Meeting of Zijin Longhu dated 17 September 2010, the registered capital of Zijin Longhu increased from RMB200,000,000 to RMB240,000,000. Zijin Investment injected capital of RMB40,000,000 in cash, holding a 91.67% equity interest in Zijin Longhu after the capital enlargement. Pursuant to the Capital Enlargement Agreement entered into among Zijin Investment, Yongding County State-owned Assets Investment Company Limited, Xinhua Industry Group Company Limited, Fujian Province Haixia Kejia Tours Company Limited and Xiamen Hengxing Group Company Limited dated 24 December 2010, the registered capital of Zijin Longhu increased from RMB240,000,000 to RMB500,000,000. Zijin Investment injected capital of RMB130,000,000 in cash, holding a 70% equity interest in Zijin Longhu. As at 31 December 2011, Zijin Investment, the subsidiary of the Company, held a 70% equity interest in Zijin Longhu whose paid-in capital was RMB430,000,000 in total. As such, Zijin Longhu was included in the scope of consolidation as a subsidiary.

Note 39: International Finance was established on 14 April 2011 with initial registered capital of HKD1. Gold Mountains H.K., the subsidiary of the Company held a 100% equity interest. As at 31 December 2011, Gold Mountains H.K., the subsidiary of the Company, held a 100% equity interest in International Finance. As such, International Finance was included in the scope of consolidation as a subsidiary.

Note 40: Pursuant to the Capital Enlargement Agreement entered into between Zijin International, the subsidiary of the Company, and Heilongjiang Longxing International Resources Development Group Company Limited ("Heilongjiang Longxing International Resources Development") dated 29 June 2007, the registered capital of Heilongjiang Longxing increased from RMB5,000,000 to RMB100,000,000. Zijin International injected capital of RMB70,000,000 in cash, holding a 70% equity interest in Heilongjiang Longxing. Before the capital enlargement, Heilongjiang Longxing held a 100% equity interest in Russia Longxing. After the capital enlargement, Zijin International indirectly held a 100% equity interest in Russia Longxing. Pursuant to the Group's regional administration requirements, Zijin International transferred all the equity interests in Heilongjiang Longxing to Northeast Asia Zijin, the subsidiary of the Company, in early 2009. Pursuant to the Resolutions at the Shareholders' General Meeting of Heilongjiang Longxing dated 22 February 2009 and 7 July 2009, the registered capital of Heilongjiang Longxing increased from RMB100,000,000 to RMB200,000,000. Northeast Asia Zijin injected capital of RMB70,000,000 in cash, holding a 70% equity interest in Heilongjiang Longxing after the capital enlargement. Pursuant to the Resolutions at the Shareholders' General Meeting of Heilongjiang Longxing dated 8 April 2010, the registered capital of Heilongjiang Longxing increased from RMB200,000,000 to RMB300,000,000. Northeast Asia Zijin injected capital of RMB70,000,000 in cash, holding a 70% equity interest in Heilongjiang Longxing after the capital enlargement. Pursuant to the Resolutions at the Shareholders' General Meeting of Heilongjiang Longxing dated 20 January 2011 and 10 August 2011, the registered capital of Heilongjiang Longxing increased from RMB300,000,000 to RMB450,000,000. Northeast Asia Zijin injected capital of RMB105,000,000 in cash, holding a 70% equity interest in Heilongjiang Longxing. As at 31 December 2011, Northeast Asia Zijin, the subsidiary of the Company, held a 70% equity interest in Heilongjiang Longxing. As such, Heilongjiang Longxing was included in the scope of consolidation as a subsidiary. As at 31 December 2011, the registered capital of Russia Longxing was RUB700,000,000 (equivalent to RMB210,210,210); Northeast Asia Zijin, the subsidiary of the Company, indirectly held a 100% equity interest in Russia Longxing. As such, Russia Longxing was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 41: Pursuant to the Capital Enlargement Agreement entered into among Northwest Company, the Company's subsidiary, Guangxi Wantaicheng Investment Company Limited ("Guangxi Wantaicheng") and Xinjiang Xinhui Mining Company Limited dated 16 January 2007, the registered capital of Wuqia Jinwang increased from RMB10,000,000 to RMB100,000,000. Northwest Company injected capital of RMB60,000,000 in cash, holding a 60% equity interest in Wuqia Jinwang after the enlargement. Pursuant to the Share Transfer Agreement entered into between Northwest Company and Guangxi Wantaicheng dated 25 August 2010, Northwest Company acquired a 20% equity interest in Wuqia Jinwang at a consideration of RMB28,000,000. As at 31 December 2011, Northwest Company, the Company's subsidiary, held a 80% equity interest in Wuqia Jinwang. As such, Wuqia Jinwang was included in the scope of consolidation as a subsidiary.

Note 42: Malipo Jinwei was established on 31 January 2007 with initial registered capital of RMB38,000,000. Pursuant to the Capital Enlargement Agreement entered into among Malipo Zijin, the Company's subsidiary, Yunnan Lo Wei Mining Development Company Limited, and Malipo County Tungsten Company Limited dated 16 September 2007, the registered capital of Malipo Jinwei increased from RMB38,000,000 to RMB160,000,000. Malipo Zijin Tungsten made capital injection of RMB81,600,000 in Malipo Jinwei and RMB43,819,700 as acquisition consideration to Yunnan Lo Wei Mining Development Company Limited, holding a 51% equity interest in Malipo Jinwei after the capital enlargement. The enlargement was completed on 26 May 2008. As at 31 December 2011, Malipo Zijin, the subsidiary of the Company, held a 51% equity interest in Malipo Jinwei. As such, Malipo Jinwei was included in the scope of consolidation as a subsidiary.

Note 43: Pursuant to the Capital Enlargement Agreement entered into among the Company, Zhu Hong Xing and Rao Hui Hui, the individual shareholders, and Fujian Longyan Engineering Machines (Group) Company Limited dated 18 July 2008, Huanmin Mining enlarged its registered capital from RMB61,000,000 to RMB427,000,000. The Company injected capital of RMB274,788,000 in cash, holding a 51% equity interest in Huanmin Mining after the capital enlargement. As at 31 December 2008, the registered capital of Huanmin Mining increased to RMB156,410,000. The Company made further capital contribution of RMB244,800,000 in cash. As at 31 December 2011, the registered and paid-in capital of Huanmin Mining were both RMB156,410,000, the Company held a 51% equity interest in Huanmin Mining. As such, Huanmin Mining was included in the scope of consolidation as a subsidiary.

Note 44: Pursuant to the Share Transfer Agreement entered into between the Company and Ma Yin Shuan, individual shareholder, dated 25 October 2005, the Company acquired a 70% equity interest in Luoyang Yinhui at a consideration of RMB70,000,000. Pursuant to the Resolutions at the Shareholders' Meeting of Luoyang Yinhui dated 10 September 2007, the registered capital of Luoyang Yinhui increased from RMB100,000,000 to RMB150,000,000. The Company made further capital contribution of RMB35,000,000 in cash. As at 31 December 2011, the registered capital of Luoyang Yinhui was RMB150,000,000, the Company held a 70% equity interest in Luoyang Yinhui. As such, Luoyang Yinhui was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 45: Pursuant to the Share Transfer Agreement entered into among the Company, Jiujiang Huiming Development Company Limited, Jiujiang South Asia Investment Management Company Limited and Beijing City Fengde Venture Capital Consulting Company Limited dated 5 August 2005, the Company acquired a 42% equity interest in Yunnan Huaxi at a consideration of RMB52,500,000. Pursuant to the Share Transfer Agreement entered into between the Company and Xiamen Qiaoxing Investment Company Limited dated 29 August 2005, the Company acquired an additional 11% equity interest in Yunnan Huaxi at a consideration of RMB13,750,000. Pursuant to the Resolutions at the Shareholders' General Meeting of Yunnan Huaxi dated 29 March 2007, Yunnan Huaxi enlarged its registered capital from RMB50,000,000 to RMB100,000,000. The Company made further capital contribution of RMB26,500,000 in cash. Pursuant to the Resolutions at the Shareholders' General Meeting of Yunnan Huaxi dated 20 January 2010, the retained earnings of Yunnan Huaxi amounting to RMB100,000,000 was converted into paid-in capital. As at 31 December 2011, the registered capital of Yunnan Huaxi was RMB200,000,000, the Company held a 53% equity interest in Yunnan Huaxi. As such, Yunnan Huaxi was included in the scope of consolidation as a subsidiary.

Note 46: Pursuant to the Share Transfer Agreement entered into between Zijin International, the Company's subsidiary, Huang Mao and Liu Daonan, the individual shareholders, Zijin International acquired a 60% equity interest in Wulatehouqi Mongxin Chemical Industrial Company Limited, which was subsequently renamed as Wulatehouqi Zijin Mining Company Limited ("Wulate Zijin"), at a consideration of RMB600,000. Pursuant to the Resolutions at the Shareholders' General Meeting of Wulate Zijin dated 13 January 2007, the capital reserve and statutory reserve of RMB40,000,000 were converted into paid-in capital. After the conversion, Zijin International held a 60% equity interest in Wulate Zijin. Pursuant to the Share Transfer Agreement entered into between Zijin International and Liu Daonan, the individual shareholder, dated 14 December 2007, Zijin International acquired an additional 13% equity interest in Wulate Zijin at a consideration of RMB140,000,000. Pursuant to the Share Transfer Agreement entered into between Zijin International and Huang Mao, the individual shareholder, dated 16 December 2009, Zijin International acquired an additional 22% equity interest in Wulate Zijin at a consideration of RMB150,000,000. Pursuant to the Resolution at the Shareholders' Meeting dated 13 March 2011, Wulate Zijin enlarged its registered capital from RMB50,000,000 to RMB150,000,000, Wulate Zijin distributed stock dividends of RMB70,000,000 as means of capital enlargement, and the shareholders injected cash for the rest of the capital enlargement. Zijin International injected capital of RMB28,500,000 in cash. As at 31 December 2011, the registered capital of Wulate Zijin was RMB150,000,000, Zijin International, the subsidiary of the Company, injected capital of RMB142,500,000 in cash, holding a 95% equity interest in Wulate Zijin, as such, Wulate Zijin was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 47: Pursuant to the Share Transfer Agreement entered into between Hunchun Zijin, the Company's subsidiary, and Jiang Zhenlong and Su Xiaofeng, the individual shareholders, dated 5 September 2006, Hunchun Zijin acquired a 100% equity interest in Hunchun Jinfeng at a consideration of RMB75,000,000. As at 30 June 2007, the registered capital of Hunchun Jinfeng was RMB10,000,000. Hunchun Zijin held a 100% equity interest in Hunchun Jinfeng. Before the acquisition, Hunchun Jinfeng held a 61.6616% equity interest in Longkou Jinye Investment Company Limited ("Longkou Jinye"). Longkou Jinye held a 83.7% equity interest in Longkou Jinfeng. After the acquisition of Hunchun Jinfeng, Hunchun Zijin indirectly controlled Longkou Jinye and Longkou Jinfeng. On 30 August 2006, the Company acquired a 7.083% equity interest in Longkou Jinfeng at a consideration of RMB3,000,000. On 31 December 2006, Hunchun Zijin acquired a 31.02% equity interest in Longkou Jinye and a 9.07% equity interest in Longkou Jinfeng at a consideration of RMB47,166,910. Pursuant to the Share Transfer Agreement dated 1 February 2007, the Company and Hunchun Zijin acquired a 0.147% equity interest in Longkou Jinfeng and a 7.3184% equity interest in Longkou Jinye from the non-controlling shareholder of Longkou Jinfeng and Longkou Jinye at considerations of RMB5,550,718 and RMB7,245,110, respectively. After the acquisition, the Company and Hunchun Zijin held a 100% equity interest in both Longkou Jinfeng and Longkou Jinye. Pursuant to the Group's regional management requirement, the Company and Hunchun Zijin transferred all the equity interests in Longkou Jinfeng to Zijin International, the subsidiary of the Company, in early 2010. As at 31 December 2011, the registered capital of Longkou Jinfeng was RMB10,000,000, Zijin International, the Company's subsidiary, held a 100% equity interest in Longkou Jinfeng. As such, Longkou Jinfeng was included in the scope of consolidation as a subsidiary.

Note 48: Pursuant to the Share Transfer Agreement entered into among the Company, Longkou Jinxing Gold Company Limited and Longkou Gold Group Company Limited dated 11 April 2006, the Company acquired a 51% equity interest in Longkou Jintai at a consideration of RMB255,000. At the same time, the registered capital of Longkou Jintai increased from RMB500,000 to RMB200,000,000, the Company made further capital contribution of RMB101,745,000 to Longkou Jintai. Pursuant to the Share Transfer Agreement entered into between the Company and Longkou Jinxing Gold Company Limited dated 28 December 2006, the Company acquired an additional 39% equity interest in Longkou Jintai at a consideration of RMB90,000,000. As at 31 December 2011, the registered capital of Longkou Jintai was RMB200,000,000, the Company held a 90% equity interest in Longkou Jintai. As such, Longkou Jintai was included in the scope of consolidation as a subsidiary.

Note 49: Pursuant to the Capital Enlargement Agreement entered into between Southwest Company, the Company's subsidiary, and Ran Hou Bi and Cao Shifen, the individual shareholders, the registered capital of Funing Zhenglong increased from RMB1,000,000 to RMB120,000,000, Southwest Company injected capital of RMB61,200,000 in cash, holding a 51% equity interest in Funing Zhenglong. Pursuant to the Share Transfer Agreement entered into among Southwest Company, Ran Hou Bi and Cao Shifen, the individual shareholders, dated 26 July 2007, Southwest Company acquired an additional 49% equity interest in Funing Zhenglong at a consideration of RMB66,300,000. On 15 December 2008, Funing Zhenglong merged with Southwest Gold Company Limited ("Southwest Gold Company"). After the completion of merge, the registered capital of Funing Zhenglong remained at RMB120,000,000. Southwest Company held a 51% equity interest and Xiamen Minxing Investment Company Limited, the original shareholder of Southwest Gold Company, held a 49% equity interest in Funing Zhenglong, respectively. As at 31 December 2011, Southwest Company, the subsidiary of the Company, held a 51% equity interest in Funing Zhenglong. As such, Funing Zhenglong was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 50: Pursuant to the Share Transfer Agreement entered into between Hunchun Zijin, the Company's subsidiary, and Yantai Tianhong Investment Company Limited dated 14 November 2006, Hunchun Zijin acquired a 70% equity interest in Hunchun Tianhong at a consideration of RMB51,800,000. The acquisition was completed on 4 April 2007. As at 31 December 2011, the registered capital of Hunchun Tianhong was RMB5,000,000, Hunchun Zijin held a 70% equity interest in Hunchun Tianhong. Before the acquisition, Hunchun Tianhong held a 100% equity interest in Mongolia Tianhong. As at 31 December 2011, the registered capital of Mongolia Tianhong was MNT2,382,842,600 (equivalent to RMB16,051,991), after the acquisition of Hunchun Tianhong, Hunchun Zijin, the subsidiary of the Company, indirectly controlled Mongolia Tianhong. As such, Hunchun Tianhong and Mongolia Tianhong were included in the scope of consolidation as a subsidiary.

Note 51: Pursuant to the Share Transfer Agreement entered into between Northwest Company, the Company's subsidiary, and Avocet Mining dated 28 June 2007, Northwest Company acquired a 100% equity interest in Commonwealth British Minerals (UK) Ltd. ("CBML") at a consideration of USD45,100,000 (approximately RMB345,426,590). As at 31 December 2008, the registered capital of CBML was Britan Pound ("GBP")10,000,000 (approximately equivalent to RMB145,807,000), Northwest Company held a 100% equity interest in CBML. Before the acquisition, CBML held a 75% equity interest in ZGC, after the acquisition of CBML, Northwest Company indirectly held a 75% equity interest in ZGC. In 2008, CBML transferred a 75% equity interest in ZGC to Jinfeng H.K., a wholly-owned subsidiary of the Northwest Company. As at 31 December 2011, the registered capital of ZGC was USD24,249,091 (equivalent to RMB184,724,725), Northwest Company indirectly held a 75% equity interest in ZGC. As such, ZGC was included in the scope of consolidation as a subsidiary.

Note 52: Pursuant to the Share Transfer Agreement entered into between the Company and Gansu Jinhui Alcohol Group Company Limited ("Jinhui Alcohol") dated 2 May 2008, the Company acquired a 60% equity interest in Gansu Yate by transferring its 15% equity interest in Wancheng Commercial Dongshengmiao Company Limited ("Wancheng Commercial") and cash payment of RMB117,700,000. As at 31 December 2011, the registered capital of Gansu Yate was RMB30,000,000, the Company held a 60% equity interest in Gansu Yate. As such, Gansu Yate was included in the scope of consolidation as a subsidiary.

Note 53: Pursuant to the Share Transfer Agreement entered into among the Company, China Geology Mining Company and Zhongbao Technology Investment Holding Company Limited dated 20 December 2002, the Company acquired their 44% and 9% equity interests in Xinjiang Ashele at a total consideration of RMB144,800,000. Pursuant to the Share Transfer Agreement entered into between the Company and Xinjiang Bureau of Geological and Mineral Resource Prospecting & Development dated 11 January 2003, the Company transferred a 2% equity interest in Xinjiang Ashele at a consideration of RMB5,000,000. As at 31 December 2011, the registered capital of Xinjiang Ashele was RMB250,000,000, the Company held a 51% equity interest in Xinjiang Ashele. As such, Xinjiang Ashele was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 54: Pursuant to the Share Transfer Agreements entered into among Luoyang Yinhui, the subsidiary of the Company, Song Xiumiao, Liu Ke Xuan, Zhang Xue Hu and Hu Guan Min, individual shareholders, dated 10 September 2007 and 12 September 2007, respectively, Luoyang Yinhui acquired a 34% equity interest in Luoning Huatai at a consideration of RMB84,286,000. As at 31 December 2007, Luoyang Yinhui held 34% equity interest in Luoning Huatai which was defined as an associate. Pursuant to the Share Transfer Agreements entered into among Luoyang Yinhui, Si Xue Zhen, Yang SongFeng and Song Xiumiao, individual shareholders of Luoyang Yinhui, dated 18 October 2007 and 28 December 2007 and a supplemental agreement dated 13 November 2008, respectively, Luoyang Yinhui acquired an additional 66% equity interest in Luoning Huatai at a consideration of RMB185,249,000. The share transfer was completed in 2008. As at 31 December 2011, the registered capital of Luoning Huatai was RMB20,000,000, Luoyang Yinhui, the subsidiary of the Company, held a 100% equity interest in Luoning Huatai. As such, Luoning Huatai was included in the scope of consolidation as a subsidiary.

Note 55: Pursuant to the Share Transfer Agreement entered into between Jinfeng H.K., the Company's subsidiary, Sino Infrastructure Corporation, and World Power Investment Limited, the original shareholder of Sino Trend Hydro Power, dated 30 April 2009, Jinfeng H.K. acquired a 100% equity interest in Sino Trend Hydro Power and a shareholders' loan of RMB107,134,526 at a consideration of USD 40,615,090 (equivalent to RMB278,914,202). Sino Trend Hydro Power held three offshore companies registered in the British Virgin Islands, which were Sino Trend Hydro Power (Shanghang) Investment Company Limited ("Shanghang Investment"), Sino Trend Hydro Power (Zhouning) Investment Company Limited ("Zhouning Investment") and Sino Trend Hydro Power (Zhenghe) Investment Company Limited ("Zhenghe Investment"). Shanghang Investment held a 55% equity interest in Fujian Shanghang Jinshan Hydro Power Company Limited ("Shanghang Jinshan Hydro Power"), Zhouning Investment held a 100% equity interest in Zhouning Longxi Hydro Power Company Limited, Zhenghe Investment held a 70% equity interest in Xiawenyang Hydro Power Company Limited. Pursuant to the Share Transfer Agreement entered into between Jinfeng H.K. and Zhaoheng International Hydro Power Company Limited dated 16 July 2010, Jinfeng H.K. transferred the 100% equity interest in Zhenghe Investment and the 100% equity interest in Zhouning Investment at a consideration of RMB183,536,169. As at 31 December 2011, the paid-in capital of Sino Trend Hydro Power was USD3,500,000. Jinfeng H.K., the Company's subsidiary, held a 100% equity interest in Sino Trend Hydro Power, and indirectly held a 55% equity interest in Shanghang Jinshan Hydro Power. As such, Sino Trend Hydro Power and Shanghang Jinshan Hydro Power were included in the scope of consolidation as a subsidiary.

Note 56: Pursuant to the Share Transfer Agreement entered into among Best Ground Group, the Company's subsidiary, Master Achieve Enterprises Limited ("MAEL") and Zijin Investment, the subsidiary of the Company, dated 8 April 2009, Best Ground Group acquired 9% and 16% equity interest in Jinyi Copper from MAEL and Zijin Investment at a consideration of RMB17,100,000 and RMB30,400,000, respectively. Before the transaction, Zijin Investment held a 49% equity interest in Jinyi Copper. Pursuant to the Share Transfer Agreement entered into between Zijin Investment and Minxi Xinghang dated 8 April 2009, Zijin Investment transferred a 4.5% equity interest in Jinyi Copper to Minxi Xinghang at a consideration of RMB8,550,000. After the share transfer, Zijin Investment and Best Ground Group held a total 53.5% equity interest in Jinyi Copper. Pursuant to the Share Transfer Agreement entered into between the Company and Minxi Xinghang dated 17 May 2011, the Company acquired a 46.5% equity interest in Jinyi Copper at a consideration of RMB93,500,000. After the acquisition, Jinyi Copper enlarged its registered capital from RMB200,000,000 to RMB300,000,000. Zijin Investment, Best Ground Group and the Company injected capital of RMB46,500,000, RMB28,500,000 and RMB25,000,000 in cash for capital enlargement in accordance with the shareholding proportion, respectively. As at 31 December 2011, the registered capital of Jinyi Copper was 300,000,000, the Company and its subsidiary, Zijin Investment, and Best Ground Group aggregately held a 100% equity interest in Jinyi Copper. As such, Jinyi Copper was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***IV. SCOPE OF CONSOLIDATION** *(continued)***1. PRINCIPAL SUBSIDIARIES OF THE COMPANY:** *(continued)*

Note 57: Zijin Copper was established on 10 March 2009 with registered capital of RMB1,000,000,000 and the first paid-in capital was RMB200,000,000. The Company injected capital of RMB100,000,000 in cash, holding a 50% equity interest in Zijin Copper. Pursuant to the Property Right Transfer Agreement entered into between the Company and Minxi Xinghang dated 8 November 2009, the Company acquired an additional 50% equity interest in Zijin Copper at a consideration of RMB104,340,000. The share transfer was completed on 16 November 2009. After the transfer, the Company made further investment of RMB200,000,000 in Zijin Copper. In 2010, the Company made further investment of RMB200,000,000 in Zijin Copper. In 2011, Zijin Copper enlarged its registered capital from RMB600,000,000 to 1,818,300,000, the Company injected capital amounting to RMB1,218,300,000 in cash. As at 31 December 2011, the Company held a 100% equity interest in Zijin Copper. As such, Zijin Copper was included in the scope of consolidation as a subsidiary.

Note 58: Pursuant to the Share Transfer Agreement entered into between Jinyu (H.K.) International Mining Company Limited ("Jinyu H.K."), the subsidiary of the Company, and Huixinda International Investment Company Limited, an original shareholder of Golden China Inn Mongolia, dated 30 March 2010, Jinyu H.K. acquired a 55% equity interest in Golden China Inn Mongolia at a consideration of RMB181,500,000. Golden China Inner Mongolia held a 95% equity interest in Jinzhong Mining and a 100% equity interest in Aipaike Resources. Pursuant to the Share Transfer Agreement in November 2010, Zijin International acquired a 5% equity interest in Jinzhong Mining held by Inner Mongolia Nonferrous Geological Mining Group at a consideration of RMB20,000,000, and the acquisition was completed on 29 March 2011. As at 31 December 2011, Jinyu H.K., the subsidiary of the Company, held a 55% equity interest in Golden China Inn Mongolia and the Group indirectly held a 100% equity interest in Jinzhong Mining and a 100% equity interest in Aipaike Resources. As such, Golden China Inn Mongolia, Jinzhong Mining and Aipaike Resources were included in the scope of consolidation as subsidiaries.

Note 59: Pursuant to the Share Transfer Agreement entered into between Superb Pacific Limited ("Superb Pacific") and Summer Gold Limited Liability Partnership ("Summer Gold") dated 15 August 2011, Superb Pacific acquired a 60% equity interest in Altynken held by Summer Gold at a consideration of USD34,600,000 (equivalent to RMB220,228,263). As at 31 December 2011, the Group held a 60% equity interest in Altynken. As such, Altynken was included in the scope of consolidation as a subsidiary.

Note 60: Pursuant to the Share Transfer Agreement entered into between Golden Asia Mining (BVI) Limited ("Golden Asia Mining"), the subsidiary of the Company, and Fortune Source International Limited in March 2011, Golden Asia Mining acquired a 100% equity interest in United Summit Investment at a consideration of RMB80,847,819. United Summit Investment is an investment holding company, holding 100% equity interest in Huaxin Mining. After the acquisition, the Company held a 100% equity interest in Huaxin Mining indirectly. As at 31 December 2011, the registered capital of Huaxin Mining was RMB46,500,000, United Summit Investment, the Company's subsidiary, held a 100% equity interest in Huaxin Mining, as such, Huaxin Mining was included in the scope of consolidation as a subsidiary.

Note 61: Pursuant to the Share Transfer Agreement entered into between Ding Jin Limited, the Company's subsidiary, and Warrior Advance Pty Ltd dated 4 November 2011, Ding Jin Limited acquired a 100% equity interest in Long Province Resources at a consideration of Australian dollars ("AUD")142,096,698, (equivalent to RMB910,964,048), Long Province Resources held a 90% equity interest in Gansu Long Jin and a 87% equity interest in Gansu Long Ao. After the acquisition, Ding Jin Limited, the subsidiary of the Company, held a 90% equity interest in Gansu Long Jin and an 87% equity interest in Gansu Long Jin indirectly. As such, Gansu Long Ao and Gansu Long Jin were included in the scope of consolidation as subsidiaries. As at 31 December 2011, Ding Jin Limited, the Company's subsidiary, held a 100% equity interest in Long Province Resources. As such, Long Province Resources was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: *(continued)*

Note 62: Pursuant to the Share Transfer Agreement entered into between Zijin Investment, the subsidiary of the Company, and Li Liyou, an individual shareholder of Sanming Hongguo, dated 21 May 2011, Zijin Investment acquired a 65% equity interest in Sanming Hongguo at a consideration of RMB159,900,000. As at 31 December 2011, Zijin Investment, the subsidiary of the Company, held a 65% equity interest in Sanming Hongguo. As such, Sanming Hongguo was included in the scope of consolidation as a subsidiary.

Note 63: Pursuant to the agreement entered into between the Company and Xinjiang Jinbao dated 18 March 2004, Xinjiang Jinbao enlarged its registered capital from RMB5,000,000 to RMB50,000,000, the Company injected capital of RMB30,000,000 in cash, holding a 60% equity interest in Xinjiang Jinbao after the capital enlargement. Pursuant to the Share Transfer Agreement entered into between Northwest Company, the subsidiary of the Company, and the Company dated 23 July 2004, the Company transferred the 60% equity interest in Xinjiang Jinbao to Northwest Company at a consideration of RMB33,000,000. Pursuant to the agreement entered into between Northwest Company and non-controlling shareholders of Xinjiang Jinbao dated 10 July 2006, Xinjiang Jinbao transferred 12,000,000 shares of Northwest Company, representing a 12% equity interest in Northwest Company, to the Company at the consideration of RMB12,000,000, and Northwest Company transferred the 4% equity interest in Xinjiang Jinbao to the 3 individual shareholders for free. As at 31 December 2011, Northwest Company, the Company's subsidiary, held a 56% equity interest in Xinjiang Jinbao. As such, Xinjiang Jinbao was included in the scope of consolidation as a subsidiary.

The management of the Company considered that fund transfers from the subsidiaries to the Company are free from restriction.

Details of non-controlling interests of subsidiaries are given in Note V 40.

* In the current year, International Finance, a subsidiary of the Company issued bonds with par value of USD480,000,000 (2010:Nil). Details are disclosed in Note V 32.

Notes to Financial Statements (continued)

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

2. CHANGES IN THE SCOPE OF CONSOLIDATION

The scope of consolidation is consistent with the prior year, except for the newly established subsidiaries and the changes stated in Note IV 3,4 and 5.

The Group holds a 50.05% equity interest and voting rights in Shandong Guoda Gold Company Limited (“Shandong Guoda”). Pursuant to the articles of associations of Shandong Guoda, significant operating decisions are only valid when approved by over two thirds of the directors. Accordingly, in the opinion of the management, the Group does not have control over Shandong Guoda, and was not included in the scope of consolidation.

3. NEW ENTITIES THAT HAVE BEEN CONSOLIDATED AND CONSOLIDATED ENTITIES THAT ARE EXCLUDED FROM CONSOLIDATION IN THE CURRENT YEAR

New entities that have been consolidated in 2011:

	Notes	Net assets at 31 December 2011	Net profit/(loss) from acquisition date to 31 December 2011
International Finance	(Note IV 1 Note 39)	2,862,089	2,891,547
Altynken	(Note IV 1 Note 59)	364,147,327	(2,071,269)
United Summit Investment #	(Note IV 1 Note 60)	79,795,893	(1,051,926)
Long Province Resource ##	(Note IV 1 Note 61)	1,044,592,478	—
Sanming Hongguo	(Note IV 1 Note 62)	246,917,957	917,957
Shanxi Ankang Zijin Company Limited (“Ankang Zijin”)	(Note IV 4(i))	68,800,000	—
Shanxi Dadi Mining Company Limited (“Shanxi Dadi”)	(Note IV 4(ii))	45,000,000	—
Zijin Mining Group (Xiamen) Marketing Company Limited (“Xiamen Marketing”)	(i)	22,004,211	2,004,211
		1,874,119,955	2,690,520

Consolidating the financial position and operating results of United Summit Investment’s subsidiary, Huaxin Mining.

Consolidating the financial position and operating results of Long Province Resources’s subsidiaries, Gansu Long Jin and Gansu Long Ao.

(i) Xiamen Marketing was established on 10 October 2011 with initial registered capital of RMB20,000,000. The Company injected capital of RMB20,000,000 in cash holding a 100% equity interest in Xiamen Marketing. As at 31 December 2011, the Company held a 100% equity interest in Xiamen Marketing. As such, Xiamen Marketing was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

3. NEW ENTITIES THAT HAVE BEEN CONSOLIDATED AND CONSOLIDATED ENTITIES THAT ARE EXCLUDED FROM CONSOLIDATION IN THE CURRENT YEAR *(continued)*

Entities that are excluded from consolidation in 2011

	Notes	Net assets on disposal date	Net profit/(loss) from the beginning of 2011 to the disposal date
Hunan Zinjin Mining Company Limited ("Hunan Zijin")	(Note IV 5 (i))	4,276,229	(9,784,442)
Jiuzhaigou Zijin Mining Company Limited ("Jiuzhaigou Zijin")	(Note IV 5 (ii))	97,391,543	3,420,075
Malipo Jinhui Mining Company Limited ("Malipo Jinhui")	(Note IV 5 (iii))	28,366,392	(261,134)
Mongolia Zijin Company Limited ("Mongolia Zijin")	(Note IV 5 (iv))	972,808	—
Heilongjiang Zijin Mining Investment Company Limited ("Heilongjiang Zijin")	(Note IV 5 (v))	52,503,421	86,288
Xinjiang Jinhui Mining Development Company Limited ("Xinjiang Jinhui")	(Note IV 5 (vi))	668,880	(287,295)
Luoyang Zijin Gold Marketing Company Limited ("Luoyang Gold Marketing")	(Note IV 5 (vii))	8,878,852	(163,053)
		193,058,125	(6,989,561)

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

4. BUSINESS COMBINATIONS NOT INVOLVING ENTERPRISES UNDER COMMON CONTROL:

	Notes	Amount of goodwill	Accounting method
Altynken	(Note IV 1 Note 59)	—	Purchase Method
United Summit Investment	(Note IV 1 Note 60)	—	Purchase Method
Long Province Resources	(Note IV 1 Note 61)	—	Purchase Method
Sanming Hongguo	(Note IV 1 Note 62)	—	Purchase Method
Ankang Zijin	(i)	—	Purchase Method
Shanxi Dadi	(ii)	—	Purchase Method

(i) Pursuant to the Share Transfer Agreement entered into among the Company and Huang Qingshan, Zhao Ning and Zhang Yong, the individual shareholders of Ankang Zijin (Original named "Shanxi Huayi Mining Company Limited"), dated 15 July 2011, the Company acquired a 100% equity interest in Ankang Zijin at a consideration of RMB68,800,000. As at 31 December 2011, the Company held a 100% equity interest in Ankang Zijin. As such, Ankang Zijin was included in the scope of consolidation as a subsidiary.

(ii) Pursuant to the Capital Enlargement Agreement entered into among Ankang Zijin, the subsidiary of the Company, Shangguan Jiandong and Li Xuejun, the individual shareholders of Shanxi Dadi, dated 15 August 2011, Shanxi Dadi increased its registered capital from RMB12,000,000 to RMB45,000,000, Ankang Zijin injected capital of RMB31,500,000 in cash, holding a 70% equity interest in Shanxi Dadi. As at 31 December 2011, Ankang Zijin, the subsidiary of the Company, held a 70% equity interest in Shanxi Dadi. As such, Shanxi Dadi was included in the scope of consolidation as a subsidiary.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

4. BUSINESS COMBINATIONS NOT INVOLVING ENTERPRISES UNDER COMMON CONTROL: *(continued)*

The fair value of the identifiable net assets and liabilities of the acquired subsidiaries listed above on acquisition date are as follows:

	Alтынken	United Summit Investment #	Long Province Resources ##	Sanming Hongguo	Ankang Zijin	Shanxi Dadi	Total
Current assets	2,039,302	529,621	1,405,187	1,748,411	7,942,676	49,880,738	63,545,935
Non-current assets	584,566,919	167,499,505	1,255,085,639	245,537,221	61,617,324	1,934,236	2,316,240,844
Current liabilities	(194,115,712)	(62,471,600)	(211,898,348)	(1,285,632)	(760,000)	(6,814,974)	(477,346,266)
Non-current liabilities	(26,271,913)	(24,709,707)	—	—	—	—	(50,981,620)
Subtotal	366,218,596	80,847,819	1,044,592,478	246,000,000	68,800,000	45,000,000	1,851,458,893
Non-controlling interests	(145,990,333)	—	(133,628,430)	(86,100,000)	—	(13,500,000)	(379,218,763)
Total equity attributable to the Group	220,228,263	80,847,819	910,964,048	159,900,000	68,800,000	31,500,000	1,472,240,130
Consideration for the combination	220,228,263	80,847,819	910,964,048	159,900,000	68,800,000	31,500,000	1,472,240,130

Consolidating the fair value of the identifiable net assets and liabilities of Huaxin Mining, the subsidiary of United Summit Investment.

Consolidating the fair value of the identifiable net assets and liabilities of Gansu Long Jin and Gansu Long Ao, the subsidiaries of Long Province Resources.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

4. BUSINESS COMBINATIONS NOT INVOLVING ENTERPRISES UNDER COMMON CONTROL:
(continued)

The carrying amount of the identifiable net assets and liabilities of the acquired subsidiaries listed above on acquisition date are as follows:

	Alтынken	United Summit Investment #	Long Province Resources ##	Sanming Hongguo	Ankang Zijin	Shanxi Dadi	Total
Current assets	2,039,302	529,621	1,405,187	1,748,411	7,942,676	49,880,738	63,545,935
Non-current assets	138,242,932	6,403,469	192,648,041	28,904,511	30,817,324	1,934,236	398,950,513
Current liabilities	(194,115,712)	(62,471,600)	(211,898,348)	(1,285,632)	(760,000)	(6,814,974)	(477,346,266)
Non-current liabilities	(26,271,913)	—	—	—	—	—	(26,271,913)
Subtotal	(80,105,391)	(55,538,510)	(17,845,120)	29,367,290	38,000,000	45,000,000	(41,121,731)
Non-controlling interests	32,042,156	—	(15,543,261)	(10,278,552)	—	(13,500,000)	(7,279,657)
Total equity attributable to the Group	(48,063,235)	(55,538,510)	(33,388,381)	19,088,738	38,000,000	31,500,000	(48,401,388)

Consolidating the carrying amount of the identifiable net assets and liabilities of Huaxin Mining, the subsidiary of United Summit Investment.

Consolidating the carrying amount of the identifiable net assets and liabilities of Gansu Long Jin and Gansu Long Ao, the subsidiaries of Long Province Resources.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

4. BUSINESS COMBINATIONS NOT INVOLVING ENTERPRISES UNDER COMMON CONTROL FOR 2011: (continued)

The cash flows and operating results accumulated from the acquisition date to the end of the current year:

	Alтынken	United Summit Investment #	Long Province Resources ##	Sanming Hongguo	Ankang Zijin	Shanxi Dadi	Total
Revenue	—	—	—	—	—	—	—
Net profit/(loss)	(2,071,269)	(1,051,926)	—	917,957	—	—	(2,205,238)
Net cash flows	1,258,142	(65,556)	—	(219,326)	386,290	(14,463,204)	(13,103,654)

The net cash flows of the acquired subsidiaries listed above:

	Alтынken	United Summit Investment #	Long Province Resources ##	Sanming Hongguo	Ankang Zijin	Shanxi Dadi	Total
Consideration for the acquisition of subsidiaries	220,228,263	80,847,819	910,964,048	159,900,000	68,800,000	31,500,000	1,472,240,130
Cash and cash equivalents paid for acquisition of subsidiaries	220,228,263	80,847,819	910,964,048	159,900,000	68,800,000	31,500,000	1,472,240,130
Less: cash and cash equivalents held by subsidiaries on acquisition date	1,756	529,621	1,130,078	1,492,712	416	32,757,668	35,912,251
Net cash flows out/(in) upon acquisition of subsidiaries	220,226,507	80,318,198	909,833,970	158,407,288	68,799,584	(1,257,668)	1,436,327,879

Consolidating the cash flows and operating results of Huaxin Mining, United Summit Investment's subsidiary.

Consolidating the cash flows and operating results of Gansu Long Jin and Gansu Long Ao, Long Province Resources's subsidiaries.

Notes to Financial Statements (continued)

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

5. SUBSIDIARIES REDUCED IN THE CURRENT PERIOD DUE TO THE SALE OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL

Company name	Registered address	Principal Activities	Proportion of equity attributable to the Group	Proportion of voting rights attributable to the Group	Reasons for deconsolidation	Disposal/ de-register date	Notes
Hunan Zijin	Anhua County, Hunan Province	Investment in mining resources and development	60%	60%	disposal	24 May 2011	(i)
Jiuzhaigou Zijin	Jiuzhaigou County, Sichuan Province	Gold and non-ferrous metal	84.41%	84.41%	disposal	30 November 2011	(ii)
Malipo Jinhui	Malipo County, Yunnan Province	Open-pit and underground exploitation, refining of tin, lead, zinc and geological research for technology support	60%	60%	deregistered	8 August 2011	(iii)
Mongolia Zijin	Mongolia	Exploitation, refining and sales of aluminum	90%	90%	deregistered	4 August 2011	(iv)
Heilongjiang Zijin	Harbin City, Heilong Jiang Province	Investment in mining with own funds, mining technology development, wholesale of mineral products, equipment and machineries, import and export of technologies and products, domestics trading	88.46%	88.46%	deregistered	28 October 2011	(v)
Xinjiang Jinhui	Fuyun County, Xinjiang	Sales of mineral products, geological research for technology support	85%	85%	deregistered	4 August 2011	(vi)
Luoyang Gold Marketing	Luoyang City, Henan Province	Manufacturing, processing and sale of gold and silver	100%	100%	deregistered	30 November 2011	(vii)

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION *(continued)*

5. SUBSIDIARIES REDUCED IN THE CURRENT PERIOD DUE TO THE SALE OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL *(continued)*

- (i) Pursuant to the Share Transfer Agreement entered into between the Company and Hubei Qianyi Investment Company Limited, the Company transferred its 60% equity interest in Hunan Zijin at a consideration of RMB9,816,075. Accordingly, Hunan Zijin was not accounted for as a subsidiary. Hunan Zijin holds a 100% equity interest in Anhua Xingfeng Company Limited ("Anhua Xingfeng") and a 95% equity interest in Anhua Zijin Stibium and Wolfram Mining Company Limited ("Anhua Zijin Stibium and Wolfram").
- (ii) Pursuant to the Share Transfer Agreement entered into between the Company and Tianjin Datong Xintian Investment Company Limited, the Company transferred its 84.41% equity interest in Jiuzhaigou Zijin at a consideration of RMB92,200,000, as such Jiuzhaigou Zijin was excluded from the scope of consolidation.
- (iii) Malipo Jinhui was established by Malipo Zijin, the Company's subsidiary, in 2007, which was deregistered on 8 August 2011, as such, Malipo Jinhui was excluded from the scope of consolidation.
- (iv) Mongolia Zijin was established by the Company in 2005, which was deregistered on 4 August 2011, as such, Mongolia Zijin was excluded from the scope of consolidation.
- (v) Heilongjiang Zijin was established by Hunchun Zijin, the Company's subsidiary, in 2006, which was deregistered on 28 October 2011, as such, Heilongjiang Zijin was excluded from the scope of consolidation.
- (vi) Xinjiang Jinhui was established by Xinjiang Jinbao, the Company's subsidiary, in 2007, which was deregistered on 4 August 2011, as such, Xinjiang Jinhui was excluded from the scope of consolidation.
- (vii) Luoyang Gold Marketing was established by Luoyang Yinhui, the Company's subsidiary, in 2009, which was deregistered on 30 November 2011, as such, Luoyang Gold Marketing was excluded from the scope of consolidation.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

5. SUBSIDIARIES REDUCED IN THE CURRENT PERIOD DUE TO THE SALE OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL (continued)

The financial information of disposed subsidiaries on disposal date:

	Hunan Zijin [#]	Jiuzhaigou Zijin	Malipo Jinhui	Mongolia Zijin	Heilongjiang Zijin	Xinjiang Jinhui	Luoyang Gold Marketing	Total
Current assets	6,576,503	26,034,459	28,508,124	19,726	52,327,809	2,648,846	8,856,941	124,972,408
Non-current assets	75,141,717	81,637,217	—	1,275,213	175,612	—	21,911	158,251,670
Current liabilities	(77,441,991)	(10,280,133)	(141,732)	(322,131)	—	(1,979,966)	—	(90,165,953)
	4,276,229	97,391,543	28,366,392	972,808	52,503,421	668,880	8,878,852	193,058,125
Non-controlling interests	(2,118,685)	(14,537,929)	(11,346,557)	(97,281)	(6,058,895)	(100,332)	—	(34,259,679)
	2,157,544	82,853,614	17,019,835	875,527	46,444,526	568,548	8,878,852	158,798,446
Gains/(losses) on disposal	7,658,531	9,346,386	13,032	(875,527)	(165,375)	(99,668)	(1,121,148)	14,756,231
Consideration of disposal	9,816,075	92,200,000	17,032,867	—	46,279,151	468,880	7,757,704	173,554,677

Consolidating the financial information of Anhua Xinfeng and Anhua Zijin Stibium and Wolfram, Hunan Zijin's subsidiaries.

Financial information of the disposed subsidiaries as at 31 December 2010:

	Hunan Zijin [#]	Jiuzhaigou Zijin	Malipo Jinhui	Mongolia Zijin	Heilongjiang Zijin	Xinjiang Jinhui	Luoyang Gold Marketing	Total
Current assets	25,074,897	22,885,025	28,311,616	19,726	52,280,734	3,539,146	9,009,410	141,120,554
Non-current assets	66,356,879	85,427,076	422,376	1,275,213	224,487	—	125,561	153,831,592
Current liabilities	(77,371,105)	(15,060,473)	(106,465)	(322,131)	(88,088)	(2,582,971)	(93,065)	(95,624,298)
	14,060,671	93,251,628	28,627,527	972,808	52,417,133	956,175	9,041,906	199,327,848
Non-controlling interests	(6,156,254)	(15,183,341)	(11,451,010)	(97,281)	(6,048,937)	(143,426)	—	(39,080,249)
Equity attributable to the Group	7,904,417	78,068,287	17,176,517	875,527	46,368,196	812,749	9,041,906	160,247,599

Consolidating the financial information of Anhua Xinfeng and Anhua Zijin Stibium and Wolfram, Hunan Zijin's subsidiaries.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IV. SCOPE OF CONSOLIDATION (continued)

5. SUBSIDIARIES REDUCED IN THE CURRENT PERIOD DUE TO THE SALE OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL (continued)

The operating results of subsidiaries, disposed in the current year, from 1 January 2011 to the disposal date:

	Hunan Zijin [#]	Jiuzhaigou Zijin	Malipo Jinhui	Mongolia Zijin	Heilongjiang Zijin	Xinjiang Jinhui	Luoyang Gold Marketing	Total
Revenue	1,368,267	41,746,616	—	—	—	—	—	43,114,883
Cost of sales	2,505,428	22,311,127	—	—	—	—	—	24,816,555
Net profit/(loss)	(9,784,442)	3,420,075	(261,134)	—	86,288	(287,295)	(163,053)	(6,989,561)

Net cash flows in respect of disposal of the subsidiaries listed above:

Consideration of disposal	9,816,075	92,200,000	17,032,867	—	46,279,151	468,880	7,757,704	173,554,677
Cash and cash equivalents received upon disposal of subsidiaries	9,816,075	92,200,000	17,032,867	—	46,121,397	468,880	356,941	165,996,160
Less: cash and cash equivalent held upon subsidiaries upon disposal	77	19,500,917	690,982	19,726	52,009,340	846	356,941	72,578,829
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	9,815,998	72,699,083	16,341,885	(19,726)	(5,887,943)	468,034	—	93,417,331

Consolidating the cash flows and operating results of Anhua Xinfeng and Anhua Zijin Stibium and Wolfram, Hunan Zijin's subsidiaries

6. EXCHANGE RATE USED FOR FOREIGN OPERATIONS:

	Average exchange rate		Closing exchange rate	
	2011	2010	2011	2010
USD	6.4450	6.7668	6.3009	6.6227
HKD	0.8278	0.8708	0.8107	0.8509
RUB	0.2199	0.2146	0.1966	0.2164

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AND CASH EQUIVALENTS

	2011			2010		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash						
RMB	6,895,007	1.0000	6,895,007	7,135,015	1.0000	7,135,015
Bank deposit						
RMB	3,708,448,592	1.0000	3,708,448,592	3,188,403,709	1.0000	3,188,403,709
HKD	778,623,250	0.8107	631,229,869	156,067,730	0.8509	132,798,031
USD	58,538,832	6.3009	368,847,326	52,213,930	6.6227	345,797,193
GBP	417,407	9.7116	4,053,692	38,786	10.3247	400,449
Canadian dollar ("CAD")	7,807,135	6.1777	48,230,140	13,628,249	6.6043	90,005,044
AUD	1,941,313	6.4093	12,442,460	3,069	6.7139	20,604
RUB	16,100,458	0.1966	3,165,350	26,765,315	0.2164	5,792,014
Others	N/A	N/A	7,379,012	N/A	N/A	21,119,914
Other monetary funds						
RMB (Note1)	1,389,318,207	1.0000	1,389,318,207	859,737,627	1.0000	859,737,627
			6,180,009,655			4,651,209,600

Note1: As at 31 December 2011, other monetary funds mainly included: (1) Land restoration and environmental costs of RMB53,372,359 (31 December 2010: RMB52,719,201). Pursuant to the rules of Longyan Municipal Government, the Company provided land restoration and environmental costs and deposited in a specified bank account. The fund was restricted to the use of land restoration and environmental recoverability. (2) Security fund for the short-term borrowings (Note V 22(Note1)) of RMB567,800,000 (31 December 2010: RMB113,000,000). (3) Deposit pledged to a bank for donation of RMB65,105,946 (31 December 2010: RMB64,202,673), which was restricted for use. (4) Guarantee deposits of RMB45,747,114 (31 December 2010: RMB36,523,828), which was restricted for use. (5) Time deposits with maturity for more than three months of RMB530,061,797 (31 December 2010: RMB591,142,905). (6) Deposit for bank acceptance bills of RMB400,000 (31 December 2010: RMB300,000). (7) Deposit in the Shanghai Gold Exchange of RMB126,496,417 (31 December 2010: nil). (8) Bank deposit of RMB334,574 (31 December 2010: RMB1,849,020) of Xinyi Zijin, a subsidiary of the Company, was frozen by the People's Court due to the litigation compensation dispute between Xinyi Zijin and Xinyi Municipal Government and local victims.

As at 31 December 2011, cash and cash equivalents balance of RMB655,755,035 (31 December 2010: RMB654,585,117) was deposited outside Mainland China, including deposit balance of RMB405,801,667 (31 December 2010: RMB291,304,646) of Gold Mountains H.K..

Current deposit earns interest at the rate based on daily bank deposit rates. Maturity of short-term time deposits ranged from 30 days to 12 months depending on the fund arrangement of the Group. Time deposit earns interest at relevant rate with different maturities.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. HELD-FOR-TRADING FINANCIAL ASSETS

	2011	2010
Derivative financial assets (Note 1)	10,579,071	272,855,240
Held-for-trading equity investment	136,299,568	115,529,143
Held-for-trading debt investment	16,542,000	—
Fair value hedges - provisional price arrangement (Note 2)	85,705,153	—
Others	14,903,211	—
	264,029,003	388,384,383

Note 1: As at 31 December 2010, balance of derivative financial assets represented the conversion option of the convertible bonds issued by Glencore Finance (Europe) S.A ("Glencore Finance") acquired by Golden Lake Mining (BVI) Ltd. ("Golden Lake Mining"), one of the subsidiaries of the Group, in May 2010 (Note V.9). The convertible bonds had been disposed in 2011 and the Group recognised a gain on disposal of the conversion option of RMB24,412,991.

Note 2: The embedded derivative financial instruments, which is a provisional price arrangement extracted from copper concentrates purchase contract were used to hedge for the commodities price risk of Zijin Copper, one of the subsidiaries of the Group. Such arrangement is to prevent price risk arising from the fluctuation on the fair value of the inventories corresponding to the copper market prices.

At the beginning of the hedge relationship in July 2011, the Group had formally designated and documented the hedge relationship, risk management objectives and hedging strategies. Pursuant to the evaluation result of the effectiveness of the fair value hedges prepared by the Group, the provisional price arrangement was designated as a highly effective hedging instrument (Note V 47).

The management considered that the recoverability of held-for-trading financial assets was not restricted significantly as at 31 December 2011 and 31 December 2010.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. BILLS RECEIVABLE

	2011	2010
Bank acceptance bills	571,697,737	313,625,938
Commercial acceptance bills	3,000,000	13,000,000
	574,697,737	326,625,938

As at 31 December 2011, there were no bills receivable (31 December 2010: Nil) due from shareholders holding at least 5% of the Company's shares with voting powers. As at 31 December 2011, no carrying amount of bills receivable was pledged as security (31 December 2010: Nil). As at 31 December 2011, bank acceptance bills of RMB3,839,092 (31 December 2010: RMB336,106,022) were discounted for short-term borrowings. As at 31 December 2011, no commercial acceptance bills were discounted for short-term borrowings (31 December 2010: Nil).

As at 31 December 2011 and 31 December 2010, there were no bills receivable which were converted to account receivables due to the drawer's inability to settle the note on maturity. As at 31 December 2011, the Group had enclosed the bills, which is not yet due, with a carrying amount of RMB5,200,000 (31 December 2010: RMB45,700,000).

4. TRADE RECEIVABLES

The trade receivables are interest-free with credit period of 3 months.

An ageing analysis of the trade receivables is as follows:

	2011	2010
Within 1 year	475,470,028	666,336,231
Over 1 year but within 2 years	13,069,973	2,225,270
Over 2 years but within 3 years	421,188	372,895
Over 3 years	318,801	250,303
	489,279,990	669,184,699
Less: bad debt provision	167,565	91,021
	489,112,425	669,093,678

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

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. TRADE RECEIVABLES (continued)

The movements of bad debt provision of the trade receivables:

	At 1 January 2011	Additions	Reductions		At 31 December 2011
			Reversal	Write-off	
2011	91,021	76,544	—	—	167,565

	Opening	Addition	Reduction		Closing
			Reversal	Write-off	
2010	88,513	2,508	—	—	91,021

	2011				2010			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	339,700,589	69.43	—	—	590,469,015	88.24	—	—
Others not significant	149,579,401	30.57	167,565	0.11	78,715,684	11.76	91,021	0.12
	489,279,990	100.00	167,565	0.03	669,184,699	100.00	91,021	0.01

There were no trade receivables denominated in foreign currency as at 31 December 2011(31 December 2010: Nil).

There were no trade receivables for which full bad debt provision or impairment provision of comparative proportion have been made prior to the end of the reporting period, but are reversed or received, or received by restructuring during the current year (2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. TRADE RECEIVABLES (continued)

Top five entities with the largest balances of trade receivables:

31 December 2011:

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of trade receivables (%)
Jinchuan Group Company Limited	Third party	143,471,551	Within 1 year	29.32
Shanghai Gold Exchange	Third party	65,266,786	Within 1 year	13.34
Zhuhai Zixin Trading Company Limited	Third party	23,000,468	Within 1 year	4.70
Guangdong Zhigao Air-conditioning Company Limited	Third party	18,103,339	Within 1 year	3.70
Guangdong Kelong Air-conditioning Company Limited	Third party	15,673,527	Within 1 year	3.20
		265,515,671		54.26

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

4. TRADE RECEIVABLES *(continued)*

31 December 2010:

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of trade receivables (%)
Jinchuan Group Company Limited	Third party	185,132,131	Within 1 year	27.67
Xinjiang Bayi Steel Group Company Limited	Third party	100,092,602	Within 1 year	14.96
Shanghai Gold Exchange Silver Nonferrous Metals Group Company Limited	Third party	92,552,471	Within 1 year	13.83
TCL Air-conditioning (Zhongshan) Company Limited	Third party	29,244,178	Within 1 year	4.37
		29,105,701	Within 1 year	4.35
		436,127,083		65.18

As at 31 December 2011, there were no trade receivables (31 December 2010: Nil) due from shareholders holding at least 5% of the Group's shares with voting powers. As at 31 December 2011, the proportion of trade receivables due from related parties to an aggregate total amount of trade receivables was 0.36% (31 December 2010: 0.004%), further information are disclosed in Note VI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. PREPAYMENTS

Ageing analysis of prepayments:

	2011		2010	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,620,926,836	95.83	560,966,034	88.78
Over 1 year but within 2 years	58,174,732	3.44	61,819,901	9.78
Over 2 years but within 3 years	4,996,901	0.29	4,087,434	0.65
Over 3 years	7,419,229	0.44	5,019,617	0.79
	1,691,517,698	100.00	631,892,986	100.00

As at 31 December 2011, there were no prepayments with significant balances aged over one year (31 December 2010: Nil).

Top five entities with the largest balances of prepayments at 31 December 2011:

Name of entity	Relationship with the Group	Amount	Ageing	Reason for unsettlement
Xiamen Land Development Corporation	Third party	320,600,000	Within one year	Transaction not yet completed
Finance Bureau of Longyan City	Third party	239,000,000	Within one year	Transaction not yet completed
Land and Resources Bureau of Longyan City	Third party	239,000,000	Within one year	Transaction not yet completed
Wancheng Commercial	An associate of the Group	203,032,907	Within one year	Transaction not yet completed
Liancheng Land reserve center	Third party	63,720,000	Within one year	Transaction not yet completed
Total		1,065,352,907		

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. PREPAYMENTS *(continued)*

Top five entities with the largest balances of prepayments at 31 December 2010:

Name of entity	Relationship with the Group	Amount	Ageing	Reason for unsettlement
Xiamen Land Development Corporation	Third party	93,440,000	Within one year	Transaction not yet completed
Jinshan Trading	A shareholder of the Company	68,582,519	Within one year	Transaction not yet completed
Wancheng Commercial	An associate of the Group	43,082,595	Within one year	Transaction not yet completed
Yunnan Gold Company Limited Zhenyuan Branch	Third party	17,565,229	Within one year	Transaction not yet completed
Mr. Huang Zhaoming	Third party	16,823,380	Within one year	Transaction not yet completed
Total		239,493,723		

As at 31 December 2011, there were no balance of prepayments (31 December 2010: Nil) due from shareholders holding at least 5% of the Group's shares with voting powers.

As at 31 December 2011, the Company's prepayments denominated in USD amounted to USD8,794,797, equivalent to RMB55,415,136, the exchange rate used was USD1 to RMB6.3009. As at 31 December 2010, the Group's prepayments denominated in USD amounted to USD2,689,077, equivalent to RMB17,915,360, the exchange rate used was USD1 to RMB6.6227, and prepayments denominated in HKD amounted to HKD312,097, equivalent to RMB265,563, the exchange rate used was HKD1 to RMB0.8509.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. OTHER RECEIVABLES

Ageing analysis of other receivables:

	2011	2010
Within 1 year	480,564,295	599,053,117
Over 1 year but within 2 years	114,835,953	123,964,448
Over 2 years but within 3 years	308,822,222	44,292,068
Over 3 years	92,958,001	33,904,620
	997,180,471	801,214,253
Less: bad debt provision	9,877,854	9,202,539
	987,302,617	792,011,714

Movements in bad debt provision of other receivables:

	At 1 January 2011	Additions	Reductions		At 31 December 2011
			Reversal	Write-off	
2011	9,202,539	675,315	—	—	9,877,854
2010	8,662,931	700,372	(126,068)	(34,696)	9,202,539

	2011				2010			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	666,899,001	66.88	300,000	0.04	347,926,886	43.42	821,887	0.23
Others insignificant	330,281,470	33.12	9,577,854	2.90	453,287,367	56.58	8,380,652	1.85
	997,180,471	100	9,877,854	0.99	801,214,253	100	9,202,539	1.15

Other receivables of RMB34,696 were written off in 2010 due to the counterparty had gone bankruptcy (third party of the Group).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. OTHER RECEIVABLES (continued)

Top five entities with the largest balances of other receivables:

31 December 2011

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of other receivables (%)
Mr. He Maoxiong (Note 1)	Third party	198,000,000	Over 2 year but within 3 years	19.86
Finance Bureau of Shanghang City (Note 2)	Third party	50,000,000	Over 2 year but within 3 years	5.01
Land and Resources Bureau of Longyan City	Third party	48,000,000	Within 1 year	4.81
Wuping Tianan Urban Construction Investment Development Company Limited (Note 3)	Third party	45,000,000	Over 3 years	4.51
Muli County Rongda Mining Company Limited	Third party	35,000,000	Within 1 year	3.51
		376,000,000		37.70

31 December 2010

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of other receivables (%)
Finance Bureau of Shanghang (Note 2)	Third party	100,000,000	Over 1 year but within 2 years	12.48
Chongli Finance Bureau State-owned Assets Management Center	Non-controlling shareholder of Chongli Zijin	35,000,000	Within 1 year	4.37
Shanghang County Electricity Company	Third party	23,531,233	Over 1 year but within 3 years	2.94
Shanghang Tingjiang Hydro Power Company Limited ("Tingjiang Hydro Power")	An associate of the Group	20,000,000	Within 1 year	2.50
Malipo Municipal Government	Third party	18,000,000	Over 2 year but within 3 years	2.25
		196,531,233		24.54

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. OTHER RECEIVABLES *(continued)*

Note 1: In December 2009, Qinghai Zijin, one of the subsidiaries of the Group, planned to acquire the shares of Lenghu Bindi Potash Fertilizer Company Limited ("Bindi Potash Fertilizer") from an individual shareholder, Mr. He Maoxiong, and prepaid RMB198,000,000 as the deposit for shares acquisition. The management of the Group decided to terminate the share acquisition plan, thus the deposit was reclassified from other non-current assets to other receivables.

Note 2: Balance represented the deposit for property construction period paid to local Government by Zijin Real Estate which will be returned after the completion and acceptance of the project.

Note 3: In December 2008, Zijin Investment, Wuping Zijin Mining Company Limited ("Wuping Zijin") and Jinshan Mining, subsidiaries of the Group, lent RMB45,000,000 to Wuping Tianan Urban Construction Investment Development Company Limited, a third party of the Group, for the ninth phase of the project of old urban reconstruction, demolition, arrangement and land development of Wuping county. Pursuant to the terms of the investment agreement, the investment period of the project was three years and expired in December 2011. As the result, the amount of RMB45,000,000 was reclassified from other non-current assets to other receivables in the current year. Wuping County Tiansheng Mining Investment and Delevelopment Company Limited, secured the borrowing by its 22.5% equity interest in Wuping Zijin.

As at 31 December 2011, there were no other receivables (31 December 2010: Nil) due from shareholders holding at least 5% of the Group's shares with voting powers. As at 31 December 2011, the proportion of other receivables due from related parties to an aggregate total amount of other receivables in the balance was 6.39% (31 December 2010: 7.13%), further information are disclosed in Note VI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS.

As at 31 December 2011, the Group's other receivables denominated in USD was amounted to USD592,892, equivalent to RMB3,735,753, the exchange rate used was USD1 to RMB6.3009; other receivables denominated in HKD was amounted to HKD30,267,276, equivalent to RMB24,537,681, the exchange rate used was HKD1 to RMB0.8107. As at 31 December 2010, the Group's other receivables denominated in USD was amounted to USD421,911, equivalent to RMB2,810,886, the exchange rate used was USD1 to RMB6.6227; other receivables denominated in HKD was amounted to HKD8,486,265, equivalent to RMB7,220,963, the exchange rate used was HKD1 to RMB0.8509.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVENTORIES

	2011	2010
Raw materials	4,389,101,991	1,339,307,396
Work in progress	1,058,614,679	760,196,304
Finished goods	1,069,504,156	822,174,834
Property under development	699,999,271	538,126,915
Reusable materials	19,239,843	28,292,884
	7,236,459,940	3,488,098,333
Less: Inventory provision	76,162,553	5,416,202
	7,160,297,387	3,482,682,131

The movements of inventory provision are as follows:

	At 1 January 2011	Additions	Reductions		At 31 December 2011
			Reversal	Write-off	
2011					
Raw materials	5,416,202	15,961,581	(11,216)	(1,067,856)	20,298,711
Finished goods	—	55,863,842	—	—	55,863,842
	5,416,202	71,825,423	(11,216)	(1,067,856)	76,162,553

	At 1 January 2010	Additions	Reductions		At 31 December 2010
			Reversal	Write-off	
2010					
Raw materials	17,952,317	3,136	(12,539,251)	—	5,416,202

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVENTORIES (continued)

2011	Basis of making provision of inventories	Reasons for reversal	Proportion of amount of reversal for the period to the closing balance of the relevant category of inventories
Raw materials	Defective and obsolete / Decrease of market price	Subsequently used/Increase in net realisable value	0.0003%
Finished goods	Decrease of market price	—	—

2010	Basis of making provision of inventories	Reasons for reversal	Proportion of amount of reversal for the period to the closing balance of the relevant category of inventories
Raw materials	Defective and obsolete	Increase in net realisable value	0.94%

As at 31 December 2011, the carrying amount of inventories amounted to RMB45,101,009 (31 December 2010: RMB61,425,590) were pledged as collateral. Details are disclosed in Note V 20.

As at 31 December 2011, the balance of inventories of the Group included fair value losses of RMB87,230,223 (31 December 2010: Nil) on inventories as hedge item.

8. OTHER CURRENT ASSETS

	2011	2010
Deposit for forward contracts	79,279,785	39,248,101
Deposit for gold transactions	83,226,333	59,149,120
Liquid cash for forward contracts	43,153,015	16,601,664
Taxes recoverable (Note 1)	364,968,285	—
Others	14,281,858	3,666,541
	584,909,276	118,665,426

Note 1: Balance represented the recoverable amount of the corporate income tax and value-added tax paid by the Group pursuant to relevant taxation laws and regulations.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
Equity investments of listed companies, at fair value		
Hong Kong:		
China Hanking Holdings Limited	127,312,028	—
G-Resources Group Limited	46,372,753	—
	173,684,781	—
Other regions:		
Continental Minerals Corp.	—	365,305,654
Inter-Citic Minerals Inc.	120,936,511	317,005,255
Aquarius Platinum Limited	15,287,574	36,268,059
Jayden Resources Inc.	5,641,695	10,954,057
Equitas Resources Corp.	5,282,138	—
Norton Gold Fields Limited	172,442,990	—
Glencore International Corp.	444,736,784	—
	764,327,692	729,533,025
Listed convertible bonds, at fair value		
Other region:		
Glencore Finance (Europe) S.A. (Note 1)	—	1,329,440,798
	938,012,473	2,058,973,823

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Note 1: The available-for-sale investment was available-for-sale financial assets within lock up period. Details information are as follows:

	Type of band	Principal value	Maturity date	Original cost	At 1 January 2011	Interest in current year	Accumulated interest in current year	At 31 December 2011
Glencore Finance (Europe) S.A.	Convertible bond	1,324,540,000	31 December 2014	1,324,540,000	1,602,296,038	31,504,500	75,563,532	—

Golden Lake Mining, one of the subsidiary of the Group, acquired the convertible bond issued by Glencore Finance (Europe) S.A. ("Glencore Finance") with principal value of USD200,000,000 in May 2010. The bond is listed on the Luxembourg Stock Exchange, with an annual interest rate of 5% and maturity period of 5 years till 31 December 2014. The bond can be converted to the shares of Glencore Holding AG at a certain proportion if Glencore Holding AG, the holding company of Glencore Finance, completes its public offering before the maturity. The management of the Group planned to exercise the options and converted the bonds to the shares of Glencore Holding AG. The Group and the issuer of the bond can redeem the bonds under agreed conditions before maturity. On the acquisition date, the Group recognised the equity and debenture components as available-for-sale investment under non-current assets and derivative financial asset as held-for-trading financial assets under current assets, respectively. On the acquisition date, the fair value of the debenture component was RMB1,140,031,578, and the equity component was RMB184,508,422. As at 31 December 2010, the fair value of the debenture component was RMB1,329,440,798, and the equity component was RMB272,855,240. As at 31 December 2011, the Group disposed the convertible bonds with disposal gain of RMB301,265,861 (Note V 48 Note 1 and Note 2).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENTS OF JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

2011

Name of entity	Place of incorporation	Principal activities	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
JOINTLY-CONTROLLED ENTITIES							
Shandong Guoda	Zhaoyuan City Shandong Province	Production and sales of gold, silver, copper cathode and vitriol	173,430,000	50.05%	50.05%	50.05%	26714066-X
Xiamen Zijin Zhonghang Real Estate Company Limited	Xiamen City Fujian Province	Operation and management of real estate development, property management, business information consulting services, marketing and technology consulting	250,000,000	50%	50%	50%	58128530-6
Xinjiang Aletai Zijin Tebian Company Limited ("Zijin Tebian")	Altay City, Xinjiang Uygur Autonomous Region	Sales and processing of ferrous metals and non-ferrous metals	40,000,000	50%	50%	50%	58023132-2
ASSOCIATES							
Longyan Makeng Mining Joint Stock Company Limited ("Longyan Makeng")	Longyan City Fujian Province	Iron mining and geological studies	200,000,000	31.5%	31.5%	31.5%	15783021-3
Tingjiang Hydro Power	Shanghang City Fujian Province	Power generation	69,000,000	49%	49%	49%	76179780-0
Tibet Yulong Copper Joint Stock Company Limited ("Tibet Yulong")	Changdu Prefecture, Tibet	Copper mineral and geological studies	625,000,000	22%	22%	22%	74192416-3
Wuping Zijin Hydro Power Company Limited ("Wuping Zijin Hydro Power")	Wuping County Fujian Province	Hydroelectric power and investment in hydro power industry	60,000,000	48%	48%	48%	77290454-4
Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan")	Xiamen City Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products	1,350,000,000	45%	45%	45%	79125452-4
Fujian Haixia Technology Company Limited ("Haixia Technology")	Yong'an City Fujian Province	Production of dynamite	230,000,000	28%	28%	28%	66508896-7
Hunchun Jindi Mining Company Limited ("Hunchun Jindi")	Hunchun City, Jilin Province	Analysis and testing of mineral geology exploration, Technology development and transfer, Sales of mineral products	100,000,000	40%	40%	40%	66428790-5
Songpan County Zijin Industrial and Trading Company Limited ("Songpan zijin")	Songpan county, Ngawa Tibetan and Qiang Autonomous Prefecture	Sales of industrial materials, equipments and instruments, Development and sales of general machine	180,000,000	34%	34%	34%	77296409-6

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENTS OF JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (continued)

2011 (continued)

Name of entity	Place of incorporation	Principal activities	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
Yanbianzhou SMEs Credit Security Investment Company Limited ("Yanbian Credit Security")	Yanbian Korean Autonomous Prefecture, Jilin Province	Provide guarantees for SMEs and individuals	200,000,000	25%	25%	25%	66425741-5
Luoyang Huayin Guarantee Company Limited ("Luoyang Huayin")	Luoyang City, Henan Province	Providing guarantee for financing, bill discounted acceptance and performance	10,000,000	20%	20%	20%	66094514-9
Shanghang Xinyuan Water Company Limited ("Shanghang Xinyuan")	Shanghang County, Fujian Province	Pipe water supply	300,000,000	38%	38%	38%	77066619-1
Wancheng Commercial	Urad Rear Banner, Bayannur City, Inner Mongolia Autonomous Region	Mining, processing and sales of zinc, lead vitriol, copper and iron	12,000,000	47.5%	47.5%	47.5%	72018822-4
Xiamen Modern Terminals Company Limited ("Xiamen Modern Terminals")	Xiamen City, Fujian Province	Logistics services, storage, dock construction	355,580,000	25%	25%	25%	77604426-2
Xinjiang Wuxin Copper Company Limited ("Wuxin Copper")	Fukang City, Xinjiang Uygur Autonomous Region	Sales, processing and refinery of copper, gold, silver and other non-ferrous metals	790,000,000	34%	34%	34%	68959791-8
Buerjin County Kanas Travel Company Limited ("Xinjiang Kanas")	Buerjin County, Xinjiang Uygur Autonomous Region	Catering and travel services	107,000,000	25%	25%	25%	23094142-0
Xinjiang Tianlong Mining Company Limited ("Xinjiang Tianlong")	Fukang City, Xinjiang Uygur Autonomous Region	Integration of coal, power generation and aluminum business and cement production	648,924,562	23.0335%	23.0335%	23.0335%	72235510-2
Wengfu Zijin Chemical Industry Company Limited ("Wengfu Zijin")	Shanghang county, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive (under development)	500,000,000	40%	40%	40%	55508854-4
Casa Mining Ltd. ("Casa Mining")	British Virgin Island	Mining, refinery and sales of mineral products	USD 50,000	30%	30%	30%	N/A
Qinghai Copper Company Limited ("Qinghai Copper")	Xining, City, Qinghai Province	Refinery of copper	800,000,000	30%	30%	30%	56493886-2

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENTS OF JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (continued)

2010

Name of entity	Place of incorporation	Principal activities	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
JOINTLY-CONTROLLED ENTITIES							
Shandong Guoda	Zhaoyuan City, Shandong Province	Production and sales of gold, silver, copper cathodes and vitriol	173,430,000	50.05%	50.05%	50.05%	26714066-X
ASSOCIATES							
Longyan Makeng	Longyan City, Fujian Province	Iron mineral and geological studies	200,000,000	31.5%	31.5%	31.5%	15783021-3
Tingjiang Hydro Power	Shanghang county, Fujian province	Power generation	69,000,000	49%	49%	49%	76179780-0
Tibet Yulong	Changdu prefecture, Tibet	Copper mineral and geological studies	625,000,000	22%	22%	22%	74192416-3
Wuping Zijin Hydro Power	Wuping county, Fujian province	Hydroelectric power and investment in hydro power industry	60,000,000	48%	48%	48%	77290454-4
Zijin Tongguan	Xiamen City, Fujian Province	Investment holding of mineral companies, wholesale and retail of mineral products	1,350,000,000	45%	45%	45%	79125452-4
Haixia Technology	Yongan City, Fujian Province	Production of dynamite	230,000,000	28%	28%	28%	66508896-7
Qiubei Yun Copper Huaxi Mining Company Limited ("Qiubei Yun Copper")	Qiubei county, Wenshan prefecture, Yunnan Province	Purchases and sales of mineral products, technical consulting services of geological exploration	5,000,000	40%	40%	40%	66554840-9
Hunchun Jindi	Hunchun City, Jilin Province	Analysis and testing of mineral geology exploration, technology development and transfer, sales of mineral products	100,000,000	40%	40%	40%	66428790-5
Songpan Zijin	Songpan county, Ngawa Tibeta and Qiang Autonomous Prefecture	Sales of industrial materials, equipments and instruments, development and sales of general machine	180,000,000	34%	34%	34%	77296409-6
Yanbian Credit Security	Yanbian Korean Autonomous Prefecture, Jilin Province	Provide guarantees for SMEs and individuals	100,000,000	20%	20%	20%	66425741-5

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENTS OF JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (continued)

2010 (continued)

Name of entity	Place of incorporation	Principal activities	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
Luoyang Huayin	Luoyang City , Henan Province	Providing guarantee for financing, bill discounted acceptance and performance	10,000,000	20%	20%	20%	66094514-9
Shanghang Xinyuan	Shanghang county, Fujian Province	Pipe water supply	300,000,000	38%	38%	38%	77066619-1
Wancheng commercial	Urad Rear Banner, Bayannur City, Inner Mongolia Autonomous Region	Mining, processing and sales of zinc, lead vitriol, copper and iron	12,000,000	47.5%	47.5%	47.5%	72018822-4
Xiamen Modern Terminals	Xiamen City, Fujian Province	Logistics services, storage, dock construction	355,580,000	25%	25%	25%	77604426-2
Wuxin Copper	Fukang City, Xinjiang Uygur Autonomous Region	Sales, processing and refinery of copper, gold, silver and other non-ferrous metals	600,000,000	34%	34%	34%	68959791-8
Xinjiang Kanas	Buerjin County, Xinjiang Uygur Autonomous Region	Catering and travel services	107,000,000	25%	25%	25%	23094142-0
Xinjiang Tianlong	Fukang City, Xinjiang Uygur Autonomous Region	Integration of coal, power generation and aluminum business and cement production	648,924,562	20%	20%	20%	72235510-2
Wengfu Zijin	Shanghang county, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive (under development)	500,000,000	40%	40%	40%	55508854-4
Casa Mining	British Virgin Island	Mining, refinery and sales of mineral products	USD 50,000	26.16%	26.16%	26.16%	NA

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENTS OF JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (continued)

2011

	Total assets 31 December 2011	Total liabilities 31 December 2011	Total net assets 31 December 2011	Revenue Year 2011	Net profit/(loss) Year 2011
JOINTLY-CONTROLLED ENTITIES					
Shandong Guoda	1,248,819,431	738,550,620	510,268,811	1,797,083,773	82,957,476
Xiamen Zijin Zhonghang	254,199,164	5,015,000	249,184,164	—	(185,836)
Zijin Tebian	39,409,137	35,521	39,373,616	—	(626,385)
Associates					
Longyan Makeng	2,298,946,321	1,706,712,456	592,233,865	373,222,362	113,700,959
Tingjiang Hydro Power	294,972,097	190,751,740	104,220,357	27,276,696	(3,752,570)
Tibet Yulong	2,345,001,869	1,494,012,055	850,989,814	5,550,883	(81,349,892)
Wuping Zijin Hydro Power	138,036,104	72,069,924	65,966,180	14,881,749	229,410
Zijin Tongguan	1,629,045,159	286,971,896	1,342,073,263	—	(93,268,596)
Haixia Technology	902,230,000	292,470,000	609,760,000	919,360,000	121,460,000
Hunchun Jindi	93,196,621	106,294	93,090,327	—	(2,538,144)
Songpan Zijin	78,066,857	187,791	77,879,066	—	—
Yanbian Credit Security	338,114,878	116,269,706	221,845,172	15,722,550	10,391,672
Luoyang Huayin	10,642,260	1,461,000	9,181,260	—	(354)
Shanghang Xinyuan	544,158,182	240,873,222	303,284,960	8,075,999	26,411
Wancheng Commercial	429,844,885	363,732,467	66,112,418	618,208,133	346,586,071
Xiamen Modern Terminals	1,093,829,555	718,633,041	375,196,514	70,672,271	(10,632,703)
Wuxin Copper	1,057,645,149	271,936,984	785,708,165	612,269	(3,168,742)
Xinjiang Kanas	236,750,167	50,660,555	186,089,612	110,332,015	25,998,769
Xinjiang Tianlong	2,312,516,634	676,219,727	1,636,296,907	595,549,052	89,454,903
Wengfu Zijin	1,289,452,212	789,452,212	500,000,000	—	—
Casa Mining	161,536,173	7,000,300	154,535,873	—	(27,358,965)
Qinghai Copper	128,681,857	405,801	128,276,056	—	—

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENTS OF JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (continued)

2010

	Total assets 31 December 2010	Total liabilities 31 December 2010	Total net assets 31 December 2010	Revenue Year 2010	Net profit/(loss) Year 2010
JOINTLY-CONTROLLED ENTITIES					
Shandong Guoda	957,984,007	513,635,658	444,348,349	1,897,709,705	63,468,107
Associates					
Longyan Makeng	1,834,824,417	1,356,289,513	478,534,904	303,753,267	74,572,098
Tingjiang Hydro Power	310,392,555	202,452,792	107,939,763	43,094,761	6,149,778
Tibet Yulong	1,833,522,872	1,381,035,995	452,486,877	30,023,055	(29,247,519)
Wuping Zijin Hydro-electric	149,546,197	83,809,426	65,736,771	24,897,408	7,664,023
Zijin Tongguan	2,004,803,976	558,840,122	1,445,963,854	—	(52,908,138)
Haixia Technology	690,870,000	224,090,000	466,780,000	715,610,000	95,100,000
Qiubei Yun Copper	9,469,955	15,712	9,454,243	150,000	(393,999)
Hunchun Jindi	95,783,280	154,809	95,628,471	—	(2,058,737)
Songpan Zijin	78,986,348	2,214,565	76,771,783	—	—
Yanbian Credit Security	231,469,398	47,072,101	184,397,297	11,415,540	5,661,917
Luoyang Huayin	10,642,094	1,460,480	9,181,614	122,761	(967,687)
Shanghang Xinyuan	538,087,349	234,586,846	303,500,503	8,074,390	14,202
Wancheng Commercial	327,957,441	260,791,509	67,165,932	490,540,654	260,781,501
Xiamen Modern Terminals	983,974,221	598,145,005	385,829,216	29,436,139	(938,925)
Wuxin Copper	686,867,375	88,425,255	598,442,120	281,668	(1,161,543)
Xinjiang Kanas	205,233,456	46,305,233	158,928,223	72,884,675	15,968,036
Xinjiang Tianlong	1,827,828,663	502,903,169	1,324,925,494	678,108,333	82,462,073
Wengfu Zijin	249,914,750	(85,250)	250,000,000	—	—
Casa Mining	69,180,724	5,298,160	63,882,564	—	(26,755,708)

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS

2011

	Investment cost	At 1 January 2011	Additions	Reductions	Including: cash dividends received	At 31 December 2011
Long-term equity investments under the equity method:						
Jointly-controlled entities	304,734,600	240,668,542	165,725,132	—	—	406,393,674
Associates	2,454,374,347	2,171,612,498	586,288,491	(244,284,484)	(180,052,392)	2,513,616,505
Long-term equity investments under the cost method	304,494,564	282,094,564	22,700,000	(300,000)	—	304,494,564
Less: Provision for impairment of long-term equity investments		20,571,332	—	—	—	20,571,332
		2,673,804,272	774,713,624	(244,584,485)	(180,052,392)	3,203,933,411

2010

	Investment cost	At 1 January 2010	Reclassification At from non-current assets held for sale	Additions	Reductions	Including: cash dividends received	At 31 December 2010
Long-term equity investments under the equity method:							
Jointly-controlled entities	159,734,600	76,210,246	213,071,332	29,386,964	(78,000,000)	—	240,668,542
Associates	2,122,433,050	1,425,685,020	—	928,603,881	(182,676,403)	(180,926,403)	2,171,612,498
Long-term equity investments under the cost method	282,094,564	187,921,613	—	95,232,951	(1,060,000)	—	282,094,564
Less: Provision for impairment of long-term equity investments		1,750,000	20,571,332	—	(1,750,000)	—	20,571,332
		1,688,066,879	192,500,000	1,053,223,796	(259,986,403)	(180,926,403)	2,673,804,272

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS (continued)

Movements of provision for impairment losses of long-term equity investments:

	At 1 January 2011	Provision for the year	Reductions		At 31 December 2011
			Reversal	Write-off	
Jointly-controlled entities- Shandong Guoda	20,571,332	—	—	—	20,571,332

Long-term equity investments under the equity method

2011

	Investment cost	Equity Changes						At 31 December 2011
		Changes for the year	Cash dividends	Accumulated changes	Other equities		Provision for impairment losses	
					Additions for the year	Accumulated changes		
Jointly-controlled entities								
Shandong Guoda	159,734,600	20,725,132	—	101,659,074	—	—	(20,571,332)	240,822,342
Xiamen Zijin Zhonghang (Note 1)	125,000,000	—	—	—	—	—	—	125,000,000
Zijin Tebian	20,000,000	—	—	—	—	—	—	20,000,000
Associates								
Tingjiang Hydro Power	33,810,000	(1,838,760)	—	798,557	—	—	—	34,608,557
Wuping Zijin Hydro Power	32,095,000	110,117	—	2,284,956	—	—	—	34,379,956
Haixia Technology	64,400,000	27,895,114	(9,016,462)	76,329,198	—	—	—	140,729,198
Shanghai Xinyuan (Note 2)	114,000,000	10,036	—	32,385	—	—	—	114,032,385
Hunchun Jindi	40,000,000	(1,015,257)	—	(2,677,416)	—	—	—	37,322,584
Yanbian Credit Security (Note 3)	50,000,000	2,597,918	(200,000)	5,034,955	—	—	—	55,034,955
Wancheng Commercial	166,895,356	156,495,432	(161,759,167)	(34,222,564)	—	—	—	132,672,792
Songpan Zijin	39,400,000	—	—	(150,215)	—	—	—	39,249,785
Tibet Yulong	137,500,000	(19,289,848)	—	(55,490,897)	—	—	—	82,009,103
Longyan Makeng	31,860,000	35,815,802	—	148,238,313	—	2,454,250	—	182,552,563
Zijin Tongguan (Note 4)	607,500,000	(34,381,511)	—	(92,445,404)	—	(23,760,561)	—	491,294,035
Qiubei Yun Copper	—	357,641	—	—	—	—	—	—
Xiamen Modern Terminals	120,000,000	(2,658,176)	—	(2,892,907)	—	—	—	117,107,093

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS (continued)

Long-term equity investments under the equity method (continued)

2011 (continued)

	Equity Changes							At 31 December 2011
	Investment cost	Changes for the year	Cash dividends	Accumulated changes	Other equities		Provision for impairment losses	
					Additions for the year	Accumulated changes		
Associates (continued)								
Luoyang Huayin	2,000,000	—	—	—	—	—	—	2,000,000
Wuxin Copper (Note 5)	268,600,000	(1,148,540)	—	(1,383,140)	—	—	—	267,216,860
Xinjiang Kanas	48,870,000	6,560,527	—	9,072,389	—	—	—	57,942,389
Xinjiang Tianlong (Note 6)	379,653,678	20,604,607	(9,076,763)	28,020,259	—	—	—	407,673,937
Wengfu Zijin (Note 7)	200,000,000	—	—	—	—	—	—	200,000,000
Casa Mining (Note 8)	69,790,313	—	—	—	—	—	—	69,790,313
Qinghai Copper (Note 9)	48,000,000	—	—	—	—	—	—	48,000,000
	2,759,108,947	210,840,234	(180,052,392)	182,207,543	—	(21,306,311)	(20,571,332)	2,899,438,847

2010

	Equity Changes							At 31 December 2010
	Investment cost	Changes for the year	Cash dividends	Accumulated changes	Other equities		Provision for impairment losses	
					Additions for the year	Accumulated changes		
Jointly-controlled entities								
Shandong Guoda	159,734,600	80,933,942	—	80,933,942	—	—	(20,571,332)	220,097,210
Russia Lankatasikaya Closed Mining Company Limited ("Lankatasikaya") (Note 10)	—	1,789,754	—	—	—	—	—	—

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS (continued)

Long-term equity investments under the equity method (continued)

2010 (continued)

	Investment cost	Equity Changes						Provision for impairment losses	At 31 December 2011
		Changes for the year	Cash dividends	Accumulated changes	Other equities				
					Additions for the year	Accumulated changes			
Associates									
Tingjiang Hydro Power	33,810,000	3,013,391	—	2,637,317	—	—	—	36,447,317	
Wuping Zijin Hydro Power	32,095,000	3,678,731	—	2,174,839	—	—	—	34,269,839	
Haixia Technology	64,400,000	29,635,746	(5,564,000)	57,450,546	—	—	—	121,850,546	
Shanghang Xinyuan (Note 2)	114,000,000	5,397	—	22,349	—	—	—	114,022,349	
Hunchun Jindi	40,000,000	(823,495)	—	(1,662,159)	—	—	—	38,337,841	
Yanbian Credit Security (Note 3)	20,000,000	1,132,383	(200,000)	2,637,037	—	—	—	22,637,037	
Wancheng Commercial	166,895,356	112,059,682	(165,970,238)	(28,958,829)	—	—	—	137,936,527	
Songpan Zijin	39,400,000	—	—	(150,215)	—	—	—	39,249,785	
Tibet Yulong	137,500,000	(6,434,454)	—	(36,201,049)	—	—	—	101,298,951	
Longyan Makeng	31,860,000	23,490,211	(7,678,125)	112,422,511	—	2,454,250	—	146,736,761	
Zijin Tongguan (Note 4)	607,500,000	(19,360,393)	—	(58,063,893)	(1,765,278)	(23,760,561)	—	525,675,546	
Qiubei Yun Copper	3,900,000	(149,720)	—	(357,641)	—	—	—	3,542,359	
Xiamen Modern Terminals	120,000,000	(234,731)	—	(234,731)	—	—	—	119,765,269	
Luoyang Huayin	2,000,000	—	—	—	—	—	—	2,000,000	
Wuxin Copper (Note 5)	204,000,000	(234,600)	—	(234,600)	—	—	—	203,765,400	
Xinjiang Kanas	48,870,000	4,025,902	(1,514,040)	2,511,862	—	—	—	51,381,862	
Xinjiang Tianlong (Note 6)	329,653,678	16,492,415	—	16,492,415	—	—	—	346,146,093	
Wengfu Zijin (Note 7)	100,000,000	—	—	—	—	—	—	100,000,000	
Casa Mining (Note 8)	26,549,016	—	—	—	—	—	—	26,549,016	
	2,282,167,650	249,020,161	(180,926,403)	151,419,701	(1,765,278)	(21,306,311)	(20,571,332)	2,391,709,708	

The management of the Group considered that there were no significant restrictions on realisation of the investment or remittance of investment income as at 31 December 2011.

* The jointly-controlled entities and associates held by the Group were unlisted as at 31 December 2011 and 31 December 2010.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS (continued)

Long-term equity investments under the cost method

	Sichuan Liwu Copper Company Limited	Nanjing China Net Communication Company Limited	Muli County Rongda Mining Company Limited	Hunan Nonferrous Metals Company Limited *	Xinjiang Xinxin Mining Industry Company Limited	Luoyang Yongning Gold and Lead Refinery Company Limited	Shanghai Rural Commercial Bank	Wuatahouqi Ruifeng Lead Refinery Company Limited	Xinjiang Tianshan Railway Company Limited	Others	Total
Investment cost	19,850,000	25,000,000	45,797,517	30,000,000	18,314,097	40,000,000	89,900,000	7,000,000	19,200,000	8,432,950	304,494,564
31 December 2009	19,850,000	25,000,000	43,397,517	30,000,000	18,314,097	40,000,000	1,500,000	—	—	8,859,999	187,921,613
Proportion of equity interest in the investee (%)	5.77%	8.62%	12.00%	1.37%	3.77%	10%	0.24%	7%	—	N/A	N/A
Current year additions	—	—	2,400,000	—	—	—	88,400,000	3,500,000	—	992,951	95,232,951
Current year reductions	—	—	—	—	—	—	—	—	—	(1,060,000)	(1,060,000)
31 December 2010	19,850,000	25,000,000	45,797,517	30,000,000	18,314,097	40,000,000	89,900,000	3,500,000	—	8,732,950	282,094,564
Proportion of equity interest in the investee (%)	5.77%	8.62%	12.00%	1.37%	3.77%	10%	0.24%	7%	—	N/A	N/A
Current year additions	—	—	—	—	—	—	—	3,500,000	19,200,000	—	22,700,000
Current year reductions	—	—	—	—	—	—	—	—	—	(300,000)	(300,000)
31 December 2011	19,850,000	25,000,000	45,797,517	30,000,000	18,314,097	40,000,000	89,900,000	7,000,000	19,200,000	8,432,950	304,494,564
Proportion of equity interest in the investee (%)	5.77%	8.62%	12.00%	1.37%	3.77%	10%	0.24%	7%	12%	N/A	N/A

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*11. LONG-TERM EQUITY INVESTMENTS *(continued)*

The proportion of the voting powers of the above investees was the same with the proportion of equity interest in the investees held by the Group.

There was no restriction on the investees to transfer funds to the Group.

* Investments to listed company.

Note 1: Xiamen Zijin Zhonghang was jointly set up by the Group, AVIC Real Estate Company Limited and China National Aero-Technology Xiamen Company Limited in 2011, with a registered capital of RMB250,000,000. As at 31 December 2011, the Group completed the capital injection of RMB125,000,000, holding a 50% equity interest in Xiamen Zijin Zhonghang.

Note 2: Pursuant to the Capital Increment Agreement entered into between the Group and a shareholder of Shanghang Xinyuan in 2009, Shanghang Xinyuan increased its registered capital from RMB93,000,000 to RMB300,000,000, and the Group held a 38% equity interest in Shanghang Xinyuan after the capital increment. Pursuant to the agreement, the registered capital of Shanghang Xinyuan was injected by 3 installments within two years, of which the Group should inject RMB25,000,000 in cash on the signing date. In 2010, the Group further injected capital investment with a dam, a fixed asset of the Group, with net book value of RMB14,000,000 and cash of RMB75,000,000. The investment cost in Shanghang Xinyuan was RMB114,000,000. Shanghang Xinyuan is located in Shanghang County, Fujian Province and engaged in the centralised water supply and sales of plumbing equipment and take up the Third Water Project of Shanghang County.

Note 3: Yanbian Credit Security was jointly set up by The Group and Yanbianzhou SMEs Credit Security Center in 2007, with a registered capital of RMB200,000,000. The first paid-up capital was RMB100,000,000, for which the Group injected capital of RMB20,000,000 in cash, holding a 20% equity interest in Yanbian Credit Security. In the current year, the Group further injected RMB30,000,000 in cash, and held a 25% equity interest in Yanbian Credit Security after the capital increment.

Note 4: Zijin Tongguan was jointly set up by the Group, Tongling Nonferrous Metal (Group) Company Limited and Fujian Construction and Development Company Limited on 8 August 2006. The Group, Tongling Nonferrous Metal (Group) Company Limited and Fujian Construction and Development Company Limited held 45%, 35%, and 20% equity interest in Zijin Tongguan respectively. Zijin Tongguan was principally engaged in overseas investment, holding a 79.9% equity interest in Monterrico Metals Plc. ("Monterrico"). Monterrico was developing a Rio Blanco copper mining project located in the north of Peru. In August 2009, Monterrico became a defendant in a claim brought in the High Court in London in respect to personal injuries. In relation to this litigation, Monterrico's assets amounting to GBP5,015,000 (equivalent to RMB55,054,670) were frozen. As at 31 December 2011, Monterrico had come to a compromise commitment with accusers and paid a compensation of GBP4,400,000 (equivalent to RMB45,760,000). As Monterrico has paid a large amount of lawyer fees and compensation, the Group shared the loss of RMB34,381,511 under the equity method.

Note 5: Pursuant to the agreement entered into between the Group and Xinjiang Xinxin Mining Industry Company Limited in 2009, Wuxin Copper was jointly set up with registered capital of RMB100,000,000. The Group injected capital of RMB34,000,000 in cash and held a 34% equity interest in Wuxin Copper. In June 2010, Wuxin Copper increased the registered capital to RMB600,000,000. The Group injected RMB170,000,000, and held a 34% equity interest in Wuxin Copper. In June 2011, Wuxin Copper increased the registered capital to RMB790,000,000, of which the Group further injected RMB64,600,000, holding a 34% equity interest in Wuxin Copper. Wuxin Copper was principally engaged in the exploration of copper mine and refinery of copper cathodes. Wuxin copper was still in the infrastructure stage.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

11. LONG-TERM EQUITY INVESTMENTS *(continued)*

Note 6: Pursuant to the Capital Increment Agreement entered into between the Group and Fukang Tianlong Industrial Development Company Limited, Xinjiang Investment Development (Group) Company Limited, and other third party shareholders. In May 2010, the registered capital of Xinjiang Tianlong increased from RMB284,530,398 to RMB648,924,562. The Group injected capital of RMB329,653,678 in cash, holding a 20% equity interest. In 2011, the Group acquired another 3.0335% equity interest in Xinjiang Tianlong at a consideration of RMB50,000,000. The Group aggregately held a 23.0335% equity interest in Xinjiang Tianlong after the acquisition.

Note 7: Wengfu Ziji was jointly set up by the Group, Wengfu (Group) Company Limited and Guizhou Shanshui Logistics Company Limited pursuant to the Agreement entered into on 29 April 2010. The Group, Wengfu (Group) Company Limited and Guizhou Shanshui Logistics Company Limited held 40%, 52% and 8% equity interest respectively. The registered capital of Wengfu Zijin was RMB500,000,000 and would be injected by 2 installments. The Group injected capital of RMB100,000,000 in cash on 19 May 2010, holding a 40% equity interest in Wengfu Zijin. The Group further injected capital of RMB100,000,000 in cash on 6 September 2011, holding a 40% equity interest in Wengfu Zijin. Wengfu Zijin was principally engaged in production of foundational chemical raw materials and fertilizers. Wengfu Zijin was still in the infrastructure stage.

Note 8: The Group acquired a 26.16% equity interest in Casa Mining (original named Casa Minerals Ltd.) at a consideration of USD4,000,000 (approximately RMB26,549,016) on 1 December 2010. The Group further injected USD6,650,000 (approximately RMB43,241,297) in Casa Mining in April 2011. After the second capital injection, the Group aggregately invested USD10,650,000 (approximately RMB69,790,313) to Casa Mining, holding a 30% equity interest. Casa Mining is a mining company registered in British Virgin Islands and principally engaged in gold mine exploration and exploitation in Congo, Mozambique and Zimbabwe in Africa.

Note 9: Qinghai Copper was jointly set up by the Group, Western Mining and Golmud Shenghua Mining Company Limited in May 2011. The Group, Western Mining and Golmud Shenghua Mining Company Limited held 30%, 40% and 30% equity interest respectively. The registered capital of Qinghai Copper was RMB800,000,000 and paid up through 2 installments. The Group injected capital of RMB48,000,000 in cash on 13 June 2011, holding a 30% equity interest in Qinghai Copper. Qinghai Copper was principally engaged in exploration of copper mine and refinery of copper cathodes. Wuxin Copper was still in the infrastructure stage.

Note 10: In 2007, Heilongjiang Zijin, one of the subsidiaries of the Group, acquired a 50% equity interest in Lankatasikaya at a consideration of RMB80,000,000. The Group also aggregately injected cash of RMB27,000,000 to Lankatasikaya for the mines exploration project during 2007 to 2010. Lankatasikaya was accounted for as a jointly-controlled entity of the Group. Lankatasikaya possessed the mining rights of the Kutyn gold mine in Russia. As the Russian shareholder of Lankatasikaya transferred the core assets - mining rights of Kutyn gold mine to Kutyn Mining Company Limited at nil consideration, the Group disposed a 50% equity interest in Lankatasikaya for a consideration of USD6,345,000 (approximately RMB42,000,000) pursuant to the Equity Transfer Agreement entered into between the Group and Bikend Investments Company Limited ("Bikend Investments"), a Russian company registered in British Virgin Islands on 13 September 2010. The equity transfer was completed in October 2010, the consideration paid by Bikend Investments had also been received. In addition, the injection for the mine exploration project of Lankatasikaya by the Group was also transferred to Bikend Investments as stipulated in the transfer agreement. The difference of consideration and carrying amount of investment cost in Lankatasikaya as well as relevant injection for mine exploration project amounted to RMB63,346,259 was recognised as investment loss.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. INVESTMENT PROPERTIES

Buildings use cost model for subsequent measurement

	2011	2010
Cost:		
At 1 January and 31 December	62,627,049	62,627,049
Accumulated depreciation:		
1 January	9,526,691	7,481,717
Depreciation for the year	2,043,783	2,044,974
31 December	11,570,474	9,526,691
Net book value:		
31 December	51,056,575	53,100,358
1 January	53,100,358	55,145,332
Provision for impairment loss		
At 1 January and 31 December	—	—
Net Book value:		
31 December	51,056,575	53,100,358
1 January	53,100,358	55,145,332

The investment property was leased to a third party under an operating lease.

* The Group's investment properties are situated in Mainland China and are held under medium-term leases.

There are no investment properties of which certificates of title have not been obtained as at 31 December 2011(2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS

2011

	Buildings	Mining assets	Power generating and transmission equipments Note 1	Plant, machinery and equipments	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total Note 2
Cost:								
At 1 January 2011	2,312,288,239	4,503,062,982	602,980,989	3,737,222,402	24,433,136	140,549,742	550,865,659	11,871,403,149
Additions and acquisition of subsidiaries	40,643,301	173,540,250	36,138,019	376,232,729	1,286,025	42,286,545	118,373,775	788,500,644
Transfer from construction in progress	827,470,458	860,619,733	24,697,354	265,018,151	374,562	2,441,889	2,619,494	1,983,241,641
Disposals	(30,675,723)	(125,269,470)	(11,615,664)	(137,366,867)	(658,804)	(8,718,190)	(25,167,421)	(339,472,139)
At 31 December 2011	3,149,726,275	5,411,953,495	652,200,698	4,241,106,415	25,434,919	176,559,986	646,691,507	14,303,673,295
Accumulated depreciation								
At 1 January 2011	332,068,994	1,369,620,217	165,662,374	1,073,011,226	12,429,499	77,102,826	248,396,423	3,278,291,559
Depreciation for the year	143,492,251	296,960,070	48,624,098	340,601,144	1,410,083	23,260,888	64,708,610	919,057,144
Other additions	14,422	—	—	65,850	—	699	22,544	103,515
Disposals	(8,791,868)	(65,171,163)	(3,887,812)	(73,479,167)	(317,338)	(6,548,579)	(12,389,744)	(170,585,671)
At 31 December 2011	466,783,799	1,601,409,124	210,398,660	1,340,199,053	13,522,244	93,815,834	300,737,833	4,026,866,547
Impairment								
At 1 January 2011	3,121,169	116,673,323	—	28,748,840	—	—	—	148,543,332
Impairment provided for the year	—	—	—	1,587,596	—	—	—	1,587,596
Disposals	(2,344,610)	(16,301,132)	—	—	—	—	—	(18,645,742)
At 31 December 2011	776,559	100,372,191	—	30,336,436	—	—	—	131,485,186
Net book value:								
At 31 December 2011	2,682,165,917	3,710,172,180	441,802,038	2,870,570,926	11,912,675	82,744,152	345,953,674	10,145,321,562
At 1 January 2011	1,977,098,076	3,016,769,442	437,318,615	2,635,462,336	12,003,637	63,446,916	302,469,236	8,444,568,258

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS (continued)

2010

	Buildings	Mining assets	Power generating and transmission equipments Note 1	Plant, machinery and equipments	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total Note 2
Cost:								
At 1 January 2010	2,013,818,258	3,578,192,923	527,773,347	3,304,340,140	24,863,241	111,523,998	449,102,262	10,009,614,169
Additions and acquisition of subsidiaries	150,455,869	132,383,911	30,769,658	422,846,906	2,576,895	29,488,215	229,632,499	998,153,953
Transfer from construction in progress	210,428,542	789,983,514	29,579,311	97,250,424	119,272	3,410,038	3,727,413	1,134,498,514
Transfer from assets classified as held-for-sale (Note 3)	—	225,231,334	23,584,276	129,732,306	—	744,738	1,133,628	380,426,282
Disposals	(62,414,430)	(222,728,700)	(8,725,603)	(216,947,374)	(3,126,272)	(4,617,247)	(132,730,143)	(651,289,769)
At 31 December 2010	2,312,288,239	4,503,062,982	602,980,989	3,737,222,402	24,433,136	140,549,742	550,865,659	11,871,403,149
Accumulated depreciation								
At 1 January 2010	237,359,172	1,150,801,721	124,049,030	819,864,174	12,548,383	60,308,909	238,424,212	2,643,355,601
Depreciation for the year	114,167,495	296,402,109	41,622,428	330,825,503	1,563,389	19,966,878	54,867,822	859,415,624
Other additions	41	12,501	—	50,724	—	156,310	167,161	386,737
Transfer from assets classified as held-for-sale (Note 3)	—	15,893,323	3,725,852	25,230,184	—	373,478	462,553	45,685,390
Disposals	(19,457,714)	(93,489,437)	(3,734,936)	(102,959,359)	(1,682,273)	(3,702,749)	(45,525,325)	(270,551,793)
At 31 December 2010	332,068,994	1,369,620,217	165,662,374	1,073,011,226	12,429,499	77,102,826	248,396,423	3,278,291,559
Impairment								
At 1 January 2010	438,243	24,279,561	—	1,219,691	—	—	—	25,937,495
Impairment provided for the year	2,682,926	42,941,365	—	27,529,149	—	—	—	73,153,440
Transfer from construction in progress	—	49,452,397	—	—	—	—	—	49,452,397
At 31 December 2010	3,121,169	116,673,323	—	28,748,840	—	—	—	148,543,332
Net book value:								
At 31 December 2010	1,977,098,076	3,016,769,442	437,318,615	2,635,462,336	12,003,637	63,446,916	302,469,236	8,444,568,258
At 1 January 2010	1,776,020,843	2,403,111,641	403,724,317	2,483,256,275	12,314,858	51,215,089	210,678,050	7,340,321,073

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS (continued)

Note 1: On 26 February 2009, Shanghang Jinshan Hydro Power, a subsidiary of the Company, pledged the power generating and power transmission equipments with carrying amount of RMB42,740,000 to Agricultural Bank of China for a long-term borrowings of RMB30,000,000 (Note V 31). As at 31 December 2011, the borrowing was not yet come to maturity. As at 31 December 2011, the carrying amount of the pledged power generating and power transmission equipment was RMB35,207,260 (31 December 2010: RMB38,974,000).

Note 2: As at 31 December 2011, fixed assets of Xinyi Zijin, a subsidiary of the Company, with a carrying amount of RMB281,908,642 (31 December 2010: RMB295,453,460) were frozen by the People's Court due to the litigation compensation dispute between Xinyi Zijin and Xinyi Municipal Government and local victims.

Note 3: Pursuant to the Agreement entered into between Fuyun Jinshan, Xinxing Zhuguan (XinJiang) Resource Development Company Limited and Aletai Qiaxiatiemierte Mining Company Limited dated 3 August 2009, the three parties agreed to set up a company, of which Fuyun Jishan injected capital with total assets to hold a 25.92% equity interest in the new company. Pursuant to another agreement entered into between Fuyun Jinshan and the above two parties dated 13 July 2010, the arrangement of setting up the company was terminated. Therefore, the Group reclassified the fixed assets of Fuyun Jinshan from assets classified as held-for-sale to fixed assets.

Fixed assets that are fully depreciated but still in use:

	2011		2010	
	Cost	Net book value	Cost	Net book value
Buildings	3,388,692	101,661	3,294,510	98,835
Mining assets	405,113,992	—	391,153,575	—
Power generating and transmission equipments	8,391,781	251,753	7,503,084	225,093
Plant, machinery and equipments	113,800,593	3,414,018	92,683,813	2,780,514
Leasehold improvements	7,319,394	219,582	7,283,548	218,506
Furniture and fixtures	18,779,886	563,397	4,007,095	120,213
Motor vehicles	14,393,366	431,801	7,789,157	233,675
	571,187,704	4,982,212	513,714,782	3,676,836

Fixed assets that are temporarily idle:

2011

	Plant, machinery and equipments	Furniture and fixtures	Total
At 31 December 2011			
Cost	5,878,899	70,769	5,949,668
Accumulated depreciation	(1,446,865)	(41,282)	(1,488,147)
Net book value	4,432,034	29,487	4,461,521

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS (continued)

2010

	Mining assets	Plant, machinery and equipments	Furniture and fixtures	Total
At 31 December 2010				
Cost	2,074,101	8,321,538	70,769	10,466,408
Accumulated depreciation	(1,476,583)	(5,189,700)	(34,205)	(6,700,488)
Net book value	597,518	3,131,838	36,564	3,765,920

There were no fixed assets of the Group leased or leased out under finance leases.

Fixed assets of which certificates of title have not been obtained as at December 31 2011:

Items	Net book value	Reasons why certificates of title have not been obtained	Expected timing of obtaining certificates of title
Buildings	531,323,635	In the process of applying	2012
Mining assets	437,525,913	In the process of applying	2012
	968,849,548		

Fixed assets of which certificates of title have not been obtained as at December 31 2010:

Items	Net book value	Reasons why certificates of title have not been obtained	Expected timing of obtaining certificates of title
Buildings	816,376,981	In the process of applying	2011
Mining assets	291,398,717	In the process of applying	2011
	1,107,775,698		

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS

2011

	Budget	At 1 January 2011	Additions	Transferred to fixed assets	Other reductions	At 31 December 2011	Source of funds	Contribution Progress of in budget construction
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	859,834,041	687,650,325	(66,986,573)	(6,927,658)	1,473,570,135	Offering Fund/Equity Fund	106%
Zijin headquarters infrastructure project	172,000,000	111,832,405	25,151,485	(90,046,644)	—	46,937,246	Equity Fund	95%
Guizhou Zijin infrastructure project	435,000,000	199,679,871	209,637,605	(182,657,068)	—	226,660,408	Equity Fund	147%
Northwest Company infrastructure project	63,466,000	49,907,968	11,505,458	(37,545,942)	—	23,867,484	Equity Fund	96%
Fuyun Jinshan infrastructure project	400,000,000	57,498,771	53,715,793	(4,452,624)	(2,575,532)	104,186,408	Equity Fund	110%
Wuqia Jinwang infrastructure project	350,000,000	114,517,277	216,389,868	—	—	330,907,145	Equity Fund	80%
Hunchun Zijin infrastructure project	461,500,000	92,036,931	81,557,705	(137,698,271)	(615,407)	35,280,958	Offering Fund/Equity Fund	116%
Qinghai West infrastructure project	660,000,000	104,732,915	64,908,795	(117,802,470)	—	51,839,240	Equity Fund	99%
Xinjiang Jinbao infrastructure project	60,000,000	6,863,439	48,154,759	(33,093,891)	—	21,924,307	Equity Fund	21%
Xinyi Baoyuan infrastructure project	267,000,000	8,289,269	2,918,010	—	—	11,207,279	Equity Fund	98%
Xinyi Dongkeng infrastructure project	76,000,000	7,418,477	8,423,344	—	—	15,841,821	Equity Fund	79%
Fujian Zijin Copper infrastructure project	7,000,000	4,843,596	2,070,265	—	(17,000)	6,896,861	Equity Fund/loan	66%
Bayannaoer Zijin infrastructure project	1,350,000,000	166,195,816	165,956,382	(169,718,336)	—	162,433,862	Loan/Equity Fund	113%
Chongli Zijin infrastructure project	450,000,000	37,979,406	51,322,386	(28,058,090)	—	61,243,702	Loan/Equity Fund	106%
Longkou Jintai infrastructure project	200,000,001	91,678,301	—	—	—	91,678,301	Equity Fund	96%
Shanxi Zijin infrastructure project	66,000,000	13,364,693	30,777,043	(5,732,111)	(9,683,632)	28,725,993	Equity Fund	153%
Wulatehouqi Zijin infrastructure project	657,750,001	242,189,491	180,426,032	(7,388,771)	—	415,226,752	Loan/Equity Fund	126%
Xinjiang Ashele infrastructure project	700,000,000	104,490,784	462,122,676	(205,779,747)	—	360,833,713	Equity Fund	154%
Henan Gold Mining infrastructure project	480,000,000	36,304,671	4,147,081	—	—	40,451,752	Equity Fund	9%
Yuanyang Huaxi infrastructure project	151,250,000	44,993,670	45,960,229	(4,147,776)	(25,297,152)	61,508,971	Equity Fund	71%
Anhua Zijin Stibium and Wolfram infrastructure project	16,650,001	15,943,593	—	—	(15,943,593)	—	Equity Fund	N/A
Malipo Zijin infrastructure project	267,928,400	150,272,704	100,146,997	(178,909,945)	—	71,509,756	Equity Fund	135%

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

2011 (continued)

	Budget	At 1 January 2011	Additions	Transferred to fixed assets	Other reductions	At 31 December 2011	Source of funds	Contribution in budget construction	Progress of construction
Heilongjiang Duobaoshan infrastructure project	1,880,186,121	154,134,729	637,391,851	—	(1,268,620)	790,257,960	Loan/Equity Fund	91%	96%
ZGC infrastructure project	1,305,345,000	72,643,461	284,471,598	(10,508,499)	—	346,606,560	Offering Fund/Equity Fund	34%	84%
Heilongjiang Longxing infrastructure project	600,000,000	163,594,963	409,292,193	—	—	572,887,156	Offering Fund/Equity Fund	95%	83%
Shanghai Ganlong infrastructure project	330,380,000	19,144,993	119,517,177	—	—	138,662,170	Equity Fund	42%	90%
Jinyi Copper infrastructure project	189,900,000	52,528,980	—	(44,424,522)	—	8,104,458	Equity Fund	124%	99%
Longkou Jinfeng infrastructure project	41,041,611	2,174,526	14,950,862	(4,733,370)	—	12,392,018	Equity Fund	124%	99%
Wuping Zijin infrastructure project	291,510,000	201,754,631	141,306,727	(134,843,813)	—	208,217,545	Loan/Equity Fund	132%	99%
Qinghai Zijin infrastructure project	571,920,000	236,429,276	278,269,127	(419,535,033)	—	95,163,370	Offering Fund/Equity Fund	90%	59%
Shangri-la Huaxi infrastructure project	31,146,142	1,217,998	2,574,049	(2,574,049)	—	1,217,998	Equity Fund	100%	81%
Zijin Copper infrastructure project	2,614,095,800	506,479,231	1,251,477,088	(12,712,932)	—	1,745,243,387	Loan/ Offering Fund/Equity Fund	66%	52%
Luoning Huatai infrastructure project	275,000,000	34,522,189	155,735,452	(47,788,105)	—	142,469,536	Equity Fund	70%	62%
Jinneng Mining infrastructure project	70,000,000	35,054,140	40,408,669	(9,095,604)	—	66,367,205	Equity Fund	94%	94%
Jinzhong Mining infrastructure project	269,573,900	87,195,208	102,443,982	—	—	189,639,190	Equity Fund	71%	71%
Other projects	223,714,229	3,113,360	76,725,911	(27,007,455)	(22,797,743)	30,034,073	Equity Fund	N/A	N/A
	17,506,398,006	4,090,855,774	5,967,506,924	(1,983,241,641)	(85,126,337)	7,989,994,720			
Impairment		(91,469,553)				(91,469,553)			
		3,999,386,221				7,898,525,167			

Notes to Financial Statements (continued)

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

	Budget	At 1 January 2010	Additions	Transferred to fixed assets	Other reductions	At 31 December 2010	Source of funds	Contribution in budget	Progress of construction
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	644,932,599	375,756,199	(160,854,757)	—	859,834,041	Offering Fund/Equity Fund	90%	61%
Zijin headquarters infrastructure project	172,000,000	117,746,691	34,862,252	(40,776,538)	—	111,832,405	Equity Fund	89%	65%
Guizhou Zijin infrastructure project	435,000,000	171,367,652	178,618,138	(150,305,919)	—	199,679,871	Equity Fund	134%	99%
Northwest Company infrastructure project	63,466,000	41,543,974	8,363,994	—	—	49,907,968	Equity Fund	78%	78%
Fuyun Jinchuan infrastructure project	400,000,000	—	58,582,759	(1,083,988)	—	57,498,771	Equity Fund	100%	97%
Wuqia Jinchuan infrastructure project	350,000,000	82,775,871	31,741,406	—	—	114,517,277	Equity Fund	34%	34%
Hunchun Zijin infrastructure project	461,500,000	104,210,140	68,957,216	(37,755,560)	(43,374,865)	92,036,931	Offering Fund/Equity Fund	107%	98%
Qinghai West infrastructure project	660,000,000	203,126,153	97,383,773	(195,777,011)	—	104,732,915	Equity Fund	89%	89%
Xinjiang Jinbao infrastructure project	205,000,000	4,150,382	20,250,694	(17,537,637)	—	6,863,439	Equity Fund	98%	99%
Xinyi Baoyuan infrastructure project	267,000,000	2,599,835	5,689,434	—	—	8,289,269	Equity Fund	106%	99%
Xinyi Dongkeng infrastructure project	76,000,000	4,384,977	3,227,413	(193,913)	—	7,418,477	Equity Fund	106%	99%
Fujian Zijin Copper infrastructure project	402,030,000	7,792,069	901,476	(3,849,949)	—	4,843,596	Equity Fund	93%	93%
Bayannaer Zijin infrastructure project	1,350,000,000	60,651,156	105,544,660	—	—	166,195,816	Loan	108%	96%
Chongli Zijin infrastructure project	450,000,000	64,172,867	48,391,290	(74,584,751)	—	37,979,406	Loan/Equity Fund	92%	95%
Longkou Jintai infrastructure project	200,000,001	144,420,911	(853,536)	(51,889,074)	—	91,678,301	Equity Fund	96%	97%
Shanxi Zijin infrastructure project	66,000,000	40,914,794	21,441,264	(48,605,608)	(385,757)	13,364,693	Equity Fund	149%	99%
Wulatehouqi Zijin infrastructure project	657,750,001	147,630,852	94,663,935	(105,296)	—	242,189,491	Loan/Equity Fund	116%	99%
Xinjiang Ashele infrastructure project	570,000,000	56,366,100	82,126,727	(34,002,043)	—	104,490,784	Equity Fund	120%	99%
Henan Gold Mining infrastructure project	480,000,000	33,427,467	2,877,204	—	—	36,304,671	Equity Fund	8%	8%
Yuanyang Huaxi infrastructure project	61,980,000	26,792,266	18,502,358	(300,954)	—	44,993,670	Equity Fund	155%	99%
Anhua Zijin Stibium and Wolfram infrastructure project	16,650,001	12,049,351	4,626,313	(732,071)	—	15,943,593	Equity Fund	103%	94%
Malipo Zijin infrastructure project	267,928,400	256,523,554	94,191,950	(197,567,651)	(2,875,149)	150,272,704	Equity Fund	127%	98%
Heilongjiang Duobaoshan infrastructure project	1,880,186,121	86,202,845	70,920,127	(2,576,454)	(411,789)	154,134,729	Equity Fund	60%	57%

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

2010 (continued)

	Budget	At 1 January 2010	Additions	Transferred to fixed assets	Other reductions	At 31 December 2010	Source of funds	Contribution in budget	Progress of construction
ZGC infrastructure project	1,305,345,000	20,181,887	66,159,171	(13,697,597)	—	72,643,461	Offering Fund/Equity Fund	11%	12%
Heilongjiang Longxing infrastructure project	600,000,000	30,647,388	132,947,575	—	—	163,594,963	Equity Fund	27%	27%
Shanghai Ganlong infrastructure project	330,380,000	10,239,843	8,905,150	—	—	19,144,993	Equity Fund	6%	6%
Jinyi Copper infrastructure project	189,900,000	62,083,866	21,040,116	(30,595,002)	—	52,528,980	Loan/Equity Fund	110%	99%
Longkou Jinfeng infrastructure project	36,506,611	1,900,155	10,136,322	(9,861,951)	—	2,174,526	Equity Fund	118%	99%
Wuping Zijin infrastructure project	244,910,000	99,913,036	109,893,988	(2,052,393)	—	201,754,631	Loan/Equity Fund	93%	99%
Qinghai Zijin infrastructure project	571,920,000	15,515,484	220,913,792	—	—	236,429,276	Equity Fund	41%	41%
Shangri-la Huaxi infrastructure project	31,146,142	1,217,991	6,856,275	(6,856,268)	—	1,217,998	Equity Fund	92%	92%
Zijin Copper infrastructure project	2,614,095,800	112,328,227	394,151,004	—	—	506,479,231	Loan/Equity Fund	19%	18%
Luoning Huatai infrastructure project	36,000,000	5,717,597	35,890,548	(7,085,956)	—	34,522,189	Equity Fund	100%	99%
Jineng Mining infrastructure project	70,000,000	—	47,919,333	(12,865,193)	—	35,054,140	Equity Fund	68%	68%
Jinzhong Mining infrastructure project	269,573,900	—	87,882,875	(687,667)	—	87,195,208	Equity Fund	33%	33%
Other projects	223,714,229	48,235,553	38,858,861	(32,297,313)	(51,683,741)	3,113,360	Equity Fund	N/A	N/A
	17,537,023,006	2,715,763,533	2,608,322,056	(1,134,498,514)	(98,731,301)	4,090,855,774			
Impairment		(140,921,950)				(91,469,553)			
		2,574,841,583				3,999,386,221			

As at 31 December 2011, the construction in progress of Xinyi Zijin, a subsidiary of the Company, with net book value amounting to RMB11,207,279 (31 December 2010: RMB8,289,269) was frozen by the People's Court due to the litigation compensation dispute between Xinyi Zijin and Xinyi Municipal Government and local victims.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

Changes in capitalised borrowing cost:

2011

	At 1 January 2011	Capitalised interest for the year	Transferred out for the year	At 31 December 2011	Interest rate of capitalisation
Zijin Copper infrastructure project	18,614,047	64,439,726	—	83,053,773	5.35%-6.4%
Chongli Zijin infrastructure project	7,498,773	—	(7,498,773)	—	—
Wuping Zijin infrastructure project	11,301,109	2,544,022	(359,727)	13,485,404	4.91%-5.05%
Wulatehouqi Zijin infrastructure project	5,981,436	5,335,153	—	11,316,589	5.31%-7.54%
Heilongjiang Duobaoshan infrastructure project	—	19,359,128	(567,239)	18,791,889	6.31%-7.57%
Bayannaer Zijin infrastructure project	—	41,354,114	(39,515,561)	1,838,553	4.78%-7.54%
	43,395,365	133,032,143	(47,941,300)	128,486,208	

2010

	At 1 January 2010	Capitalised interest for the year	Transferred out for the year	At 31 December 2010	Interest rate of capitalisation
Zijin Copper infrastructure project	75,000	18,539,047	—	18,614,047	5.13%-6.14%
Chongli Zijin infrastructure project	11,217,247	—	(3,718,474)	7,498,773	5.41%
Wuping Zijin infrastructure project	4,898,986	6,533,568	(131,445)	11,301,109	5.18%
Wulatehouqi Zijin infrastructure project	—	5,981,436	—	5,981,436	4.48%-5.31%
Jinyi Copper infrastructure project	1,014,858	—	(1,014,858)	—	—
	17,206,091	31,054,051	(4,864,777)	43,395,365	

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

Movements in impairment provision of construction in progress:

2011	At 1 January 2011	Additions	Reductions	Other reductions	At 31 December 2011	Reasons for provision
Longkou Jintai infrastructure project	91,469,553	—	—	—	91,469,553	

2010	At 1 January 2010	Additions	Reductions	Other reductions	At 31 December 2010	Reasons for provision
Longkou Jintai infrastructure project	140,921,950	—	—	49,452,397	91,469,553	Note 1

Note 1: In 2009, pursuant to the exploration results, the Group recognised that part of the underground tunnels in mine could not be used. As the result, impairment provision was made for the relevant parts. In 2010, related construction in progress was transferred out to fixed assets, while the impairment provision was also reclassified to impairment provision of fixed assets.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. INTANGIBLE ASSETS

2011

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost:				
At 1 January 2011	5,848,394,933	419,871,117	25,546,701	6,293,812,751
Additions	2,201,009,497	108,288,621	105,784,940	2,415,083,058
Disposals	(110,348,390)	(5,288,733)	(150,000)	(115,787,123)
At 31 December 2011	7,939,056,040	522,871,005	131,181,641	8,593,108,686
Accumulated amortisation				
At 1 January 2011	533,149,433	60,116,328	3,656,670	596,922,431
Amortisation provided for the year	214,969,445	18,912,020	2,089,737	235,971,202
Disposals	(25,320,186)	(1,069,187)	(85,000)	(26,474,373)
At 31 December 2011	722,798,692	77,959,161	5,661,407	806,419,260
Impairment				
At 1 January 2011	403,971,643	—	—	403,971,643
Impairment provided for the year (Note 1)	248,565,730	—	—	248,565,730
Write-off	(4,042,046)	—	—	(4,042,046)
At 31 December 2011	648,495,327	—	—	648,495,327
Net book value:				
At 31 December 2011	6,567,762,021	444,911,844	125,520,234	7,138,194,099
At 1 January 2011	4,911,273,857	359,754,789	21,890,031	5,292,918,677

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. INTANGIBLE ASSETS (continued)

2010

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost:				
At 1 January 2010	5,454,049,399	403,635,085	20,046,530	5,877,731,014
Transfer from assets classified as held-for-sale	36,178,999	1,896,257	103,700	38,178,956
Additions	393,954,806	14,339,775	10,156,501	418,451,082
Disposals	(35,788,271)	—	(4,760,030)	(40,548,301)
At 31 December 2010	5,848,394,933	419,871,117	25,546,701	6,293,812,751
Accumulated amortisation				
At 1 January 2010	334,919,583	41,696,479	5,549,337	382,165,399
Transfer from assets classified as held-for-sale	3,830,233	169,488	46,947	4,046,668
Amortisation provided for the year	199,012,692	18,250,361	468,901	217,731,954
Disposals	(4,613,075)	—	(2,408,515)	(7,021,590)
At 31 December 2010	533,149,433	60,116,328	3,656,670	596,922,431
Impairment				
At 1 January 2010	318,566,643	—	—	318,566,643
Impairment provided for the year	85,405,000	—	—	85,405,000
At 31 December 2010	403,971,643	—	—	403,971,643
Net book value:				
At 31 December 2010	4,911,273,857	359,754,789	21,890,031	5,292,918,677
At 1 January 2010	4,800,563,173	361,938,606	14,497,193	5,176,998,972

Note 1: The impairment provision of intangible assets in 2011 was mainly due to the mineral reserve of Kingbao Mining probably cannot be exploited pursuant to the results of exploration in the current year. As a result, impairment provision of RMB248,565,730 was provided for mining rights, of which, RMB164,160,730 was provided for the revaluation reserve of intangible asset arising from step acquisition of Kingbao and charged to capital reserve (Note V 36).

At 31 December 2011, the mining rights with net book value of RMB9,284,473 (2010: RMB10,316,081) of Xinyi Zijin, one of the subsidiary of the Company, were frozen by the People's Court due to the litigation compensation dispute between Xinyi Zijin and Xinyi Municipal Government and local victims.

* Land use rights are situated in Mainland China and are held under medium-term leases.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. GOODWILL

2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Impairment provision
Xinjiang Ashele	12,906,890	—	—	12,906,890	—
Qinghai West	455,874	—	—	455,874	—
Hunchun Zijin	71,099,520	—	—	71,099,520	—
Yunnan Huaxi	33,161,050	—	—	33,161,050	—
Xiamen Zijin	1,241,101	—	—	1,241,101	—
Jiuzhaigou Zijin	8,757,428	—	(8,757,428)	—	—
Shanxi Zijin	2,503,610	—	—	2,503,610	—
Longkou Jintai	14,291,025	—	—	14,291,025	(14,291,025)
Xinyi Zijin	44,319,632	—	—	44,319,632	(44,319,632)
Longkou Jinye	3,106,883	—	—	3,106,883	(3,106,883)
Longkou Jinfeng	5,550,718	—	—	5,550,718	(5,550,718)
Funing Zhenglong	1,601,662	—	—	1,601,662	(1,601,662)
Wulatehouqi Zijin	119,097,944	—	—	119,097,944	—
Bayannaer Zijin	14,531,538	—	—	14,531,538	—
Zijin Copper	4,340,000	—	—	4,340,000	—
Sino Trend Hydro Power	79,642,197	—	—	79,642,197	—
	416,607,072	—	(8,757,428)	407,849,644	(68,869,920)

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. GOODWILL (continued)

2010

	At 1 January 2010	Additions	Reductions	At 31 December 2010	Impairment provision
Xinjiang Ashele	12,906,890	—	—	12,906,890	—
Qinghai West	455,874	—	—	455,874	—
Hunchun Zijin	71,099,520	—	—	71,099,520	—
Yunnan Huaxi	33,161,050	—	—	33,161,050	—
Wuding County Yunyejinyuan Mining Company Limited	1,926,341	—	(1,926,341)	—	—
Xiamen Zijin	1,241,101	—	—	1,241,101	—
Jiuzhaigou Zijin	8,757,428	—	—	8,757,428	(8,757,428)
Shanxi Zijin	2,503,610	—	—	2,503,610	—
Longkou Jintai	14,291,025	—	—	14,291,025	(14,291,025)
Xinyi Zijin	44,319,632	—	—	44,319,632	—
Longkou Jinye	3,106,883	—	—	3,106,883	(3,106,883)
Longkou Jinfeng	5,550,718	—	—	5,550,718	(5,550,718)
Funing Zhenglong	1,601,662	—	—	1,601,662	(1,601,662)
Wulatehouqi Zijin	119,097,944	—	—	119,097,944	—
Bayannaer Zijin	14,531,538	—	—	14,531,538	—
Zijin Copper	4,340,000	—	—	4,340,000	—
Sino Trend Hydro Power	121,454,350	—	(41,812,153)	79,642,197	—
	460,345,566	—	(43,738,494)	416,607,072	(33,307,716)

There is no new goodwill in 2011. Details are disclosed in Note IV 4.

Goodwill arising from business combinations has been allocated to the following asset groups for impairment test:

- Gold bullion asset group
- Zinc bullion asset group
- Processed gold asset group
- Ore concentrates asset group
- Hydro power asset group

The recoverable amounts of the above asset groups have been determined based on the present value of expected future cash flows. The future cash flows projections are based on the cash flows of financial budgets covering a three-year period approved by management. The pre-tax discount rates applied to cash flows projections ranged from 15% to 24% (2010: 16% to 24%) and cash flows beyond the three-year period are extrapolated using an inflation rate of 3% (2010: 4%). Pursuant to the upstream mineral products' price and cost characteristics, which are insignificantly influenced by inflation. Management considered that the forecast assumption is appropriate.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. GOODWILL *(continued)*

The carrying amount of goodwill allocated to each of the asset group is as follows:

	Ore concentrates	Gold bullion	Zinc bullion	Processed gold	Hydro power	Total
2011	296,542,121	15,892,687	14,531,538	1,241,101	79,642,197	407,849,644
2010	296,542,121	24,650,115	14,531,538	1,241,101	79,642,197	416,607,072

Key assumptions are used in the present value of cash flows projections for 31 December 2011 and 31 December 2010. The details of the key assumptions which are used by management for the goodwill's impairment test when the cash flows projections are confirmed are as follows:

- Gross margins — The basis used to determine the value assigned to the future gross margins is the average gross margins achieved in the year immediately before the budget year, adjusting according to expected efficiency variance and expected fluctuation of market metal price.
- Discount rates — The discount rates used reflect the before tax discount rate of specific risks relating to the relevant asset group.
- Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecasted price indices of the domestic raw materials during the budget year.

The values of key assumptions allocated to mineral products of market development, discount rates and raw materials price inflation are consistent with external sources of information.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. LONG-TERM DEFERRED ASSETS

	2011			2010		
	Land compensation costs (Note 1)	Others (Note 2)	Total	Land compensation costs (Note 1)	Others (Note 2)	Total
At 1 January	248,329,229	516,947,015	765,276,244	207,233,787	373,147,514	580,381,301
Additions	28,230,945	153,738,324	181,969,269	61,146,070	237,207,241	298,353,311
Amortisation	(22,530,425)	(114,582,485)	(137,112,910)	(18,918,212)	(88,769,209)	(107,687,421)
Other reductions (Note 3)	(192,398)	(31,572,672)	(31,765,070)	(1,132,416)	(4,638,531)	(5,770,947)
At 31 December	253,837,351	524,530,182	778,367,533	248,329,229	516,947,015	765,276,244
Impairment						
At 1 January	(8,460,000)	(4,270,000)	(12,730,000)	—	—	—
Provision for the year	—	—	—	(8,460,000)	(4,270,000)	(12,730,000)
Other reductions (Note 3)	—	4,270,000	4,270,000	—	—	—
At 31 December	(8,460,000)	—	(8,460,000)	(8,460,000)	(4,270,000)	(12,730,000)
Net book value at 31 December	245,377,351	524,530,182	769,907,533	239,869,229	512,677,015	752,546,244
Net book value at 1 January	239,869,229	512,677,015	752,546,244	207,233,787	373,147,514	580,381,301

Note 1: The land compensation costs relate to the compensation for the occupation of forest lands at mining sites. The amortisation period ranges from 5 to 50 years.

Note 2: As at 31 December 2011 and 2010, other long-term deferred assets mainly includes: mining shaft development fee of RMB149,939,328 and RMB139,615,177, respectively; highway charges of RMB76,269,541 and RMB64,250,833, respectively, resource compensation cost of RMB34,521,956 and RMB57,224,445, respectively, amortisation cost of Bi-polar plates of RMB155,011,121 and RMB141,208,207, respectively, resource integration fee of RMB25,197,188 and RMB27,996,875, respectively, forest compensation fee of RMB56,056,520 and RMB53,011,315, respectively, and reconstruction of power supply lines of RMB27,534,528 and RMB29,370,163, respectively. The useful lives of Bi-polar plates are 18 months, and the amortisation period of other long-term deferred expenses ranges from 5 to 50 years.

Note 3: Other reductions mainly arose from disposal of subsidiaries by the Group.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and deferred tax liabilities are not presented at the net amount after offset:

Deferred tax assets have been recognised:

	Elimination of unrealised profit	Differences in depreciation policies	Impairment provision	Deductible losses	Changes in fair value of available-for-sale investments	Expense accrued but not paid and others	Total
At 31 December 2009	25,620,581	3,755,750	6,835,112	34,440,092	—	17,449,957	88,101,492
Deferred tax credited/(charged) to the income statement during the year	(4,547,628)	(711,450)	4,290,842	1,194,606	—	105,643,104	105,869,474
At 31 December 2010	21,072,953	3,044,300	11,125,954	35,634,698	—	123,093,061	193,970,966
Deferred tax credited to the income statement during the year	70,145,781	496,484	9,341,379	52,850,463	—	42,247,593	175,081,700
Deferred tax credited to equity during the year	—	—	—	—	65,306,575	—	65,306,575
At 31 December 2011	91,218,734	3,540,784	20,467,333	88,485,161	65,306,575	165,340,654	434,359,241

As at 31 December 2011, deferred tax assets generated from the above deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax liabilities have been recognised:

	Changes in the fair value of available-for-sale investments	Fair value adjustments arising from acquisition of subsidiaries	Changes in the fair value of held-for-trading financial liabilities	Total
At 31 December 2009	—	143,889,722	—	143,889,722
Deferred tax charged/(credited) to the income statement during the year	—	(11,716,049)	—	(11,716,049)
Deferred tax charged to the equity during the year	31,299,391	—	—	31,299,391
Acquisition of subsidiaries	—	63,052,926	—	63,052,926
Disposal of subsidiaries	—	(7,099,788)	—	(7,099,788)
At 31 December 2010	31,299,391	188,126,811	—	219,426,202
Deferred tax charged/(credited) to the income statement during the year	—	(2,210,147)	15,759,046	13,548,899
Deferred tax credited to the equity during the year	(31,299,391)	—	—	(31,299,391)
Acquisition of subsidiaries	—	24,709,707	—	24,709,707
At 31 December 2011	—	210,626,371	15,759,046	226,385,417

Deferred tax assets have not been recognised:

	2011	2010
Deductible temporary differences	705,005,605	640,761,804
Tax losses	306,677,801	292,855,105
	1,011,683,406	933,616,909

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

18. DEFERRED TAX ASSETS/LIABILITIES *(continued)*

Deductible temporary differences and deductible losses, for which no deferred tax assets are recognised, will expire in the following years:

	2011	2010
2011	—	15,917,992
2012	10,682,926	19,174,748
2013	29,021,303	29,106,700
2014	32,801,879	97,208,240
2015	126,209,898	131,447,425
2016	107,961,795	—
	306,677,801	292,855,105

Deductible temporary differences and taxable temporary differences arising from assets and liabilities are as below:

Deductible temporary differences	2011	2010
Bad debt provision	624,000	1,491,172
Inventory provision and unrealised profits	400,746,237	83,657,371
Impairment provision for fixed assets	36,840,882	35,253,286
Differences in fixed assets depreciation policies	14,163,136	12,177,201
Impairment provision for other non-current assets	6,000,000	6,000,000
Employee benefits payable	65,367,378	62,039,735
Other non-current liabilities	15,020,000	26,123,556
Deductible tax losses	353,940,644	142,538,792
Mineral resource compensation fee not yet paid	132,048,996	101,304,516
Donations	200,000,000	—
Changes in the fair value of available-for-sale investments	261,226,300	—
Others	251,459,391	305,298,233
	1,737,436,964	775,883,862

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. DEFERRED TAX ASSETS/LIABILITIES (continued)

Taxable temporary differences	2011	2010
Fair value adjustment for aquisition of subsidiaries	870,904,633	780,906,390
<i>Including: Intangible assets</i>	806,218,985	711,353,562
<i>Fixed assets</i>	64,685,648	69,552,828
Fair value adjustments arising from disposals of subsidiaries	(28,399,150)	(28,399,150)
Changes in the fair value of available-for-sale investments	—	125,197,566
Changes in the fair value of held-for-trading financial liabilities	63,036,184	—
	905,541,667	877,704,806

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER NON-CURRENT ASSETS

	2011			2010		
	Prepaid investment cost, Exploration and evaluation costs	prepayment for exploration and mining rights and others (Note 1)	Total	Prepaid investment cost, Exploration and evaluation costs	prepayment for exploration and mining rights and others	Total
At 1 January	779,502,928	2,601,435,464	3,380,938,392	586,322,897	1,637,684,659	2,224,007,556
Additions	504,930,026	1,291,275,142	1,796,205,168	263,547,005	1,135,663,714	1,399,210,719
Reductions	(34,308,236)	(1,761,876,018)	(1,796,184,254)	(61,059,287)	(171,912,909)	(232,972,196)
Transferred to intangible assets	(79,150,830)	(159,628,950)	(238,779,780)	(9,307,687)	—	(9,307,687)
At 31 December	1,170,973,888	1,971,205,638	3,142,179,526	779,502,928	2,601,435,464	3,380,938,392
Impairment						
At 1 January	—	(6,000,000)	(6,000,000)	—	—	—
Provision for the year	—	—	—	—	(6,000,000)	(6,000,000)
Reductions	—	—	—	—	—	—
At 31 December	—	(6,000,000)	(6,000,000)	—	(6,000,000)	(6,000,000)
Net book value at 31 December	1,170,973,888	1,965,205,638	3,136,179,526	779,502,928	2,595,435,464	3,374,938,392
Net book value at 1 January	779,502,928	2,595,435,464	3,374,938,392	586,322,897	1,637,684,659	2,224,007,556

Note 1: The Group's balance of prepaid investment costs, prepayment for exploration and mining rights and others mainly included prepayment for land use rights of RMB404,709,277 (2010: RMB173,334,986), prepaid exploration and mining rights of RMB90,794,935 (2010: RMB84,253,760), prepaid investment costs of RMB244,000,000 (2010: RMB465,415,958), prepayment for purchase of equipments of RMB799,884,130 (2010: RMB1,369,723,753), prepayment for purchase of Longhu integrated development rights of RMB205,312,029 (2010: RMB247,000,000), prepaid forest land compensation of RMB71,376,047 (2010: RMB86,933,312), long-term receivables of RMB110,803,035 (2010: RMB102,922,118).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. ASSETS WITH RESTRICTIONS ON TITLE

2011

Assets that are collateralised and pledged:

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Notes
Cash and cash equivalents	113,000,000	602,800,000	(113,000,000)	602,800,000	Note 1
Inventories	46,890,000	30,565,419	(46,890,000)	30,565,419	Note 2
Fixed assets	38,974,000	—	(3,766,740)	35,207,260	Note 3
	198,864,000	633,365,419	(163,656,740)	668,572,679	

Assets with restrictions on title with other reasons:

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Notes
Cash and cash equivalents	1,849,020	—	(1,514,446)	334,574	Note 4
Inventories	14,535,590	—	—	14,535,590	Note 4
Fixed assets	295,453,460	—	(13,544,818)	281,908,642	Note 4
Construction in progress	8,289,269	2,918,010	—	11,207,279	Note 4
Construction materials	54,737	—	—	54,737	Note 4
Intangible assets	10,316,081	—	(1,031,608)	9,284,473	Note 4
	330,498,157	2,918,010	(16,090,872)	317,325,295	

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. ASSETS WITH RESTRICTIONS ON TITLE (continued)

2010

Assets that are collateralised or pledged:

	At 1 January 2010	Additions	Reductions	At 31 December 2010	Notes
Cash and cash equivalents	360,600,000	113,000,000	(360,600,000)	113,000,000	Note 1
Inventories	—	59,660,000	(12,770,000)	46,890,000	Note 2
Fixed assets	42,740,000	—	(3,766,000)	38,974,000	Note 3
	403,340,000	172,660,000	(377,136,000)	198,864,000	

Assets with restrictions on the title with other reasons:

	At 1 January 2010	Additions	Reductions	At 31 December 2010	Notes
Cash and cash equivalents	—	1,849,020	—	1,849,020	Note 4
Inventories	—	14,535,590	—	14,535,590	Note 4
Fixed assets	—	295,453,460	—	295,453,460	Note 4
Construction in progress	—	8,289,269	—	8,289,269	Note 4
Construction materials	—	54,737	—	54,737	Note 4
Intangible assets	—	10,316,081	—	10,316,081	Note 4
	—	330,498,157	—	330,498,157	

Note 1: As at 31 December 2011, a bank loan of RMB660,268,384 was secured by a time deposit of RMB602,800,000 by the Group, with maturity of one year. As at 31 December 2010, a bank loan of USD16,500,000 was secured by a time deposit of RMB113,000,000 by the Group, with maturity of 1 year.

Note 2: As at 31 December 2011, inventories of carrying amount of RMB30,565,419 of Xinjiang Jinbao, a subsidiary of the Company, are pledged as collateral against bank borrowings of RMB10,000,000, with maturity of six months. As at 31 December 2010, inventories of carrying amount of RMB46,890,000 of the Group are pledged as collateral against bank borrowings of RMB47,200,000, with maturity of six months.

Note 3: As at 26 February 2009, certain power generating and transmission equipments are pledged as collateral by the Group against bank borrowings of RMB30,000,000.

Note 4: As at 31 December 2011 and 2010, assets are frozen by the court due to the litigation and compensation disputes among Xinyi Zijin, a subsidiary of the Company, People's Government of Xinyi City and the local victims.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. PROVISION FOR IMPAIRMENT OF ASSETS

	At 1	Additions	Other movement	Reductions		At 31
	January 2011 Carrying amount			Reversal	Write-off	December 2011 Carrying amount
Bad debt provision	9,293,560	751,859	—	—	—	10,045,419
Including: Trade						
receivables	91,021	76,544	—	—	—	167,565
Other						
receivables	9,202,539	675,315	—	—	—	9,877,854
Inventory provision	5,416,202	71,825,423	—	(11,216)	(1,067,856)	76,162,553
Impairment of long-term equity investments	20,571,332	—	—	—	—	20,571,332
Impairment of fixed assets	148,543,332	1,587,596	—	—	(18,645,742)	131,485,186
Impairment of constructions in progress	91,469,553	—	—	—	—	91,469,553
Impairment of intangible assets	403,971,643	248,565,730	—	—	(4,042,046)	648,495,327
Impairment of goodwill	33,307,716	44,319,632	—	—	(8,757,428)	68,869,920
Impairment of long-term deferred assets	12,730,000	—	—	—	(4,270,000)	8,460,000
Impairment of other non-current assets	6,000,000	—	—	—	—	6,000,000
	731,303,338	367,050,240	—	(11,216)	(36,783,072)	1,061,559,290

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. PROVISION FOR IMPAIRMENT OF ASSETS (continued)

	At 1	Additions	Other movement	Reductions		At 31
	January 2010 Carrying amount			Reversal	Write-off	December 2010 Carrying amount
Bad debt provision	8,751,444	702,880	—	(126,068)	(34,696)	9,293,560
Including: Trade receivables	88,513	2,508	—	—	—	91,021
Other receivables	8,662,931	700,372	—	(126,068)	(34,696)	9,202,539
Inventory provision	17,952,317	3,136	—	(12,539,251)	—	5,416,202
Impairment of other current assets	20,571,332	—	(20,571,332)	—	—	—
Impairment of long-term equity investments	1,750,000	—	20,571,332	—	(1,750,000)	20,571,332
Impairment of fixed assets	25,937,495	73,153,440	49,452,397	—	—	148,543,332
Impairment of constructions in progress	140,921,950	—	(49,452,397)	—	—	91,469,553
Impairment of intangible assets	318,566,643	85,405,000	—	—	—	403,971,643
Impairment of goodwill	22,948,626	10,359,090	—	—	—	33,307,716
Impairment of long-term deferred assets	—	12,730,000	—	—	—	12,730,000
Impairment of other non-current assets	—	6,000,000	—	—	—	6,000,000
	557,399,807	188,353,546	—	(12,665,319)	(1,784,696)	731,303,338

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. SHORT-TERM BORROWINGS:

		2011	2010
Unsecured and non-guaranteed loans		3,144,823,928	4,339,677,151
Secured loans with securities under the lenders' custody	Note1	660,268,384	156,474,550
Secured loans with securities under the Group's custody	Note2	10,000,000	—
		3,815,092,312	4,496,151,701

Note 1: As at 31 December 2011, a time deposit of RMB362,000,000 of the Company is pledged as collateral against a bank borrowing of RMB360,268,384 from Bank of China Limited, Longyan Branch. A time deposit of RMB205,800,000 of Jinyi Copper, a subsidiary of the Group, is pledged as collateral against a bank borrowing of RMB300,000,000 from Bank of China Limited, Tokyo Branch. As at 31 December 2010, a time deposit of RMB113,000,000 of Xiamen Zijin, a subsidiary of the Company, are pledged as collateral against a bank borrowing of USD16,500,000 from Bank of China Limited, Longyan Branch. Inventories with carrying amount of RMB46,890,000 of Luoyang Yinhui, a subsidiary of the Company, are pledged as collateral against a bank borrowing of RMB47,200,000 from Industrial and Commercial Bank of China, Lingbao Branch, with maturity of six months.

Note 2 As at 31 December 2011, inventory with carrying amount of RMB30,565,419 of Xinjiang Jinbao, a subsidiary of the Company is pledged as collateral against bank borrowings of RMB10,000,000 from China Rural Credit Union.

As at 31 December 2011, the interest rates of above borrowing ranged from 2.90% to 7.54% (31 December 2010: 2.29% to 6.39%).

As at 31 December 2011, the short-term borrowings of the Group denominated in foreign currency included unsecured and non-guaranteed loans of USD32,470,858 from Industrial and Commercial Bank of China. As at 31 December 2010, the short-term borrowings of the Group denominated in foreign currency included short-term secured loans with securities under the lenders' custody of USD16,500,000 from the Bank of China, short-term secured loans of HKD350,000,000 from the Standard Chartered Bank.

As at 31 December 2011 and 31 December 2010, there were no short-term loans of the Group that are over due but not yet paid.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. HELD-FOR-TRADING FINANCIAL LIABILITIES

		2011	2010
Gold leasing business	Note 1	3,812,933,000	—
Derivative financial liabilities	Note 2	192,715,200	2,321,910
		4,005,648,200	2,321,910

Note 1: During the year, the Group financed through lease of gold from banks and subsequent sales through the Shanghai Gold Exchange. On maturity, the Group would return gold with the same quantity and specification purchased through the Shanghai Gold Exchange and pay rental fee to banks. The maturity period varied from 33 days to 1 year. As at 31 December 2011, gains on changes in the fair value arising from the held-for-trading financial liabilities were RMB198,809,739 (2010: Nil).

Note 2: During the year, the Group has engaged in gold forward contracts in accordance with the quantity, specification and repayment term of gold to be returned to banks in the future for the purpose of hedging certain risks arising from gold price fluctuation from gold leasing business. As at 31 December 2011, losses on changes in the fair values arising from derivative financial liabilities were RMB192,715,200 (2010: Nil).

24. TRADE PAYABLES

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

	2011	2010
Within 1 year	3,183,091,120	982,690,426
Over 1 year but within 2 years	32,755,004	27,769,895
Over 2 years but within 3 years	2,192,175	5,063,594
Over 3 years	14,074,612	9,266,136
	3,232,112,911	1,024,790,051

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

Trade payables of the Group included trading balances due to related parties of RMB6,613,030 and RMB7,322,480 as at 31 December 2011 and 2010, respectively. Details are disclosed in Note VI THE RELATED PARTY RELATIONSHIP AND TRANSACTIONS. The Group has no trade payables due to shareholders holding at least 5% shares with voting powers (31 December 2010: Nil).

As at 31 December 2011, the trade payables of the Group included USD payables amount to USD288,113,954 (approximately RMB1,815,377,215 at exchange rate of USD1 to RMB6.3009). As at 31 December 2010, the trade payables of the Group included USD payables amount to USD1,522,564 (approximately RMB10,083,484 at exchange rate of USD1 to RMB6.6227).

As at 31 December 2011, there is no significant balance of trade payables aged more than one year (2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. ADVANCES FROM CUSTOMERS

As at 31 December 2011, advances from customers include trading balances due to related parties of RMB748,248 (31 December 2010: RMB3,328,470). Details are disclosed in Note VI THE RELATED PARTY RELATIONSHIP AND TRANSACTIONS. The Group has no advance from customers balance from shareholders holding at least 5% shares with voting powers (31 December 2010: Nil).

As at 31 December 2011, advances from customers of the Group includes HKD advances from customers amount to HKD8,001,300 (approximately RMB6,486,654 at exchange rate of HKD1 to RMB0.8107). As at 31 December 2010, advances from customers of the Group includes USD advances from customers amounts to USD1,464 (approximately RMB9,696 at exchange rate of USD1 to RMB6.6227) and HKD advances from customers amount to HKD79,465,826 (approximately RMB67,617,472 at exchange rate of HKD1 to RMB0.8509).

As at 31 December 2011, there is no significant balance of advances from customers aged more than one year (2010: Nil).

26. EMPLOYEE BENEFITS PAYABLE

2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011
Wages or salaries, bonus allowances and subsidies	211,202,017	1,183,055,769	(1,152,843,689)	241,414,097
Staff welfare	269,266	101,013,931	(100,644,995)	638,202
Social security contributions	5,750,658	136,299,334	(131,513,339)	10,536,653
<i>Including: Basic pension insurance</i>	<i>4,143,431</i>	<i>83,045,625</i>	<i>(79,757,656)</i>	<i>7,431,400</i>
<i>Medical insurance</i>	<i>24,593</i>	<i>28,684,411</i>	<i>(28,652,770)</i>	<i>56,234</i>
<i>Unemployment insurance</i>	<i>1,346,020</i>	<i>8,420,319</i>	<i>(8,305,516)</i>	<i>1,460,823</i>
<i>Accident insurance</i>	<i>224,530</i>	<i>14,197,245</i>	<i>(12,972,005)</i>	<i>1,449,770</i>
<i>Maternity insurance</i>	<i>12,084</i>	<i>1,951,734</i>	<i>(1,825,392)</i>	<i>138,426</i>
Housing fund	2,280,697	36,450,274	(36,431,137)	2,299,834
Union running costs and employee education costs	16,322,423	33,438,432	(28,154,610)	21,606,245
Compensations to employees for termination of employment relationship	—	3,750,374	(3,750,374)	—
Others	1,330,907	5,233,698	(6,206,726)	357,879
	237,155,968	1,499,241,812	(1,459,544,870)	276,852,910

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. EMPLOYEE BENEFITS PAYABLE (continued)

2010

	At 1 January 2010	Additions	Deductions	At 31 December 2010
Wages or salaries, bonus, allowances and subsidies	189,065,216	917,627,080	(895,490,279)	211,202,017
Staff welfare	2,888,458	75,902,580	(78,521,772)	269,266
Social security contributions	11,695,079	107,823,206	(113,767,627)	5,750,658
<i>Including: Basic pension insurance</i>	<i>9,570,816</i>	<i>73,356,380</i>	<i>(78,783,765)</i>	<i>4,143,431</i>
<i>Medical insurance</i>	<i>524,175</i>	<i>18,045,405</i>	<i>(18,544,987)</i>	<i>24,593</i>
<i>Unemployment insurance</i>	<i>1,289,610</i>	<i>4,887,061</i>	<i>(4,830,651)</i>	<i>1,346,020</i>
<i>Accident Insurance</i>	<i>310,478</i>	<i>9,931,148</i>	<i>(10,017,096)</i>	<i>224,530</i>
<i>Maternity insurance</i>	<i>—</i>	<i>1,603,212</i>	<i>(1,591,128)</i>	<i>12,084</i>
Housing fund	1,796,496	30,945,546	(30,461,345)	2,280,697
Union running costs and employee education costs	14,571,800	28,190,554	(26,439,931)	16,322,423
Compensations to employees for termination of employment relationship	103,601	774,270	(877,871)	—
Others	1,046,134	3,263,434	(2,978,661)	1,330,907
	221,166,784	1,164,526,670	(1,148,537,486)	237,155,968

As at 31 December 2011 and 31 December 2010, there is no overdue employee benefits payable.

The balance of employee benefits payable at 31 December 2011 is expected to be paid within 2012.

27. TAXES PAYABLE

	2011	2010
Resource tax	67,542,652	43,576,448
Value added tax	147,459,966	94,379,558
Business tax	9,530,388	6,830,325
Corporate income tax	1,297,351,781	681,185,605
Resource compensation fee	161,271,639	154,340,421
Others	26,234,793	50,047,888
	1,709,391,219	1,030,360,245

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. DIVIDENDS PAYABLE

	2011	2010
Gu Xinguang	—	12,998,304
Tongling Jinchan Mining Company Limited ("Tongling Jinchan")	17,841,100	12,802,265
Anhui Province Geology and Mineral Resources Bureau Team 321 ("Anhui Province Geology and Mineral Resources Bureau")	3,481,200	2,559,800
Others	1,803,541	710,000
	23,125,841	29,070,369

29. OTHER PAYABLES

	2011	2010
Payables for construction works and equipments	836,797,758	498,901,585
Payables for exploration and mining rights	80,472,062	119,426,662
Donations payables (Note 1)	78,069,218	225,601,404
Amounts due to the third parties	111,712,712	79,352,139
Borrowings from associates	—	167,389,850
Withholding income tax	59,731,116	20,812,184
Deposit	182,939,723	157,045,264
Payables for investment costs	275,560,244	41,855,600
Payables for agent service	8,543,198	19,146,681
Payables for losses on forward contracts	4,060,227	1,456,994
Accrued maintenance costs	6,754,773	4,101,123
Payables for non-controlling shareholders	13,840,529	11,046,220
Administrative penalty	—	20,436,870
Others	414,741,853	367,443,288
	2,073,223,413	1,734,015,864

Other payables are interest-free, with maturity period of three months.

As at 31 December 2011, there is no other payables which is payable to shareholders holding at least 5% shares with voting powers (2010: Nil). The details are disclosed in Note VI THE RELATED PARTY RELATIONSHIP AND TRANSACTIONS.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

29. OTHER PAYABLES *(continued)*

As at 31 December 2011, significant balance of other payables aged more than one year:

Name of entity	Balance	Reason for not paid
Heilongjiang Longxing International Resources Development	41,400,000	Payable for mining rights, planned to be paid in 2012
Habahe County Finance Bureau	71,980,000	Note 1
	113,380,000	

The above significant balance of other payables aged more than one year is not settled after the balance sheet date.

Note1: According to the agreement between Xinjiang Ashele, a subsidiary of the Company, and Habahe County Finance Bureau in 2008, Xinjiang Ashele agreed to donate an amount of RMB98,427,094 to Habahe County Finance Bureau. As at 31 December 2011, amount of RMB71,980,000 was not yet paid (31 December 2010: RMB71,980,000). A specified bank account was set up with deposit of RMB65,105,946, and restricted solely for donation purpose.

According to the agreement between the Company and Shanghang County Finance Bureau in 2009, the Company agreed to donate an amount of RMB151,402,056 to Shanghang County Finance Bureau. The donation was fully paid during the year (31 December 2010: amount of RMB87,894,138 was not yet paid).

In 2010, the initial dam of the Yinyan Tin Mine tailing dam collapsed under the influence of "9.21" natural catastrophe, which had a significantly adverse effect on the production and lives of downstream victims. In order to help the self-help production projects and post-disaster reconstruction of the victims, and fulfill social responsibility, the Company decided to donate an amount of RMB50,000,000 to the Bureau of Civil Affairs of Xinyi City. The donation was fully paid during the year (31 December 2010: amount of RMB50,000,000 was not yet paid).

Guizhou Zijin was granted a preferential tax rate of 15% and therefore agreed to donate an amount of RMB10,000,000, RMB15,000,000, RMB20,000,000 and RMB23,000,000 to local government from 2007 to 2010, respectively. As at 31 December 2011, amount of RMB6,000,000 was not yet paid and expected to be paid within 2012 (31 December 2010: amount of RMB15,000,000 was not yet paid).

As at 31 December 2011, the other payables of the Group included USD other payables of USD955,061 (approximately RMB6,017,724 at the exchange rate of USD1 to RMB6.3009) and HKD other payables of HKD406,313 (approximately RMB329,398 at the exchange rate of HKD1 to RMB0.8107). As at 31 December 2010, the other payables of the Group included USD other payables of USD240,659 (approximately RMB1,593,813 at the exchange rate of USD1 to RMB6.6227) and HKD other payables of HKD12,377,292 (approximately RMB10,531,838 at the exchange rate of HKD1 to RMB0.8509).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. CURRENT PORTION OF NON-CURRENT LIABILITIES

		2011	2010
Long-term borrowings due within one year	Note V 31	173,231,890	540,470,230
Long-term payables due within one year		43,212,700	111,978,763
		216,444,590	652,448,993

Long-term borrowings due within one year are as follows:

	2011	2010
Unsecured and non-guaranteed loans	143,231,890	540,470,230
Secured loans with securities under the Group's custody	30,000,000	—
	173,231,890	540,470,230

As at 31 December 2011, the long-term borrowings due within one year of RMB30,000,000 were overdue and obtained an extension (31 December 2010: Nil).

As at 31 December 2011, the top five balances of long-term borrowings due within one year are as follows:

Lenders	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	2011	2010
China Construction Bank, Aleitai branch	20 October 2006	15 July 2012	RMB	6.56	30,000,000	150,000,000
Industrial and Commercial Bank of China, Bayannaer branch	14 January 2010	5 January 2012	RMB	5.13	50,000,000	—
Industrial and Commercial Bank of China, Bayannaer branch	27 January 2010	24 July 2012	RMB	5.13	30,000,000	—
Industrial and Commercial Bank of China, Fuyun County branch	8 December 2007	17 December 2012	RMB	6.89	20,000,000	—
Agricultural Bank of China	26 February 2009	24 February 2012	RMB	5.4	30,000,000	—
					160,000,000	150,000,000

As at 31 December 2011, there were no long-term borrowings that are due but not yet paid.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

30. CURRENT PORTION OF NON-CURRENT LIABILITIES *(continued)*

The top five balances of long-term payables due within one year are as follows:

31 December 2011

Creditors	Period	Initial amount	Annual interest rate (%)	Accrued interest	At 31 December 2011	Borrowing terms
Shanghang Finance Bureau	10 years	56,109,000	—	—	11,200,000	Unsecured
Shanghang Charity Federation	3 years	19,600,000	10	—	31,780,000	Unsecured
Fujian Minxi Geological team	5 years	4,232,700	—	—	232,700	Unsecured
		79,941,700		—	43,212,700	

31 December 2010

Creditors	Period	Initial amount	Annual interest rate (%)	Accrued interest	At 31 December 2010	Borrowing terms
Committee of Jingmei Village	Within 1 year	161,000,000	5 or 10	—	106,146,063	Unsecured
Shanghang Finance Bureau	10 years	56,109,000	—	—	5,600,000	Unsecured
Fujian Minxi Geological team	5 years	4,232,700	—	—	232,700	Unsecured
		221,341,700		—	111,978,763	

As at 31 December 2011, no current portion of non-current liabilities was due to related parties (31 December 2010: Nil).

As at 31 December 2011, no current portion of non-current liabilities was due to shareholders holding at least 5% shares with voting powers.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. LONG-TERM BORROWINGS

	2011	2010
Secured loans with securities under the Group's custody	30,000,000	30,000,000
Guaranteed loans	158,782,680	—
Unsecured and non-guaranteed loans	2,345,162,658	2,813,545,088
Sub-total	2,533,945,338	2,843,545,088
Including: Long-term borrowings due within one year	(173,231,890)	(540,470,230)
	2,360,713,448	2,303,074,858

Note 1: In 2011, a subsidiary of the Company, Heilongjiang Longxing borrowed USD25,200,000 from the Export-Import Bank of China, which was guaranteed by Heilongjiang Longxing International Resources Development, a non-controlling shareholder of Heilongjiang Longxing.

As at 31 December 2011 and 31 December 2010, the long-term borrowings include foreign currency loans of USD75,150,000 and USD207,840,000, respectively. As at 31 December 2011 and 31 December 2010, there were no long-term borrowings that are due but not yet paid.

Interest rates of the Group's long-term borrowings are ranged from 5.35% to 7.61% (2010: 5.13% to 6.89%).

* Maturity analysis of long-term borrowings:

	2011	2010
Within 1 year or repayable on demand	173,231,890	540,470,230
Over 1 year to within 2 years	77,080,000	142,000,000
Over 2 years to within 5 years	686,399,955	1,631,074,858
Over 5 years	1,597,233,493	530,000,000
	2,533,945,338	2,843,545,088

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. LONG-TERM BORROWINGS (continued)

As at 31 December 2011, top three balances of long-term borrowings are as follows:

Lenders	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	2011		2010	
					Foreign currency	Functional currency	Foreign currency	Functional currency
Industrial and Commercial Bank of China	22 December 2011	21 December 2018	RMB	7.61	N/A	509,000,000	N/A	—
Agricultural Bank of China	3 June 2011	3 June 2014	USD	LIBOR+ 2% p.a.	43,650,000	275,034,285	N/A	—
The Export-import Bank of China	29 December 2011	29 December 2018	USD	LIBOR+ 5% p.a.	25,200,000	158,782,680	N/A	—
						942,816,965		—

32. BONDS PAYABLE

2011	1 January 2011	Additions	Reductions	31 December 2011
Bonds payable	—	3,051,784,128	(64,269,180)	2,987,514,948

As at 31 December 2011, the balance of bonds payable is as follows:

Issue date	Term of the bond	Currency	Total principal value	Book value of Bond	Interest adjustments in the current year	Accrued interest and interest paid for the year	At December 2011
30 June 2011	5 years	USD	280,000,000	275,258,033	6,377,082	(5,950,000)	275,685,115
24 July 2011	5 years	USD	200,000,000	198,302,121	4,403,751	(4,250,000)	198,455,872
			480,000,000	473,560,154	10,780,833	(10,200,000)	474,140,987

International Finance, a subsidiary of the Company, issued credit enhanced bonds with a principal value of USD280,000,000 on 30 June 2011, carrying an annual interest rate of 4.25% and mature on 30 June 2016. The issuing price was 99.276% of the principal value. Payments of principal and interest in respect of the bonds are backed by an irrevocable standby letter of credit (the "Standby Letter of Credit") issued by Bank of China Limited, Paris Branch (the "LC Bank"). Interest on the bonds is payable semi-annually in arrears.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*32. BONDS PAYABLE *(continued)*

On 24 July 2011, the second batch of bonds with a principal value of USD200,000,000 (the "Further Bonds") was issued by International Finance and according to the issuing circular, was consolidated and formed a single serie with the bonds issued on 30 June 2011 (the "Original Bonds"). The issue price of the Further Bonds was based on 99.852% of the principal value, plus accrued interest in respect of the period from (excluding) 30 June 2011 to 24 July 2011. Other than the issue price, the terms of the Further Bonds are the same as the Original Bonds. Payments of principal and interest in respect of the Further Bonds are backed by the Standby Letter of Credit issued by the LC Bank, of which the maximum guarantee was raised to USD600,000,000.

As at 31 December 2011, there were no bonds that are due but not yet paid.

33. LONG-TERM PAYABLES

	2011	2010
Payables for acquisition of mining rights	19,598,834	19,598,834
Entrusted investment	85,671,063	149,871,063
Deposit for Restoration and Improvement of Ecological Environment in Mines	82,725,517	81,047,054
Others	14,812,503	18,609,302
Subtotal	202,807,917	269,126,253
Including: Long-term payables due within one year	(43,212,700)	(111,978,763)
	159,595,217	157,147,490

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. LONG-TERM PAYABLES (continued)

As at 31 December 2011, the top five balances of long-term payables are as follows:

Creditors	Period	Initial amount	Annual interest rate(%)	31 December 2011	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note 1)	Long-term	59,588,184	—	82,725,517	Unsecured and non-guaranteed
Shanghai Finance Bureau (Note 2)	10 years	56,109,000	—	8,398,834	Unsecured and non-guaranteed
Committee of Jingmei Village (Note 3)	10 years	22,146,063	10	32,146,063	Unsecured and non-guaranteed
Shanghai County Caixitongkang Village (Note 4)	25 years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Gansu Yate Investment Group Company limited (Note 5)	Long-term	9,000,000	—	9,000,000	Unsecured and non-guaranteed
		165,588,247		151,015,414	

As at 31 December 2010, the top five balances of long-term payables are as follows:

Creditors	Period	Initial amount	Annual interest rate(%)	31 December 2010	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note 1)	Long-term	59,588,184	—	81,047,054	Unsecured and non-guaranteed
Shanghai Finance Bureau (Note 2)	10 years	56,109,000	—	13,998,834	Unsecured and non-guaranteed
Shanghai Charity Federation (Note 3)	Long-term	19,600,000	10	24,980,000	Unsecured and non-guaranteed
Shanghai County Caixitongkang Village (Note 4)	25 years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Gansu Yate Investment Group Company limited (Note 5)	Long-term	9,000,000	—	9,000,000	Unsecured and non-guaranteed
		163,042,184		147,770,888	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*33. LONG-TERM PAYABLES *(continued)*

Note 1: According to requirements of the Shanghang Municipal Government, starting from 1 January 2003, the Company provides annually a Deposit for Restoration of Ecological Environment in Closing Mines (later renamed as Deposit for Restoration and Improvement of Ecological Environment in Mines) at RMB1 per tonne of ores mined according to the grade of ore with grade over 0.5g per tonne. The amounts are deposited and managed into a specified bank account (Note V 1 Note 1). According to the "Administrative Approach for Restoration and Improvement of Ecological Environment in Mines in Fujian Province (Tentative)" jointly issued by the Department of Land Resources of Fujian, Finance Department of Fujian and Department of Environmental Protection of Fujian, effective from 1 January 2007, the Deposit for Restoration and Improvement of Ecological Environment in Mines is calculated based on the area of mines and other approved impact coefficients.

According to the Notice of Jilin Province Deposit for Restoration and Improvement of Ecological Environment in Mines, the provision for Deposit for Restoration and Improvement of Ecological Environment in Mines is made based on the area of the mines and a coefficient set by relevant authority to Hunchun Zijin, a subsidiary of the Group.

Note 2: The payables represent the acquisition cost not yet paid to the Shanghang Finance Bureau in relation to the copper mining right. According to the agreement, the outstanding amount will be repaid within 10 years from July 2005.

Note 3: According to the agreement, the Company pays annually 10% of fixed returns to the counter party. The Company will repay a one-off lump sum compensation at the 10th year of the agreement.

Note 4: The payables represent the land compensation and compensation for relocation and production for Shanghang County Caixitongkang Village. According to the agreement, the Company pays annually 10% of fixed returns. The Company will repay a one-off lump sum compensation to the village at the 25th year of the agreement.

Note 5: The payables represent the loan borrowed from Gansu Yate Investment Group Company Limited to Gansu Yate, a subsidiary of the Company. The amount was used as general working capital. Gansu Yate Investment Group Company Limited is the parent company of Jinhui Alcohol, a non-controlling shareholder of Gansu Yate.

* Maturity analysis of long-term borrowings is as below:

	2011	2010
Within 1 year or repayable on demand	43,212,700	111,978,763
Over 1 year to within 2 years	10,000,000	—
Over 2 years to within 5 years	112,925,495	57,355,435
Over 5 years	36,669,722	99,792,055
Total	202,807,917	269,126,253

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

34. OTHER NON-CURRENT LIABILITIES

The Group's other non-current liabilities represented deferred income. The components and movements are as follows:

	At 31 December 2009		Amortised or transferred out	31 December 2010		Amortised or transferred out	At 31 December 2011
	Additions			Additions			
Expenditures for science projects	1,463,950	520,000	(311,713)	1,672,237	—	(1,233,344)	438,893
Funds for environmental protection projects	22,020,000	36,123,193	(21,847,000)	36,296,193	5,016,667	(4,980,000)	36,332,860
Compensation for exploration	1,000,000	960,000	(960,000)	1,000,000	200,000	—	1,200,000
Refund of land compensation	—	—	—	—	27,635,431	(92,118)	27,543,313
Other financial subsidy	16,195,565	9,516,924	(8,188,766)	17,523,723	7,095,483	(1,463,766)	23,155,440
	40,679,515	47,120,117	(31,307,479)	56,492,153	39,947,581	(7,769,228)	88,670,506

As at 31 December 2011 and 31 December 2010, the balances of deferred income of other non-current liabilities were government grants relating to the assets.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. ISSUED CAPITAL

The Company's registered and fully paid-up capital is RMB2,181,196,365. The face value of each share is RMB0.1 per share. The types and structures of the shares are as follows:

2011

	At 1 January 2011		Current year additions and reductions		At 31 December 2011	
	Number of shares	Proportion	Restricted tradable shares are publicly floating	Transferred from capital reserve	Number of shares	Proportion
I. Restricted tradable shares						
State-owned shares	4,210,902,120	28.96%	(4,210,902,120)	—	—	—
Total tradable restricted shares	4,210,902,120	28.96%	(4,210,902,120)	—	—	—
II. Non-restricted tradable shares						
RMB ordinary shares	6,324,966,980	43.49%	4,210,902,120	5,267,934,550	15,803,803,650	72.45%
Foreign-owned shares listed overseas	4,005,440,000	27.55%	—	2,002,720,000	6,008,160,000	27.55%
Total non-restricted tradable shares	10,330,406,980	71.04%	4,210,902,120	7,270,654,550	21,811,963,650	100.00%
III. Total shares	14,541,309,100	100.00%	—	7,270,654,550	21,811,963,650	100.00%

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

35. ISSUED CAPITAL

2010

	At 1 January 2010		At 31 December 2010	
	Number of shares	Proportion	Number of shares	Proportion
I.Restricted tradable shares				
State-owned shares	4,210,902,120	28.96%	4,210,902,120	28.96%
Total restricted tradable shares	4,210,902,120	28.96%	4,210,902,120	28.96%
II.Non-restricted tradable shares				
RMB ordinary shares	6,324,966,980	43.49%	6,324,966,980	43.49%
Foreign-owned shares listed overseas	4,005,440,000	27.55%	4,005,440,000	27.55%
Total non-restricted tradable shares	10,330,406,980	71.04%	10,330,406,980	71.04%
III.Total shares	14,541,309,100	100.00%	14,541,309,100	100.00%

On 25 April 2011, the 4,210,902,120 restricted tradable A shares were publicly floating. Pursuant to a resolution of transferring capital reserve into issued capital at the 2010 annual general meeting dated 30 May 2011, the Company issued 7,270,654,550 shares with a nominal value of RMB0.1 by transferring capital reserve of RMB727,065,455 on the basis of total 14,541,309,100 shares in issue as at the end of 2010 and 5 new shares for every 10 existing shares. The increase in issued paid capital was verified by Shanghang An Yong (United) Accounting Firm according to "Hang An Yong [2011] Bian Yan Zi No. 039 "Verification report". As at 31 December 2011, the Company's total registered capital are RMB2,181,196,365 (31 December 2010:RMB1,454,130,910), at a nominal value of RMB0.1 per share.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. CAPITAL RESERVE

2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011
Share premium	8,895,757,965	—	(891,226,185)	8,004,531,780
<i>Including: Premium on acquisition of non-controlling interests</i>	<i>(1,080,061,600)</i>	<i>—</i>	<i>—</i>	<i>(1,080,061,600)</i>
<i>Fair value change arising from step acquisition of subsidiaries in business combinations not involving enterprises under common control</i>	<i>201,567,001</i>	<i>—</i>	<i>(164,160,730)</i>	<i>37,406,271</i>
<i>Share of premium arising from capital injection of non-controlling shareholders</i>	<i>72,700,130</i>	<i>—</i>	<i>—</i>	<i>72,700,130</i>
<i>Capital reserve transferred to issued capital</i>	<i>—</i>	<i>—</i>	<i>(727,065,455)</i>	<i>(727,065,455)</i>
Other comprehensive income (Note1)	482,415,525	—	(796,417,140)	(314,001,615)
Others	(1,042,372)	—	—	(1,042,372)
	9,377,131,118	—	(1,687,643,325)	7,689,487,793

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. CAPITAL RESERVE (continued)

2010

	At 1 January 2010	Additions	Reductions	At 31 December 2010
Share premium	8,935,124,803	—	(39,366,838)	8,895,757,965
<i>Including: Premium on acquisition of non-controlling interests</i>	<i>(1,040,694,762)</i>	<i>—</i>	<i>(39,366,838)</i>	<i>(1,080,061,600)</i>
<i>Fair value change arising from step acquisition of subsidiaries in business combinations not involving enterprises under common control</i>	<i>201,567,001</i>	<i>—</i>	<i>—</i>	<i>201,567,001</i>
<i>Share of premium arising from capital injection of non-controlling shareholders</i>	<i>72,700,130</i>	<i>—</i>	<i>—</i>	<i>72,700,130</i>
Other comprehensive income (Note1)	113,423,619	368,991,906	—	482,415,525
Others	971,968	—	(2,014,340)	(1,042,372)
	9,049,520,390	368,991,906	(41,381,178)	9,377,131,118

Note 1: The decrease in other comprehensive income in 2011 included losses on changes in the fair value of available-for-sale investments of RMB796,417,140 (2010: gains on changes in the fair value of RMB370,757,184).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. SPECIAL RESERVE

2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011
Weijianfei	—	32,832,689	(32,832,689)	—
Safety fund	56,500,682	355,647,615	(378,656,779)	33,491,518
	56,500,682	388,480,304	(411,489,468)	33,491,518

2010

	At 1 January 2010	Additions	Reductions	At 31 December 2010
Weijianfei	6,224,890	—	(6,224,890)	—
Safety fund	65,528,005	385,561,043	(394,588,366)	56,500,682
	71,752,895	385,561,043	(400,813,256)	56,500,682

38. STATUTORY RESERVE

2011	At 1 January 2011	Additions	Reductions	At 31 December 2011
Statutory reserve	999,800,342	319,600,762	—	1,319,401,104

2010	At 1 January 2010	Additions	Reductions	At 31 December 2010
Statutory reserve	999,800,342	—	—	999,800,342

Pursuant to the regulations issued by the Ministry of Finance, provision of statutory reserve can be ceased if the aggregate balance of the statutory reserve reaches 50% of the Company's registered capital. In 2010, the balance of the statutory reserve had reached 50% of the Company's registered capital, therefore the provision of statutory reserve was ceased. The Company provides 10% of net profit to statutory reserve after the increase of registered capital in the current year. The Company can provide for discretionary reserve after statutory reserve is made. Discretionary reserve can be used to offset accumulated losses for previous years or transferred to issued capital on approval.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. RETAINED EARNINGS

	2011	2010
At 1 January	10,065,314,920	6,691,529,106
Net profit attributable to owners of the parent	5,712,569,100	4,827,916,726
Less: Appropriation for the statutory reserve	319,600,762	—
Dividends distribution	1,454,130,910	1,454,130,912
At 31 December	14,004,152,348	10,065,314,920

On 30 March 2011 the board of directors proposed a final dividend of RMB0.1 per ordinary share, totalling approximately RMB1,454,130,910. The proposed final dividend was approved at the 2010 Shareholders' General Meeting on 30 May 2011.

On 30 March 2010, the board of directors proposed a final dividend of RMB0.1 per ordinary share, totalling approximately RMB1,454,130,912. The proposed final dividend was approved at the 2009 Shareholders' General Meeting on 25 May 2010.

40. NON-CONTROLLING INTERESTS

Non-controlling interests attributable to the shareholders of subsidiaries:

	2011	2010
Xinjiang Ashele	897,883,050	719,600,124
Bayannaoer Zijin	359,939,618	355,544,685
Huanmin Mining	248,580,849	252,976,397
Guizhou Zijin	445,630,439	313,589,252
Heilongjiang Duobaoshan	454,727,282	354,502,362
Malipo Zijin	273,118,233	233,771,653
Yunnan Huaxi	257,307,364	223,646,934
Chongli Zijin	214,608,669	181,206,227
Golden China Inner Mongolia	155,697,301	155,697,301
Altynken	145,990,333	—
Long Province Resources	133,628,430	—
Henan Gold Mining Company Limited ("Henan Gold Mining")	98,777,784	98,777,784
Gansu Yate	95,580,832	104,743,615
Luoyang Yinhui	86,312,292	90,552,521
Sanming Hongguo	86,100,000	—
Sino Trend Hydro Power	71,457,357	78,688,543
Others	1,098,726,191	1,033,802,884
	5,124,066,024	4,197,100,282

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. REVENUE AND COST OF SALES

An analysis of revenue:

	2011	2010
Revenue from principal operations	39,436,936,985	28,122,162,227
Revenue from other operations	326,978,456	417,416,673
	39,763,915,441	28,539,578,900

An analysis of cost of sales:

	2011	2010
Cost of principal operations	27,354,836,165	17,958,621,564
Cost of other operations	181,707,423	378,761,565
	27,536,543,588	18,337,383,129

An analysis of revenue from principal operations and cost of principal operations by products:

	2011		2010	
	Revenue from principal operation	Cost of principal operations	Revenue from principal operation	Cost of principal operations
Gold bullion	6,806,507,465	1,588,156,839	5,645,510,315	1,410,299,148
Refinery, processed and trading gold	18,925,400,926	18,456,676,282	10,646,530,154	10,369,907,530
Copper cathodes	162,273,981	126,477,011	821,906,734	637,705,746
Refinery copper	131,641,897	118,263,970	110,927,563	61,115,575
Ore concentrates	7,896,935,662	2,275,612,787	6,683,845,910	1,989,896,854
Zinc bullion	2,705,759,901	2,583,060,332	2,718,691,186	2,379,885,727
Others	2,808,417,153	2,206,588,944	1,494,750,365	1,109,810,984
	39,436,936,985	27,354,836,165	28,122,162,227	17,958,621,564

The operating revenue and operating costs of the Group principally arise from mining, processing and refining mineral products and trading. As such, the management of the Group considers that there is no need to disclose the segment revenue and cost based on industry.

During the year 2011, more than 99% (2010: 98% above) of the revenue comes from sales of commodities. As such, the management of the Group considers that there is no need to disclose the revenue and cost based on the nature of revenue.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. REVENUE AND COST OF SALES (continued)

Revenue of the top five customers of the Group in 2011:

	2011	Proportion of revenue (%)
Shanghai Gold Exchange [#]	23,127,620,412	58.16
Jinchuan Group Company Limited	1,699,677,391	4.27
Baiyin Nonferrous Metals Company	954,757,489	2.40
Lingbao Gold Company Limited	620,546,033	1.56
Shenzhen Huaqiang Supply Chain Management Company Limited	544,867,263	1.37
	26,947,468,588	67.76

Revenue of the top five customers of the Group in 2010:

	2010	Proportion of revenue (%)
Shanghai Gold Exchange [#]	15,744,382,334	55.17
Jinchuan Group Company Limited	709,185,544	2.48
Lingbao Gold Company Limited	645,888,559	2.26
Shanghai Shangming Metal Material Company Limited	604,311,278	2.12
Baiyin Nonferrous Metals Company	571,413,501	2.00
	18,275,181,216	64.03

[#] The ultimate customers are unknown.

42. TAXES AND SURCHARGES

	2011	2010
Business tax	31,005,028	27,746,536
City construction tax	37,281,879	31,679,702
Resources tax	243,867,856	250,629,709
Education surcharge	45,420,880	32,971,008
Others	24,469,598	9,937,164
	382,045,241	352,964,119

Tax rates for taxes and surcharges are disclosed in Note III 1.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. SELLING EXPENSES

	2011	2010
Salaries and welfares	30,143,408	19,655,890
Transportation expense	316,497,294	386,150,189
Unloading expense	7,642,578	8,667,039
Storage expense	3,346,700	2,212,858
Loading expense	5,035,611	4,335,962
Insurance expense	3,302,593	2,854,150
Charge of commission sales	17,941,268	13,590,912
Advertising expense	454,866	725,194
Depreciation expense	3,793,539	2,226,054
Material consumption	8,833,866	6,747,700
Others	36,264,713	21,603,229
	433,256,436	468,769,177

44. ADMINISTRATIVE EXPENSES

	2011	2010
Salaries and welfares	498,914,641	418,214,274
Office expense	143,911,700	115,193,116
Travelling and meeting expense	47,035,723	33,036,963
Stipulated fees	372,870,027	280,444,504
Taxes	49,718,824	56,217,115
Depreciation expense	140,031,621	106,762,735
Research and development	76,118,260	63,287,169
Audit fee*	11,137,139	8,271,425
Entertainment expense	46,236,434	26,657,657
Repair and maintenance cost	20,915,930	18,053,544
Environmental protection expense	5,203,599	5,638,521
Pre-operating costs	11,978,706	49,913,595
Professional consulting expense	30,692,155	49,937,930
Property insurance expense	2,852,140	3,971,334
Exploration expense	34,308,236	39,087,300
Others	117,414,072	87,356,416
	1,609,339,207	1,362,043,598

* In the year 2011, the auditors' remuneration is RMB6,850,000 (2010: RMB5,500,000).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL EXPENSES

	2011	2010
Interest expenses:	630,091,716	344,024,306
Including: *Bank loans	562,163,395	344,024,306
*Bonds payable	67,928,321	—
Less: Interest income	131,403,188	121,895,418
Capitalised interest expenses	133,032,143	31,054,051
Exchange losses/(gains)	45,707,150	(10,882,201)
Bank charges	78,997,018	9,987,394
Others	6,040,231	600,637
	496,400,784	190,780,667

Capitalised interest is included in construction in progress. For the year ended 31 December 2011, no interest was arising from impaired financial assets (2010: Nil).

* Interests on bank loans and bonds payable that are wholly repayable within five years amounted to RMB606,060,415 (2010: RMB344,024,306). Interests on bank loans that are wholly repayable over five years amounted to RMB24,031,301 (2010: Nil).

46. ASSETS IMPAIRMENT LOSSES

	2011	2010
Bad debt provision for trade and other receivables	751,859	576,812
Inventory provision/(reversal)	71,814,207	(12,536,115)
Impairment provision for fixed assets	1,587,596	73,153,440
Impairment provision for intangible assets	84,405,000	85,405,000
Impairment provision for goodwill	44,319,632	10,359,090
Impairment provision for long-term deferred assets	—	12,730,000
Impairment provision for other non-current assets	—	6,000,000
	202,878,294	175,688,227

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. GAINS/(LOSSES) ON CHANGES IN THE FAIR VALUE

	2011	2010
Held-for-trading financial assets	(63,225,181)	109,647,235
Including: Unsettled provisional price arrangements (Note 1)		
- The ineffective portion of fair value hedges	(1,525,070)	—
- Non-effective hedging	(9,712,056)	—
Held-for-trading financial liabilities (Note 2)	6,094,539	(2,321,910)
	(57,130,642)	107,325,325

Note 1: Fair Value Hedges

	Gains on changes in the fair value of hedging instruments	Losses on changes in the fair value of hedged item - inventories	Total
Unsettled provisional price arrangements	85,705,153	(87,230,223)	(1,525,070)

Note 2: Gains or losses on changes in the fair value of held-for-trading financial liabilities include gains on changes in fair value arising from gold leasing business of RMB198,809,739, and losses on changes in the fair value of gold forward contracts of RMB192,715,200.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. INVESTMENT INCOME

	2011	2010
Investment income from long-term equity investments under the equity method	205,253,368	137,365,606
Including: Share of profits of associates	184,528,236	115,129,555
Share of profits of jointly-controlled entities	20,725,132	22,236,051
Investment income from long-term equity investments under the cost method	16,489,590	5,913,103
Gains on disposal of subsidiaries	14,756,231	59,127,650
Losses on disposal of jointly-controlled entities	—	(63,346,259)
Gains/(losses) on disposal of other long-term equity investments	522,576	(134,476)
Losses on disposal of held-for-trading financial assets (Note 1)	(8,195,150)	(18,682,835)
Gains on disposal of available-for-sale investments (Note 2)	276,852,870	27,088,261
Interest income on convertible bonds	31,504,500	44,059,032
Others	24,591,843	16,240,056
	561,775,828	207,630,138

* The investment income from listed investments and unlisted investments are RMB306,112,383 and RMB255,663,445, respectively (2010: RMB93,825,726 and RMB113,804,412, respectively).

Note 1: During the year 2011, investment income resulting from disposal of held-for-trading financial assets includes losses of RMB30,363,154 on settlement of forward contracts (2010: losses of RMB41,361,269) and gains of RMB24,412,991 on disposal of conversion options of the convertible bonds issued by Glencore Finance (2010: Nil).

Note 2: During the year ended 31 December 2011, investment income resulting from disposal of available-for-sale investments includes gains of RMB276,852,870 (2010: Nil) on the settlement of debt element in the convertible bonds issued by Glencore Finance. In 2010, gain on disposal of available-for-sale investment was generated from the disposal of equity investments.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. INVESTMENT INCOME (continued)

Investees with top five investment income from long-term equity investments under the cost method are as follows:

Investee	2011	2010	Reasons for variance with last period
Xinjiang Xinxin Mining Industry Company Limited	8,487,000	2,829,000	Dividends distribution
Sichuan Liwu Copper Company Limited	3,512,590	2,324,103	No significant change
Shanghang Rural commercial bank	3,000,000	480,000	Dividends distribution
Muli County Rongda Mining Company Limited	1,260,000	—	Dividends distribution
Luoyang Commercial Bank	130,000	130,000	No significant change
	16,389,590	5,763,103	

Investees with top five investment income from long-term equity investments under the equity method are as follows:

Investee	2011	2010	Reasons for variance with last period
Wancheng Commercial	150,908,566	60,892,771	Change in net profit of the investee
Longyan Makeng	35,815,802	23,490,211	Change in net profit of the investee
Haixia Technology	27,895,114	29,635,746	Change in net profit of the investee
Shandong Guoda	20,725,132	22,236,051	Change in net profit of the investee
Xinjiang Tianlong	20,604,607	16,492,415	Change in net profit of the investee
	255,949,221	152,747,194	

Since there is no difference of accounting policies and period adopted between the investees and the Group, investment income/loss was recognised based on the carrying amount of net profit/loss of the investees.

As at 31 December 2011, there are no material restrictions on the transfer of the investment income back to the Group (31 December 2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. NON-OPERATING INCOME

	2011	2010
Gains on disposal of non-current assets	1,326,615	18,795,797
Including: Gains on disposal of fixed assets	992,615	16,824,197
Gains on disposal of intangible assets	334,000	1,971,600
Penalty income	3,147,793	1,464,578
Gains on physical inventories	362,521	—
Government grants	90,944,316	47,975,971
Others	38,791,234	31,734,994
	134,572,479	99,971,340

Government grants included in profit or loss for the current year are analysed as follows:

	2011	2010
Government grants related to assets:		
Technical innovation	883,333	2,338,767
Environmental protection	500,000	8,124,000
Exploration	3,090,000	6,120,000
Others	2,648,479	326,443
	7,121,812	16,909,210
Government grants related to income:		
Special government reward (Note 1)	60,699,584	4,925,200
VAT subsidies	4,922,072	8,955,030
Tax refund	9,633,788	8,272,343
Others (Note 2)	8,567,060	8,914,188
	83,822,504	31,066,761
	90,944,316	47,975,971

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. NON-OPERATING INCOME (continued)

Note 1: During the year ended 31 December 2011, special governmental rewards mainly included appropriation for Comprehensive Utilisation of Circular Economy for Qinghai Zijin of RMB12,000,000, governmental rewarding funds amounted to RMB11,806,000 for Waste Heat Power Generating Project and circular economy rewards amounted to RMB7,000,000 for Bayannaer Zijin, incentive funds of resources economisation and comprehensive utilisation from Financial Bureau amounted to RMB8,000,000 for Xinjiang Ashele, financial appropriation amounted to RMB7,200,000 for Sulfur Collection Project for Wulatehouqi Zijin, and the Project funds from financial bureau amounted to RMB5,920,000 for 973 Scientific Research Program for the company.

Note 2: Others mainly include financial subsidy amounted to RMB1,198,400 (2010: Nil) received from the Labour and Social Security Bureau for Xinjiang Jinbao in 2011, and government interest subsidy amounted to RMB4,508,000 (2010:RMB4,550,000) received by Bayannaer Zijin.

50. NON-OPERATING EXPENSES

	2011	2010
Donations	274,749,828	311,578,697
Losses on disposal of non-current assets	41,842,806	78,834,417
Including: Losses on disposal of fixed assets	40,337,422	67,084,150
Losses on disposal of intangible assets	—	5,414,943
Penalties	20,116,731	46,476,941
Compensation	—	22,206,000
Losses on natural disasters	630,913	2,561,940
Inventory loss	3,776,809	225,078
Others	125,250,780	273,421,941
	466,367,867	735,305,014

51. INCOME TAX EXPENSES

	2011	2010
Current		
– Mainland China	2,527,306,040	1,693,408,870
– Hong Kong *	3,041	—
Deferred	(161,532,801)	(117,585,523)
	2,365,776,280	1,575,823,347

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

51. INCOME TAX EXPENSES *(continued)*

A reconciliation of the tax expense applicable to profit before tax is as follows:

	2011	2010
Profit before tax	9,276,301,689	7,331,571,772
At the applicable tax rate (Note 1)	2,319,075,422	1,832,892,943
Different tax rates on the profit of the Company and certain subsidiaries	16,582,695	(341,443,379)
Underprovision in prior years	16,212,501	2,495,011
Income not subject to tax (Note 2)	(175,773,204)	(48,518,756)
Expenses not deductible for tax (Note 3)	89,678,618	65,528,538
Tax losses utilised	(21,547,998)	—
Deductible temporary differences and tax losses not recognised	121,548,246	64,868,990
Tax charge at the Group's effective rate	2,365,776,280	1,575,823,347

Note 1: Provision for the PRC corporate income tax expenses has been made at applicable rates based on the taxable profits. Provision for Hong Kong profits tax has been made at the rate of 16.5% (2010: no assessable profits arising in Hong Kong) on the assessable profits arising in Hong Kong for the year. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates.

Note 2: Included share of profits of long-term equity investments under the equity method of RMB205,253,368 (2010: RMB137,365,606) and a gain of RMB301,265,861 (2010: Nil) on disposal of convertible bonds issued by Glencore Finance (Europe) S.A. in 2011. Details are disclosed in Note 1 and Note 2 of Note V 48.

Note 3: Included expenses of donations not deductible for tax of RMB124,631,890 (2010: RMB100,246,613).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing 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:

	2011	2010
Income		
Consolidated net profit attributable to owners of the parent	5,712,569,100	4,827,916,726
Shares		
Weighted average number of ordinary shares outstanding	21,811,963,650	21,811,963,650 [#]

[#] Due to the transfer of capital reserve into issued capital during the current year (Note V 35), the Company recalculated the weighted average number ordinary shares outstanding and earnings per share for 2010 based on the adjusted number of shares.

53. OTHER COMPREHENSIVE INCOME

	2011	2010
Gains/(losses) on available-for-sale investments	(488,133,753)	423,768,279
Less: Income tax effect	(96,605,966)	31,299,391
Reclassification adjustments for gains included in the consolidated income statement	404,889,353	21,711,704
	(796,417,140)	370,757,184
Share of other comprehensive income of investees under the equity method	—	(1,765,278)
Exchange differences on translation of foreign operations	(98,034,973)	(24,012,401)
	(894,452,113)	344,979,505

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

54. NOTES TO STATEMENTS OF CASH FLOWS

Significant cash flows of the Group are as follows:

	2011	2010
Other cash payments relating to operating activities		
Selling expenses	(61,302,113)	(62,963,098)
Administrative expenses	(676,722,137)	(701,070,925)
Donations	(422,282,014)	(261,504,806)
Cash paid for security deposits	(40,031,684)	(29,631,574)
Others	(26,192,181)	(66,433,891)
	(1,226,530,129)	(1,121,604,294)
Other cash payments relating to investing activities		
Acquisition of equity interest in subsidiaries from non-controlling shareholders	(93,567,471)	(102,543,301)
Others	—	(3,779,618)
	(93,567,471)	(106,322,919)
Other cash receipts relating to financing activities		
Government grants	123,122,669	63,788,609
Borrowings from third parties	118,868,743	44,908,728
Borrowings from associates	—	167,389,850
	241,991,412	276,087,187
Other cash payments relating to financing activities		
Repayment of borrowings from third parties	(79,352,139)	—
Repayment of borrowings from associates	(167,389,850)	—
Pledged bank deposits	(454,800,000)	—
Bank charges	(85,037,249)	—
	(786,579,238)	—

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

55. SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOWS

(1) Supplementary information to the statements of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2011	2010
Net profit	6,910,525,409	5,755,748,425
Add: Provision for impairment losses of assets	202,878,294	175,688,227
Depreciation of fixed assets	919,057,144	859,415,624
Amortisation of intangible assets	235,971,202	217,731,954
Depreciation of investment properties	2,043,783	2,044,974
Amortisation of long-term deferred assets	137,112,910	107,687,421
Losses on disposal of fixed assets, intangible assets and other long-term assets	40,516,191	60,038,620
Losses/(gains) on changes in the fair values	57,130,642	(107,325,325)
Financial expenses	582,096,822	323,558,286
Investment income	(592,138,982)	(248,991,407)
Government grants	(90,944,316)	(47,975,971)
Increase in inventories	(3,760,437,065)	(891,097,937)
Increase in deferred tax assets	(175,081,700)	(105,869,474)
(Increase)/decrease in deferred tax liabilities	13,548,899	(11,716,049)
Increase in receivables from operating activities	(1,676,548,944)	(1,088,260,565)
Increase in payables from operating activities	3,573,149,174	872,250,321
Decrease in special reserve	(23,009,164)	(13,624,171)
Exploration expense	34,308,236	61,059,287
Net cash flows from operating activities	6,390,178,535	5,920,362,240

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

55. SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOWS *(continued)*

(2) Acquisition or disposal of subsidiaries or other business units during the year

Information about acquisition of subsidiaries and other business units

	2011	2010
Consideration for the acquisition of subsidiaries and other business units	1,472,240,130	212,864,700
Cash and cash equivalents for the acquisition of subsidiaries and other business units	1,472,240,130	212,864,700
Less: Cash and cash equivalents held by subsidiaries and other business units	35,912,251	9,347,547
Net cash outflows used in the acquisition of subsidiaries and other business units	1,436,327,879	203,517,153
Net assets of the acquired subsidiaries		
Current assets	63,545,935	32,971,127
Non-current assets	2,316,240,844	477,721,592
Current liabilities	(477,346,266)	(65,092,299)
Non-current liabilities	(50,981,620)	(63,052,926)
	1,851,458,893	382,547,494

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

55. SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOWS (continued)

(2) Acquisition or disposal of subsidiaries or other business units during the year (continued)

Information about disposal of subsidiaries and other business units

	2011	2010
Consideration for the disposal of subsidiaries and other business units	173,554,677	241,586,973
Cash and cash equivalents received from the disposal of subsidiaries and other business units	165,996,160	241,586,973
Less: Cash and cash equivalents held by subsidiaries and other business units	72,578,829	71,266,156
Net cash inflows from the disposal of subsidiaries and other business units	93,417,331	170,320,817
Net assets of the disposed subsidiaries		
Current assets	124,972,408	99,048,818
Non-current assets	158,251,670	101,608,894
Current liabilities	(90,165,953)	(8,701,252)
Non-current liabilities	—	(7,099,788)
	193,058,125	184,856,672

(3) Cash and cash equivalents

	2011	2010
Cash	4,917,187,865	3,791,471,973
Including: Cash on hand	6,895,007	7,135,015
Cash at banks that can be readily drawn on demand	4,910,292,858	3,784,336,958
Closing balance of cash and cash equivalents	4,917,187,865	3,791,471,973

No cash and cash equivalents of the Group was restricted for use.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. THE LARGEST SHAREHOLDER OF THE COMPANY

Name of the company	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership (%)	Proportion of the Company's voting powers (%)	Organisation code
Minxi Xinghang	State-owned	No. 110 Zhenxing Road Linjiang Village, Shanghang County Longyan City Fujian Province	Liu Shimin	Investment in Fujian	RMB368 million	28.96%	28.96%	70511151-X

The ultimate parent of the Company is also Minxi Xinghang.

2. SUBSIDIARIES OF THE COMPANY

Principal subsidiaries of the Company are disclosed in NOTE IV SCOPE OF CONSOLIDATION AND SUBSIDIARIES.

* Investment in subsidiaries

	2011	2010
Unlisted shares, at cost	10,804,430,516	8,805,069,951
Loans to subsidiaries	2,140,700,000	2,029,737,000
	12,945,130,516	10,834,806,951
Impairment of investment	(480,403,330)	(496,578,003)
	12,464,727,186	10,338,228,948

The amounts due from subsidiaries of RMB5,529,910,176 (2010: RMB4,881,873,692) are included in the Company's current assets. Except for the loans due to subsidiaries of RMB3,389,210,176 (2010: RMB2,852,136,692) which bear interest rates ranging from nil to 10% (2010: nil to 10%), other amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The amounts due to subsidiaries included in the Company's current liabilities of RMB257,445,616 (2010: RMB390,851,023) were unsecured, interest-free and were repayable on demand or within one year.

The amounts advanced to a subsidiary included in the investment in subsidiaries were unsecured, interest-free and have no fixed terms of repayment.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)***VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***3. ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES**

Information about associates and jointly-controlled entities are disclosed in Note V 10.

4. OTHER RELATED PARTIES OF THE COMPANY

Name of entity	Relationship between the related parties and the Company	Organisation code
Fujian Xinhuaadu	A subsidiary of a shareholder of the Company	70536011-0
Xinjiang Nonferrous (Group) Metal Company Limited ("Xinjiang Nonferrous Metal")	A non-controlling shareholder of Xinjiang Ashele	73446875-3
Xinjiang Nonferrous Logistics Company Limited ("Xinjiang Logistics")	A non-controlling shareholder of Xinjiang Ashele	73446875-3
Sichuan Bureau of Geological Exploration and Exploration of Mineral Resources ("Sichuan Geology")	A non-controlling shareholder of Sichuan Ganzi Zijin Company Limited ("Ganzi Zijin")	45072463-9
Hongyang Mining	A non-controlling shareholder of Guizhou Zijin/Hunchun Zijin	70532775-9
Fujian Longxiang Electricity Group ("Longxiang Group")	A non-controlling shareholder of Shanghang Jinshan Hydro Power	72644183-3
Lv Tinggang	A non-controlling shareholder of Shangrila Huaxi	Nil
Guangxi Wantaicheng	A non-controlling shareholder of Wuqia Jinwang	29994242-1
Chongli Finance Bureau State-owned Assets Management Center	A non-controlling shareholder of Chongli Zijin	Nil
Jilin The Sixth Geological Survey	A non-controlling shareholder of Hunchun Zijin	605390056
Tongling Jinchan	A non-controlling shareholder of Tongling Zijin	748938437
Gu Xinguang	A non-controlling shareholder of Xinjiang Jinbao	Nil
Xiamen Mine Communication Technology Company Limited ("Xiamen Mine Communication Tech")	The Company on which the related party places significant impact	76172376-4
Heilongjiang Longxing International Resources Development	A non-controlling shareholder of Heilongjiang Longxing	772632200

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. RELATED PARTY TRANSACTIONS

(A) Sales and purchases of products, rendering and receipt of services

Sales of products/provision of services

	Nature of transaction	2011		2010	
		Amount	Proportion (%)	Amount	Proportion (%)
Tibet Yulong (Note (1))	Provision of construction service works	3,613,483	0.01	11,660,000	0.04
Haixia Technology (Note (1))	Provision of design service work	100,600	—	—	—
Shandong Guoda (Note (1))	Sales of gold and copper concentrates	356,429,671	0.90	322,161,548	1.13
		360,143,754	0.91	333,821,548	1.17

Purchases of products/receipt of services

	Nature of transaction	2011		2010	
		Amount	Proportion (%)	Amount	Proportion (%)
Jilin The Sixth Geological Survey (Note (1))	Exploration service	1,182,971	0.004	—	—
Wancheng Commercial (Note (1))	Purchase of zinc concentrates	430,161,384	1.56	508,162,451	2.89
Fujian Xinhua (Note (1))*	Mining service *	198,919,468	0.72	185,479,000	1.03
Haixia Technology (Note (1))	Purchase of raw materials	25,568,785	0.09	48,465,000	0.28
Xinjiang Nonferrous Metal (Note (1))	Transportation service	3,471,946	0.01	3,531,101	0.02
Xinjiang Logistics (Note (1))	Transportation service	3,975,514	0.01	2,890,000	0.02
Sichuan Geology (Note (1))	Exploration service	2,553,500	0.009	580,000	0.003
Xiamen Mine Communication Tech (Note (1))	Purchase of equipments and raw materials	10,188,337	0.04	—	—
		676,021,905	2.44	749,107,552	4.24

Note:

- (1) These transactions were made according to the prices and conditions similar to those offered to independent third parties.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. RELATED PARTY TRANSACTIONS (continued)

(B) Acquisition of equity interest from related party

2011

Related party	Nature of transaction	Note	2011
Minxi Xinghang*	Acquisition of 46.5% equity interest in Jinyi Copper*	IV 1 Note 56	93,500,000

2010

Related party	Nature of transaction	Note	2010
Guangxi Wantaicheng	Acquisition of a 20% equity interest in Wuqia Jinwang	IV 1 Note 41	28,000,000
Lv Tinggang	Acquisition of a 3% equity interest in Shangrila Huaxi	IV 1 Note 20	8,400,000
			36,400,000

(C) Guarantees with related party

(1) Related party guarantee for the bank loan of the Group

Related party guarantee for the bank loan of the Group in 2011:

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Heilongjiang Longxing International Resources Development	Heilongjiang Longxing	USD23,100,000	29 December 2011	29 December 2018	No

Note: As at 31 December 2011, Heilongjiang Longxing, a subsidiary of the Company, had a loan of USD25,200,000 from the Import and Export Bank of China which was guaranteed by Heilongjiang Longxing International Resources Development, a non-controlling shareholder of Heilongjiang Longxing.

There was no guarantee for bank loans to the Group provided by related parties in 2010.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. RELATED PARTY TRANSACTIONS *(continued)*

(C) Guarantees with related party *(continued)*

(2) The Group guarantee for related parties

2011

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Zijin Investment	Tingjiang Hydro Power (Note VII 2)	30,000,000	31 January 2005	30 January 2014	No
The Company	Zijin Tongguan (Note VII 3)	108,000,000	29 June 2007	28 June 2017	No
The Company	Wengfu Zijin (Note VII 4)	204,000,000	28 April 2011	27 April 2019	No
Northwest Company	Xinjiang Tianlong (Note VII 5)	30,000,000	31 October 2011	31 October 2013	No
		372,000,000			

2010

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Zijin Investment	Tingjiang Hydro Power (Note VII 2)	50,000,000	31 January 2005	30 January 2014	No
The Company	Zijin Tongguan (Note VII 3)	243,000,000	29 June 2007	28 June 2017	No
The Company	Shandong Guoda	40,000,000	30 April 2009	29 April 2010	Yes
The Company	Shandong Guoda	40,000,000	30 September 2009	30 September 2010	Yes
		373,000,000			

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. RELATED PARTY TRANSACTIONS (continued)

(D) Borrowings with related parties

Borrowings from related parties

There were no borrowings from related parties in 2011.

2010

	Note	Amount of borrowings	Inception date	Maturity date
Zijin Tongguan	Note 1	189,900,000	10 June 2010	6 June 2011

Borrowings to related parties

2011

Related party	Note	Amount of borrowings	Inception date	Maturity date
Tingjiang Hydro Power	Note 2	20,000,000	12 November 2010	11 November 2013
Tingjiang Hydro Power	Note 2	10,000,000	31 August 2011	30 August 2014
		30,000,000		

2010

Related party	Note	Amount of borrowings	Inception date	Maturity date
Tingjiang Hydro Power	Note 2	20,000,000	12 November 2010	11 November 2013

Note 1: Finance Company, a subsidiary of the Group, and Zijin Tongguan, an associate of the Company entered into an agreement on an entrusted loan on 10 June 2010. Pursuant to the agreement, Zijin Tongguan entrusted Finance Company to provide loans of RMB189,900,000 to the Company with an interest rate at 4% per annum and maturity on 6 June 2011. The Company repaid RMB22,510,150 of the loan in advance on 6 December 2010. As at 31 December 2010, the unpaid balance of the entrusted loan was RMB167,389,850. The Company had repaid the rest of the entrusted loan in the current year.

Note 2: Finance Company, a subsidiary of the Company, and Tingjiang Hydro Power entered into a loan agreement on 12 November 2010. Finance Company provided a loan of RMB20,000,000 with an interest rate of 5.6% per annum and maturity on 11 November 2013, the loan has no pledge. Finance Company and Tingjiang Hydro Power entered into a supplementary agreement on 31 August 2011, Finance Company provided Tingjiang Hydro Power an additional loan at an amount of RMB10,000,000 with an interest rate of 6.9825% per annum and maturity on 30 August 2014, the loan has no pledge.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. RELATED PARTY TRANSACTIONS *(continued)*

(E) Other related party transactions

(1) Compensation of key management and directors' remuneration

	2011		2010	
	Amount	Proportion (%)	Amount	Proportion (%)
Directors' remuneration	34,633,871	2.31	26,501,552	2.28
Compensation of key management	23,365,759	1.56	17,172,793	1.47
	57,999,630	3.87	43,674,345	3.75

Details of directors' remuneration are disclosed in Note X NOTE 7.

- (2) Pursuant to the Agreement on Capital Increment for Zijin Longhu, entered into between Zijin Investment, a subsidiary of the Company, and Xinhua Industry dated 24 December 2010, the registered capital of Zijin Longhu increased from RMB240,000,000 to RMB500,000,000. Zijin Investment injected capital of RMB130,000,000 in cash and Xinhua Industry injected capital of RMB30,000,000 in cash, respectively. After the capital increment, Zijin Investment and Xinhua Industry held 70% and 6% equity interest in Zijin Longhu, respectively.

* The related party transactions above are defined as connected transactions or continuing connected transactions under Chapter 14A of Hong Kong Listing Rules.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. AMOUNTS DUE FROM RELATED PARTIES

Trade receivables	2011	2010
Tibet Yulong	28,406	29,116
Haixia Technology	10,060	—
Shandong Guoda	1,722,937	—
	1,761,403	29,116
Other receivables		
Chongli Finance Bureau State-owned Assets Management Center	30,082,674	35,000,000
Sichuan Geology	2,000,000	2,000,000
Wancheng Commercial	106,516	130,979
Tingjiang Hydro Power	—	20,000,000
Longxiang Group	31,490,333	—
	63,679,523	57,130,979
Prepayments		
Fujian Xinhuaadu	767,888	1,507,835
Haixia Technology	—	27,072
Wancheng Commercial	203,032,907	43,082,595
Xiamen Mine Communication Tech	3,278,364	—
	207,079,159	44,617,502
Other non-current assets		
Longxiang Group	—	40,822,500
Tibet Yulong	132,000,000	132,000,000
Tingjiang Hydro Power	30,000,000	—
	162,000,000	172,822,500

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

7. AMOUNTS DUE TO RELATED PARTIES

Trade payables	2011	2010
Fujian Xinhuaadu	5,872,276	6,435,997
Haixia Technology	672,495	886,483
Xiamen Mine Communication Tech	68,259	—
	6,613,030	7,322,480
Other payables		
Sichuan Geology	—	10,111,572
Hongyang Mining	7,792,158	5,522,545
Zijin Tongguan	—	167,389,850
Fujian Xinhuaadu	18,377,522	1,150,000
Xiamen Mine Communication Tech	1,586,116	—
	27,755,796	184,173,967
Advances from customers		
Shandong Guoda	748,248	3,328,470
Dividends payable		
Tongling Jinchan	17,841,100	12,802,265
Gu Xinguang	—	12,998,304
	17,841,100	25,800,569

Amounts due from / to related parties are interest-free, unsecured and have no fixed terms of repayment.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VII. CONTINGENCIES

	2011	2010
Contingent liabilities arising from providing guarantees to third parties		
Tingjiang Hydro Power (Note 2)	30,000,000	50,000,000
Zijin Tongguan (Note 3)	108,000,000	243,000,000
Wengfu Zijin (Note 4)	204,000,000	—
Xinjiang Tianlong (Note 5)	30,000,000	—
Mortgage guarantee of petty proprietors (Note 6)	106,247,782	—
Subtotal	478,247,782	293,000,000
Contingencies arising from pending litigations (Note 1)	416,553,960	276,751,994
Total	894,801,742	569,751,994

Note 1: On 21 September 2010, the collapse of the tailing dam of Xinyi Tin Mining Xinyi Zijin in Guangdong Province, a wholly-owned subsidiary of the Company, which was caused by the severe typhoon "Fanapi", has resulted in property losses and casualties in Xinyi City ("Xinyi Dam Collapse Accident").

On 16 October 2010, Xinyi Zijin and Xinyi Baoyuan, a subsidiary of the Company, were collectively sued by the People's Government of Xinyi City to compensation for the property losses of RMB19,500,000.

In the late December 2010, the Company, Xinyi Zijin and Xinyi Baoyuan were collectively sued by the villagers of Datong Village and Shuanghe Village of Qianpai Town, Xinyi City, to compensation for their property losses of RMB11,678,317. As at 31 December 2011, the claimed amount of the compensation was changed to RMB12,674,539.

In the mid February 2011, the Company, Xinyi Zijin, Xinyi Baoyuan and the other four third-party defendants were collectively sued by 852 villagers in total, of Datong Village and Shuanghe Village of Qianpai Town, Xinyi City, to compensation for their property losses of RMB170,520,871. As at 31 December 2011, the claimed amount of the compensation was changed to RMB211,132,373.

In the mid March 2011, the Company, Xinyi Zijin, Xinyi Baoyuan and the other four third-party defendants were collectively sued by 850 villagers in total, of Datong Village and Shuanghe Village of Qianpai Town, Xinyi City, to compensation for their property losses of RMB75,052,806. As at 31 December 2011, the claimed amount of the compensation was changed to RMB93,891,498.

In the mid April 2011, the Company, Xinyi Zijin, Xinyi Baoyuan and the other four third-party defendants were collectively sued by Shihuadi Hydro Power Station, Qianfeng Hydro Power Station in Xinyi City, to compensation for their property losses of RMB32,960,000.

In the early June 2011, the Company, Xinyi Zijin, Xinyi Baoyuan and the other four third-party defendants were collectively sued by Qingyuan water supply plant, 10 Villagers of Datong Village Qianpai Town in Xinyi City, to compensation for their property losses of RMB1,858,705.

In the end June 2011, the Company, Xinyi Zijin, Xinyi Baoyuan and the other four third-party defendants were collectively sued by 300 villagers of Qianpai Village, Shuanghe Village and Qianxin Village in Xinyi City, to compensation for their property losses of RMB23,753,245.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VII. CONTINGENCIES *(continued)*

In the early July 2011, the Company, Xinyi Zijin, Xinyi Baoyuan and the other four third-party defendants were collectively sued by 463 villagers of Zhutong Village, Xiangshui Village, Qianixin Village, Qianpai Village, Qianshang Village, Baima Village, Juntong Village, Longwan Village, Shuanghe Village in Xinyi City, to compensation for their property losses of RMB20,783,600.

Currently, the related litigations are still in progress. In respect of the opinions of the legal advisors, the Group is still in the process of estimating the compensation amount due to the complexity of the legal cases.

Note 2: As at 31 December 2011, Zijin Investment, a subsidiary of the Company, granted to Tingjiang Hydro Power, an associate of the Company. Subject to maximum joint and several guarantees in respect of bank loans at an amount of RMB50,000,000 (2010: RMB50,000,000). As at 31 December 2011, Tingjiang Hydro Power has utilised the facility of RMB30,000,000 (2010: RMB50,000,000).

Note 3: As at 31 December 2011, the Company granted to Zijin Tongguan, an associate of the Company, subject to maximum joint and several guarantees in respect of bank loans at an amount of RMB297,000,000. (2010: RMB297,000,000). As at 31 December 2011, Zijin Tongguan has utilised the facility of RMB108,000,000 (2010: RMB243,000,000).

Note 4: As at 31 December 2011, the Company granted to Wengfu Zijin, an associate of the Company, subject to maximum joint and several guarantees in respect of bank loans at an amount of RMB450,000,000. (2010: Nil). As at 31 December 2011, Wengfu Zijin has utilised the facility of RMB204,000,000 (2010: Nil).

Note 5: As at 31 December 2011, Northwest Company, a subsidiary of the Company, granted to Xinjiang Tianlong, an associate of the Company, subject to maximum joint and several guarantees in respect of bank loans at an amount of RMB60,000,000. (2010: Nil). As at 31 December 2011, Xinjiang Tianlong has utilised the facility of RMB30,000,000 (2010: Nil).

Note 6: As at 31 December 2011, Zijin Real Estate, a subsidiary of the Company, granted to minority mortgage pledge to petty proprietors subject to joint and several guarantees in respect of bank loans at an amount of RMB106,247,782 (2010: Nil).

Based on the evaluation of the credit rating and repayment ability, the Group considered that the probability of guarantees who cannot repay the liabilities and settle the obligations is remote, and it is unnecessary to accrue the related contingent liabilities.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

VIII.COMMITMENTS

		2011	2010
Capital commitments			
Contracted, but not provided	Note 1	1,961,331,442	2,678,322,933
Authorise but not contracted for	Note 2	1,513,892,487	1,144,261,172
		3,475,223,929	3,822,584,105
Investment commitments			
Contracted, but not provided	Notes 3,4	1,507,373,728	—
Authorised, but not contracted for	Note 5	99,000,000	147,180,000
		1,606,373,728	147,180,000

Note 1: As at 31 December 2011, the capital commitment related to the acquisition and construction of property, plant, machinery and equipments, and mining assets was RMB1,961,331,442 (2010: RMB2,678,322,933).

Note 2: As at 31 December 2011, the capital commitment related to the acquisition and construction of property, plant, machinery and equipments, and mining assets was 1,513,892,487 (2010: RMB1,144,261,172).

Note 3: Pursuant to a Share Transfer Agreement entered into among Jinchuan Group (Hong Kong) Resource Holding Company Limited, Jinchuan Group Company Limited and Chuangxing Investments Company Limited ("Chuangxing Investment") on 7 November 2011, a subsidiary of the Group, Chuangxing Investment decided to acquire a 45% equity interest in Gold Eagle Mining Investments Company Limited ("Gold Eagle") from Jinchuan Group (Hong Kong) Resource Holding Company Limited at a consideration of USD227,566,495 (approximately RMB1,433,873,728). After the acquisition, Chuangxing Investment held a 45% equity interest in Gold Eagle. As at 31 December 2011, the transfer of equity interest is still in progress, and the acquisition fund has not been provided.

Note 4: Pursuant to Framework Agreement entered into among the Company, Mr. Liu Zhendong and Mr. Pan Jianyun, individual shareholders of Longsheng County Dexin Mining Company Limited ("Dexin Company") on 17 December 2011, the Company acquired a 51% equity interest in Dexin Company at a consideration of RMB53,550,000 for capital increment. Funing Zhenglong, a subsidiary of the Company acquired a 19% equity interest at a consideration of RMB19,950,000 for capital increment. As at 31 December 2011, the transfer of equity interest is still in progress, the acquisition fund has not yet been provided.

Note 5: Pursuant to at Extraordinary Resolution at the Shareholders' General Meeting dated 12 December 2011, the Company decided to acquire a further 15% equity interest in Gansu Yate from Jinhui Alcohol at a consideration of RMB99,000,000. After acquisition, equity interest in Gansu Yate held by the Company increased from 60% to 75%. As at 31 December 2011, the acquisition fund has not yet been provided.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

IX. POST BALANCE SHEET EVENTS

On 8 March 2012, the Group made reconciliatory agreements with plaintiffs of 15 cases for casualty compensation due to the collapse of a tailing dam of Xinyi Zijin with a compensation of RMB4,745,739 in total.

On 28 March 2012, the 14th meeting of the Fourth Session of the Board approved the proposed final dividends for year 2011. Using 21,811,963,650 capital shares as a basis as at 31 December 2011, the Company proposed to distribute a cash dividend of RMB0.8 (including tax) for every 10 shares to all shareholders, totalling approximately RMB1,744,957,092. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting for year 2011.

X. OTHER SIGNIFICANT EVENTS

1. BUSINESS COMBINATIONS

More details are disclosed in Note IV 4, 5.

2. LEASING

As lessor

As at 31 December 2011, irrevocable operating lease contracts entered into by the Group are as follows:

	2011	2010
Within one year	4,589,804	5,415,966
Over one year but within two years	4,565,519	5,233,021
Over two years but within three years	4,565,219	5,233,021
Over three years but within five years	5,801,185	9,920,301
Over five years	—	5,129,719
	19,521,727	30,932,028

The assets for operating leases above are accounted for as investment properties of the Group.

* The operating lease income included in profit or loss in 2011 was RMB4,591,514 (2010: RMB5,431,616).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

2. LEASING (continued)

As lessee

Significant operating lease: pursuant to the operating lease agreement with lessors, the minimum lease payments under irrevocable operating leases fall due as follows:

	2011	2010
Within one year	2,546,098	1,650,000
Over one year but within two years	2,122,551	1,200,000
Over two years but within three years	1,200,000	1,200,000
Over three years but within five years	1,200,000	2,400,000
Over five years	—	—
	7,068,649	6,450,000

3. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

2011

Items	At 1 January 2011	Profit/(loss) arising from changes in fair value for the year	Changes in the fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2011
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	115,529,143	(62,567,127)	—	—	177,456,835
Derivative financial assets	272,855,240	(658,054)	—	—	86,572,168
Available-for-sale investments	2,058,973,823	—	(391,527,787)	—	938,012,473
	2,447,358,206	(63,225,181)	(391,527,787)	—	1,202,041,476

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

3. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)

2011 (continued)

Items	At 1 January 2011	Profit/(loss) arising from changes in fair value for the year	Changes in the fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2011
Financial liabilities					
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	—	198,809,739	—	—	3,812,933,000
Derivative financial liabilities	2,321,910	(192,715,200)	—	—	192,715,200
	2,321,910	6,094,539	—	—	4,005,648,200

2010

Items	At 1 January 2010	Profit/(loss) arising from changes in fair value for the year	Changes in the fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2010
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	141,798,762	21,300,417	—	—	115,529,143
Derivative financial assets	2,401,890	88,346,818	—	—	272,855,240
Available-for-sale investments	383,855,385	—	392,468,888	—	2,058,973,823
	528,056,037	109,647,235	392,468,888	—	2,447,358,206
Financial liabilities					
Derivative financial liabilities	—	(2,321,910)	—	—	2,321,910

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

2011

Items	At 1 January 2011	Profit/(loss) arising from changes in the fair value for the year	Changes in the fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2011
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	87,740,735	(59,065,492)	—	—	128,814,278
Derivative financial assets	—	(22,398,948)	—	—	64,831,274
Loans and receivables	605,965,098	—	—	—	1,103,621,283
Available-for-sale investments	2,058,973,823	—	(391,527,787)	—	938,012,473
	2,752,679,656	(81,464,440)	(391,527,787)	—	2,235,279,308
Financial liabilities					
Derivative financial liabilities	—	(192,715,200)	—	—	192,715,200
Bonds payable	—	—	—	—	2,987,514,948
Borrowings and payables	1,814,193,810	—	—	—	2,499,833,131
	1,814,193,810	(192,715,200)	—	—	5,680,063,279

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES *(continued)*

2010

Items	At 1 January 2010	Profit/(loss) arising from changes in the fair value for the year	Changes in the fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2010
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	101,698,509	112,052,907	—	—	87,740,735
Loans and receivables	325,790,006	—	—	—	605,965,098
Available-for-sale investments	383,855,385	—	392,468,888	—	2,058,973,823
	811,343,900	112,052,907	392,468,888	—	2,752,679,656
Financial liabilities					
Borrowings and payables	1,319,804,518	—	—	—	1,814,193,810

5. OPERATING SEGMENT INFORMATION

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

- (1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and in the physical gold trading business;
- (3) the gold concentrates segment engages in the production of gold concentrates 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;

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

5. OPERATING SEGMENT INFORMATION *(continued)*

- (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 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) the corporate and others segment 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 being excluded from such measurement. This indicator is consistent with the Group's total operating profit.

Segment assets exclude cash and cash equivalents, deferred tax assets, equity investment 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 held-for-trading financial liabilities, derivative financial investments, interest-bearing bank and other borrowings, loans from ultimate controlling entities, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)
5. OPERATING SEGMENT INFORMATION (continued)

2011

	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	6,806,507,465	18,925,400,926	1,666,648,122	162,273,981	131,641,897	4,043,609,779	2,186,677,761	2,705,759,901	3,135,395,609	—	39,763,915,441
Intersegment sales	37,670,916	160,113,576	600,192,944	70,655,722	—	21,936,290	223,916,701	—	1,200,984,641	(2,315,470,790)	—
Total	6,844,178,381	19,085,514,502	2,266,841,066	232,929,703	131,641,897	4,065,546,069	2,410,594,462	2,705,759,901	4,336,380,250	(2,315,470,790)	39,763,915,441
Segment results #	4,838,666,710	433,180,962	851,500,837	17,774,516	13,186,456	2,574,373,237	1,037,191,714	(26,921,502)	219,522,894	—	9,958,475,824
Interest and dividend income											179,397,278
Unallocated expenses											(279,474,591)
Finance costs											(582,096,822)
Segment profit before tax											9,276,301,689
Assets and liabilities											
Segment assets:	6,286,740,331	1,996,095,386	1,830,144,829	2,117,598,895	5,894,408,804	5,856,340,218	5,575,764,205	3,144,894,281	11,801,802,011		44,503,788,960
Unallocated assets											7,816,410,372
Total assets											52,320,199,332
Segment liabilities:	1,001,053,452	922,432,455	873,107,272	1,537,401,299	3,680,552,982	755,868,465	2,107,694,693	2,270,203,969	2,117,224,671		15,265,539,258
Unallocated liabilities											6,921,983,117
Total liabilities											22,187,522,375

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)
5. OPERATING SEGMENT INFORMATION (continued)

2011 (continued)

	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Other segment information: Share of profits or losses of: Associates	—	—	—	(20,438,389)	—	(34,381,511)	186,724,366	—	52,623,770	—	184,528,236
Jointly-controlled entities	—	20,725,132	—	—	—	—	—	—	—	—	20,725,132
Impairment losses recognised in the income statement	3,835,830	16,857,701	3,853,095	—	—	138,305	44,319,632	25,924,875	107,960,072	—	202,889,510
Impairment losses reversed in the income statement	—	—	—	—	—	(11,216)	—	—	—	—	(11,216)
Unallocated non-cash losses	—	—	—	—	—	—	—	—	—	—	(57,130,642)
Depreciation and amortisation	343,089,677	83,168,521	169,798,691	9,014,624	2,904,118	169,250,018	239,441,612	110,097,356	167,420,422	—	1,294,185,039
Investment in associates	—	—	—	397,225,963	—	491,294,035	315,225,355	—	1,309,871,152	—	2,513,616,505
Investment in jointly-controlled entities	—	240,822,342	—	—	—	—	—	—	145,000,000	—	385,822,342
Capital expenditure	2,964,485,405	639,673,570	596,946,933	1,269,283,138	1,358,211,167	873,525,955	1,112,943,585	231,853,689	892,854,698	—	9,939,778,140
Unallocated capital expenditure	—	—	—	—	—	—	—	—	—	—	59,651,276

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)
5. OPERATING SEGMENT INFORMATION (continued)

2010

	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	5,645,510,315	10,646,530,154	1,549,240,122	821,906,734	110,927,563	3,503,844,197	1,630,761,591	2,718,691,186	1,912,167,038	—	28,539,578,900
Intersegment sales	2,216,947	38,855,627	305,496,495	218,196,726	2,604,537	3,531,061	282,745,070	119,661	667,395,287	(1,521,161,411)	—
Total	5,647,727,262	10,685,385,781	1,854,736,617	1,040,103,460	113,532,100	3,507,375,258	1,913,506,661	2,718,810,847	2,579,562,325	(1,521,161,411)	28,539,578,900
Segment results #	3,986,850,834	303,616,967	772,172,839	78,707,740	49,636,916	2,378,985,015	575,144,476	211,467,756	122,664,358	—	8,479,246,901
Interest and dividend income											171,867,553
Unallocated expenses											(995,984,396)
Finance costs											(323,558,286)
Segment profit before tax											7,331,571,772
Assets and liabilities											
Segment assets:	8,661,767,240	2,410,251,707	1,343,263,568	1,435,066,831	1,329,128,937	3,201,616,750	3,435,360,461	1,777,253,371	5,103,175,181		28,696,884,046
Unallocated assets											9,704,348,760
Total assets											38,401,232,806
Segment liabilities:	2,000,585,161	761,043,623	486,876,076	207,947,425	550,225,911	803,631,211	1,282,192,764	1,254,435,001	573,768,589		7,920,705,761
Unallocated liabilities											4,451,856,215
Total liabilities											12,372,561,976

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)
5. OPERATING SEGMENT INFORMATION (continued)

2010 (continued)

	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Other segment information:											
Share of profits or losses of:											
Associates	—	—	—	(6,434,454)	—	—	64,787,989	—	56,776,020	—	115,129,555
Jointly-controlled entities	—	22,236,051	—	—	—	—	—	—	—	—	22,236,051
Impairment losses recognised in the income statement	4,583,252	592,955	27,952,567	198,558	—	12,132,063	49,134,118	5,568,988	88,061,841	—	188,224,342
Impairment losses reversed in the income statement	—	(7,732,056)	—	(218,260)	—	—	(2,680)	—	(4,583,119)	—	(12,536,115)
Unallocated non-cash gains	—	—	—	—	—	—	—	—	—	—	107,325,325
Depreciation and amortisation	294,606,061	94,203,171	140,106,825	23,604,413	3,633,114	136,090,213	224,406,550	127,336,881	142,892,745	—	1,186,879,973
Investment in associates	—	—	—	101,298,951	—	525,675,546	514,987,704	—	1,029,650,297	—	2,171,612,498
Investment in jointly-controlled entities	—	220,097,210	—	—	—	—	—	—	—	—	220,097,210
Capital expenditure	1,184,891,433	128,078,137	276,098,406	429,546,644	412,252,840	868,341,157	350,249,561	154,013,631	736,880,826	—	4,540,352,635
Unallocated capital expenditure	—	—	—	—	—	—	—	—	—	—	37,894,789

Segment profit/loss, which excludes intersegment transaction revenue/cost, are operating profit/ loss from external customers.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

5. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

Over 99% (2010: 99%) of the Group's revenue was derived from customers based in Mainland China, and over 89% (2010: 92%) of the Group's assets were located in Mainland China.

Information about a major customer

Revenue of approximately RMB23,127,620,412 (2010: RMB15,744,382,334) was derived from sales of the gold bullion segment and the processed, refinery and trading gold segment to the Shanghai Gold Exchange.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

6. FINANCIAL INSTRUMENTS AND RISKS

The Group's principal financial instruments, other than derivative financial instruments, included interest-bearing bank deposits, other interest-bearing borrowings, bonds payable and cash and cash equivalents etc.. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The Group's principal derivative financial instruments mainly included forward contracts with the purpose of market risk management for the operation. Given the variance between actual metal prices in the active market and estimated target prices, the management will set maximum exposure positions of forward contracts to manage the market risk of the derivative financial instruments. The Group's principal risks of financial instruments resulted from credit risk, liquidity risk, and market risk.

Classification of financial instruments

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

2011

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Total
Cash and cash equivalents	—	6,061,531,350	—	6,061,531,350
Held-for-trading financial assets	264,029,003	—	—	264,029,003
Bills receivable	—	574,697,737	—	574,697,737
Trade receivables	—	489,112,425	—	489,112,425
Other receivables	—	930,510,412	—	930,510,412
Other current assets	—	219,940,991	—	219,940,991
Available-for-sale investments	—	—	938,012,473	938,012,473
Other non-current assets	—	56,818,218	—	56,818,218
	264,029,003	8,332,611,133	938,012,473	9,534,652,609

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

6. FINANCIAL INSTRUMENTS AND RISKS (continued)

Classification of financial instruments (continued)

2011 (continued)

Financial liabilities

	Other financial liabilities
Short-term borrowings	3,815,092,312
Held-for-trading financial liabilities	4,005,648,200
Trade payables	3,232,112,911
Dividends payable	23,125,841
Other payables	1,676,232,155
Current portion of non-current liabilities	216,444,590
Long-term borrowings	2,360,713,448
Bonds payable	2,987,514,948
Long-term payables	76,869,700
	18,393,754,105

2010

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Total
Cash and cash equivalents	—	4,534,287,726	—	4,534,287,726
Held-for-trading financial assets	388,384,383	—	—	388,384,383
Bills receivable	—	326,625,938	—	326,625,938
Trade receivables	—	669,093,678	—	669,093,678
Other receivables	—	756,224,638	—	756,224,638
Other current assets	—	118,665,426	—	118,665,426
Available-for-sale investments	—	—	2,058,973,823	2,058,973,823
Other non-current assets	—	102,922,118	—	102,922,118
	388,384,383	6,507,819,524	2,058,973,823	8,955,177,730

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*Classification of financial instruments *(continued)*2010 *(continued)*

Financial liabilities

	Other financial liabilities
Short-term borrowings	4,496,151,701
Held-for-trading financial liabilities	2,321,910
Trade payables	1,024,790,051
Dividends payable	29,070,369
Other payables	1,438,672,432
Current portion of non-current liabilities	652,448,993
Long-term borrowings	2,303,074,858
Long-term payables	76,100,436
	10,022,630,750

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debt is not significant. For those foreign transactions settled not using the reporting currency of related operating units, the Group provides no credit terms except the specific approvals provided by credit control departments of the Group.

The credit risk of the Group's other financial assets, which comprises cash and cash equivalents, available-for-sale investments, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the net book value of these instruments. The Group is also exposed to credit risk for providing financial guarantees. Detailed information is disclosed in Note VII.

Since the Group only trades with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed through customer/counterparty, geography and industry. As the trade receivables from customers of the Group were diverse in different departments and industries, there are no significant concentrations of credit risk in the Group.

Financial assets, individually or in the aggregate, are neither past due nor impaired.

As at 31 December 2011, trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there is no recent history of default.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

Liquidity risk

Liquidity risk is the risk that the entity has difficulty in raising funds to meet commitments associated with financial liabilities.

The Group uses a circulation liquidity management planning tool to manage the liquidity risk. The planning tool considers the maturity of the financial instruments and expected cash flows generated from operation.

The Group aims to maintain the balance between duration and flexibility in funding by obtaining debentures, bank borrowings and other interest-bearing loans. The Group's policy is that no more than 90% of the borrowings should be past due over 12 months according to the net book value of the borrowings disclosed in the financial statements. As at 31 December 2011, 74% of the Group's borrowings (31 December 2010: 76%) matured within 12 months.

The table below summarises the maturity profile of the Group's financial assets and liabilities as at the end of the reporting periods based on the contractual undiscounted cash flows:

2011

Financial assets

	Within one month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Cash and cash equivalents	2,954,107,120	1,836,584,328	1,270,839,902	—	—	6,061,531,350
Held-for-trading financial assets	264,029,003	—	—	—	—	264,029,003
Bills receivable	—	574,697,737	—	—	—	574,697,737
Trade receivables	187,259,001	288,203,503	13,649,921	—	—	489,112,425
Other receivables	46,643,546	382,487,551	501,379,315	—	—	930,510,412
Other current assets	219,940,991	—	—	—	—	219,940,991
Available-for-sale investments	—	—	—	938,012,473	—	938,012,473
Other non-current assets	—	—	1,823,232	58,945,993	—	60,769,225
	3,671,979,661	3,081,973,119	1,787,692,370	996,958,466	—	9,538,603,616

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

6. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity risk (continued)

2011 (continued)

Financial liabilities

	Within one	Over 1 months	Over 3 months	Over 1 year	Over 5 years	Total
	month	but within 3 months	but within 1 year	but within 5 years		
Short-term borrowings	148,761,864	1,935,637,927	1,874,261,131	—	—	3,958,660,922
Held-for-trading financial liabilities	—	—	4,005,648,200	—	—	4,005,648,200
Trade payables	153,331,926	1,128,923,067	1,949,857,918	—	—	3,232,112,911
Dividends payable	—	—	23,125,841	—	—	23,125,841
Other payables	1,078,395,097	248,256,690	349,580,368	—	—	1,676,232,155
Current portion of non-current liabilities	50,643,701	126,017,707	43,523,718	—	—	220,185,126
Long-term borrowings	12,608,704	25,217,407	113,478,334	1,218,340,724	1,694,943,881	3,064,589,050
Bonds payable	10,711,530	21,423,060	96,403,770	3,437,223,129	—	3,565,761,489
Long-term payables	449,092	898,184	4,041,830	68,233,398	46,490,000	120,112,504
	1,454,901,914	3,486,374,042	8,459,921,110	4,723,797,251	1,741,433,881	19,866,428,198

2010

Financial assets

	Within one	Over 1 month	Over 3 months	Over 1 year	Over 5 years	Total
	month	but within 3 months	but within 1 year	but within 5 years		
Cash and cash equivalents	2,849,312,582	944,008,411	740,966,733	—	—	4,534,287,726
Held-for-trading financial assets	388,384,383	—	—	—	—	388,384,383
Bills receivable	—	326,625,938	—	—	—	326,625,938
Trade receivables	326,665,986	273,087,386	69,340,306	—	—	669,093,678
Other receivables	208,697,025	217,903,510	329,624,103	—	—	756,224,638
Other current assets	118,665,426	—	—	—	—	118,665,426
Available-for-sale investments	—	—	—	2,058,973,823	—	2,058,973,823
Other non-current assets	—	—	—	102,922,118	—	102,922,118
	3,891,725,402	1,761,625,245	1,139,931,142	2,161,895,941	—	8,955,177,730

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

6. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity risk (continued)

2010 (continued)

Financial liabilities

	Within one month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	193,233,941	682,688,788	3,763,653,171	—	—	4,639,575,900
Held-for-trading financial liabilities	2,321,910	—	—	—	—	2,321,910
Trade payables	240,125,719	345,165,204	439,499,128	—	—	1,024,790,051
Dividends payable	—	—	29,070,369	—	—	29,070,369
Other payables	945,824,751	203,052,482	289,795,199	—	—	1,438,672,432
Current portion of non-current liabilities	2,993,203	20,249,163	654,457,788	—	—	677,700,154
Long-term borrowings	12,325,537	24,651,073	110,929,830	2,363,129,082	622,815,000	3,133,850,522
Long-term payables	—	—	4,372,500	67,351,435	46,862,500	118,586,435
	1,396,825,061	1,275,806,710	5,291,777,985	2,430,480,517	669,677,500	11,064,567,773

Market risk

Market risk is the risk that the fair values of financial instruments and estimated future cash flows increase or decrease as a result of changes respect to the market price. The market risks comprised interest rate risk, currency risk and equity price risk.

Interest rate risk

Interest risk is the risk that the fair values of financial instruments and estimated future cash flows as a result of changes respect to the market interest rate. The Group's interest rate risk exposures arise primarily from its long term debts bearing interest at variable rates.

Management of the Group considered that the fluctuation of the interest rates remains in a reasonable range, which may not make significant impact on the profit before tax and equity interests.

Currency risk

Currency risk is the risk that the fair value of financial instruments and estimated future cash flows increase or decrease as a result of changes in the foreign exchange rates. The Group's currency risk exposures arise primarily from its operating activities (when the settlement occurred in the functional currencies, which differed from the Group's) and net investments related to overseas subsidiaries.

Notes to Financial Statements (continued)

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

6. FINANCIAL INSTRUMENTS AND RISKS (continued)

Market risk (continued)

Currency risk (continued)

The hedging instruments used to decrease the currency risk arise from transactions between Renminbi and other currencies are limited, which resulted in no hedging contracts available to manage the risks up to date.

The table below demonstrates the sensitivity analysis of the impact on the net profit and shareholders' equity interests if the fluctuation was 10% against the Great British pound, United States dollars, Hong Kong dollars, Canadian dollars, Russia rubles, and Australian dollars, under an assumption that other variables held constant.

	Increase/ (decrease) in rate	Increase/ (decrease) in net profit	Increase/ (decrease) in equity [#]
2011			
If RMB weakens against United States dollar	10%	(331,216,420)	—
If RMB strengthens against United States dollar	(10%)	331,216,420	—
If RMB weakens against Great British pound	10%	1,780,042	46,002,436
If RMB strengthens against Great British pound	(10%)	(1,780,042)	(46,002,436)
If RMB weakens against Hong Kong dollar	10%	69,842,076	17,368,478
If RMB strengthens against Hong Kong dollar	(10%)	(69,842,076)	(17,368,478)
If RMB weakens against Canadian dollar	10%	10,498,609	13,186,034
If RMB strengthens against Canadian dollar	(10%)	(10,498,609)	(13,186,034)
If RMB weakens against Russian ruble	10%	316,535	—
If RMB strengthens against Russian ruble	(10%)	(316,535)	—
If RMB weakens against Australian dollar	10%	2,777,155	17,244,299
If RMB strengthens against Australian dollar	(10%)	(2,777,155)	(17,244,299)

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

	Increase/ (decrease) in rate	Increase/ (decrease) in net profit	Increase/ (decrease) in equity [#]
2010			
If RMB weakens against United States dollar	10%	129,666,369	—
If RMB strengthens against United States dollar	(10%)	(129,666,369)	—
If RMB weakens against Great British pound	10%	(40,045)	3,626,806
If RMB strengthens against Great British pound	(10%)	40,045	(3,626,806)
If RMB weakens against Hong Kong dollar	10%	17,284,475	—
If RMB strengthens against Hong Kong dollar	(10%)	(17,284,475)	—
If RMB weakens against Canadian dollar	10%	(9,000,504)	69,326,497
If RMB strengthens against Canadian dollar	(10%)	9,000,504	(69,326,497)
If RMB weakens against Russian ruble	10%	(579,201)	—
If RMB strengthens against Russian ruble	(10%)	579,201	—

Excluded retained earnings.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*Market risk *(continued)*Equity instruments price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity interest classified as held-for-trading equity investment (Note V 2) and available-for-sale investments (Note V 9) as at 31 December 2011. The Group's listed investments are listed on the Shanghai, Toronto, London, Hong Kong, and Australian stock exchanges, etc., and are measured at quoted market prices at the end of the reporting period.

Market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2011	Highest/lowest 2011	31 December 2010	Highest/lowest 2010
Shanghai – A Share Index	2,304	3,202/2,269	2,940	3,443/2,478
Hong Kong – Hang Seng Index	18,434	24,420/16,250	23,035	24,964/18,986
Toronto TSX Stock Exchange	1,485	2,440/1,333	2,288	2,289/1,348
London Stock Exchange Index	5,518	6,091/4,944	5,900	6,022/4,790
Australian Security Exchange Index	4,111	5,065/3,736	4,745	4,875/4,301

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

Market risk *(continued)*

Equity instruments price risk *(continued)*

The table below demonstrates the sensitivity analysis of the impact on the net profit and shareholders' equity interest if the fluctuation was 10% on the basis of the carrying amount as at 31 December 2011 towards fair value of equity instruments, under an assumption that other variances held constant and excludes any tax impact. For available-for-sale investments, the impact was regarded as the variables arising from fair value, which excluded the impairment impact to the income statement.

	Carrying amount of equity investments	Increase/ (decrease) in net profit	Increase/ (decrease) in equity #
2011			
Held-for-trading financial assets			
Shanghai Stock Exchange	7,485,290	748,529/(748,529)	—
Hong Kong Stock Exchange	42,982,503	4,298,250/(4,298,250)	—
Toronto Stock Exchange	2,280,858	228,086/(228,086)	—
Toronto TSX Stock Exchange	14,794,756	1,479,476/(1,479,476)	—
Australian Securities Exchange	68,756,161	6,875,616/(6,875,616)	—
Available-for-sale investments			
Toronto TSX Stock Exchange	5,282,138	—	528,214/(528,214)
London Stock Exchange	460,024,359	—	46,002,436/(46,002,436)
Australian Securities Exchange	172,442,990	—	17,244,299/(17,244,299)
Hong Kong Stock Exchange	173,684,781	—	17,368,478/(17,368,478)
Toronto Stock Exchange	126,578,205	—	12,657,821/(12,657,821)

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

6. FINANCIAL INSTRUMENTS AND RISKS (continued)

Market risk (continued)

Equity instruments price risk (continued)

	Carrying amount of equity investments/ convertible bonds	Increase/ (decrease) in net profit	Increase/ (decrease) in equity #
2010			
Held-for-trading financial assets			
Shanghai Stock Exchange	27,788,408	2,778,841/(2,778,841)	—
Hong Kong Stock Exchange	39,306,286	3,930,629/(3,930,629)	—
Toronto Stock Exchange	8,597,804	859,780/(859,780)	—
Toronto TSX Stock Exchange	7,979,409	797,941/(797,941)	—
Australian Securities Exchange	31,857,236	3,185,724/(3,185,724)	—
Luxembourg Stock Exchange	272,855,240	27,285,524/(27,285,524)	—
Available-for-sale investments			
Luxemburg Stock Exchange	1,329,440,798	—	132,944,080/(132,944,080)
Toronto TSX Stock Exchange	365,305,654	—	36,530,565/(36,530,565)
London Stock Exchange	36,268,060	—	3,626,806/(3,626,806)
Toronto Stock Exchange	327,959,311	—	32,795,931/(32,795,931)

Excluded retained earnings

Commodities price risk

The Group's exposure to commodity price risk principally relates to the market price fluctuation in gold, copper, zinc and silver. The price fluctuation can affect the Group's operating results.

The Group entered into forward contracts for the sale of gold, copper, zinc and silver. All forward commodity contracts can only be carried out under the approval of the Company's futures exchange team which is composed of top management of the Company and established by the board of directors of the Company. As approved by the board of directors of the Company, the holding position of gold, copper, zinc and silver underlying the exposure positions of forward contracts should not respectively exceed 25% of annual gold, copper, zinc and silver planned production volume of the Group, respectively. In addition, the price range of the forward commodity contracts is closely monitored by the futures exchange team. As at 31 December 2011, most forward commodity contracts have been closed out.

Moreover, in order to migrate the market price risk arising from copper cathodes, the Group entered into provisional price contracts for hedging of inventories for copper refinery at Zijin Copper, a subsidiary of the Company. After valuation, the relevance between provisional price arrangement and fair values of the hedged inventories remains highly effective.

Accordingly, a reasonably possible fluctuation of 10% in commodity price would have no material impact on the Group's and the Company's profit and equity for the year.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS *(continued)*

6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

Fair value

The net book values of the Group's financial instruments are equivalent to their fair values.

The fair value is the amount at which the instruments could be exchanged in an arm's length transaction between knowledge willing parties. The following methods and assumptions were used to estimate the fair value:

Fair value of cash and cash equivalents, bills receivables, trade receivables, other receivables, other current assets, trade payables, other payables, dividends payable, and current portion of non-current liabilities, approximate to their carrying amounts due to their short maturities.

The fair values of listed financial assets are measured on quoted market prices.

Fair value of other non-current assets, short-term and long-term borrowings, long-term payables and bonds payable, have been calculated by discounting the expected future cash flows using market profitability rates currently available for other financial instruments on similar terms and similar nature.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2: Adjusted quoted prices in active markets for similar assets or liabilities or adjusted quoted prices in non-active markets for identical or similar assets or liabilities; Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments measured at fair value:

2011

	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets	264,029,003	—	—	264,029,003
Available-for-sale investments	938,012,473	—	—	938,012,473

Notes to Financial Statements (continued)

For the year ended 31 December 2011
RMB
(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

*7. DIRECTORS' REMUNERATION

Directors' remuneration accrued during the year	2011	2010
Fees	850,800	600,000
Other emoluments:		
Salaries, allowances and benefits in kind	14,689,480	8,969,600
Discretionary bonuses#	19,056,583	16,913,500
Pension scheme contributions	37,008	18,452
	33,783,071	25,901,552
	34,633,871	26,501,552

Balance consisted of the discretionary bonuses of RMB15,055,241 (2010: RMB8,080,000) provided in accordance with the directors' remuneration policy of the Company and an adjustment to the unpaid discretionary bonuses of previous years of RMB4,001,342 (2010: RMB7,318,000).

Directors' remuneration paid during the year	2011	2010
Fees	850,800	600,000
Other emoluments:		
Salaries, allowances and benefits in kind	8,832,364	8,182,646
Discretionary bonuses	15,841,967	17,817,432
Pension scheme contributions	37,008	18,452
	24,711,339	26,018,530
	25,562,139	26,618,530

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

There were no emoluments paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

*7. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

The fees accrued and paid to the independent non-executive directors during the year are as follows:

	2011	2010
Mr. Chen Yuchuan	168,000	150,000
Mr. Lin Yongjing	217,200	150,000
Mr. Su Congfu	308,400	150,000
Mr. Wang Xiaojun	157,200	150,000
	850,800	600,000

(b) Executive directors and a non-executive director

The directors' remuneration accrued for executive directors and a non-executive director during the year are as follows:

	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
2011				
<i>Executive directors:</i>				
Mr. Chen Jinghe	3,234,063	4,221,095	—	7,455,158
Mr. Luo Yingnan	2,928,657	3,798,986	—	6,727,643
Mr. Liu Xiaochu	2,058,790	1,758,790	—	3,817,580
Mr. Lan Fusheng	2,058,790	1,758,790	18,504	3,836,084
Mr. Zou Laichang	2,058,790	1,758,790	18,504	3,836,084
Mr. Huang Xiaodong	2,058,790	1,758,790	—	3,817,580
<i>Non-executive director:</i>				
Mr. Peng Jiaqing	291,600	—	—	291,600
	14,689,480	15,055,241	37,008	29,781,729

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

*7. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and a non-executive director (continued)

	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
2010				
<i>Executive directors:</i>				
Mr. Chen Jinghe	1,772,000	2,028,000	—	3,800,000
Mr. Luo Yingnan	1,597,600	1,802,400	—	3,400,000
Mr. Liu Xiaochu	1,300,000	1,000,000	—	2,300,000
Mr. Lan Fusheng	1,450,000	1,150,000	18,452	2,618,452
Mr. Zou Laichang	1,350,000	1,050,000	—	2,400,000
Mr. Huang Xiaodong	1,350,000	1,050,000	—	2,400,000
<i>Non-executive director:</i>				
Mr. Peng Jiaqing	150,000	—	—	150,000
	8,969,600	8,080,400	18,452	17,068,452

Pursuant to the remuneration policy of the Company, the discretionary bonuses and certain salary allowances and benefits in kind accrued for the executive directors are subject to the approval of the Remuneration Committee and the shareholders at the annual general meeting.

The directors' remuneration paid to executive directors and a non-executive director during the year are as follows:

	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
2011				
<i>Executive directors:</i>				
Mr. Chen Jinghe	1,772,000	5,024,910	—	6,796,910
Mr. Luo Yingnan	1,438,129	2,292,809	—	3,730,938
Mr. Liu Xiaochu	1,300,000	2,002,746	—	3,302,746
Mr. Lan Fusheng	1,450,000	2,175,416	18,504	3,643,920
Mr. Zou Laichang	1,350,000	2,032,753	18,504	3,401,257
Mr. Huang Xiaodong	1,230,635	2,313,333	—	3,543,968
<i>Non-executive director:</i>				
Mr. Peng Jiaqing	291,600	—	—	291,600
	8,832,364	15,841,967	37,008	24,711,339

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

*7. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and a non-executive director (continued)

	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
2010				
<i>Executive directors:</i>				
Mr. Chen Jinghe	1,934,400	5,693,083	—	7,627,483
Mr. Luo Yingnan	1,287,865	2,529,306	—	3,817,171
Mr. Liu Xiaochu	1,010,305	2,254,227	—	3,264,532
Mr. Lan Fusheng	1,270,000	2,443,601	18,452	3,732,053
Mr. Zou Laichang	1,280,000	2,285,093	—	3,565,093
Mr. Huang Xiaodong	1,250,076	2,612,122	—	3,862,198
<i>Non-executive director:</i>				
Mr. Peng Jiaqing	150,000	—	—	150,000
	8,182,646	17,817,432	18,452	26,018,530

- *8. The five highest paid employees of the Group during the year included five (2010: five) directors.

9. PENSION SCHEME CONTRIBUTIONS

	2011	2010
Net payment of pension scheme contributions	83,045,625	73,356,380

As at 31 December 2011, there was no payment forced to abandon in order to reduce the payment of pension in the future (31 December 2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

X. OTHER SIGNIFICANT EVENTS (continued)

10. NET CURRENT ASSETS

	31 December 2011 Group	31 December 2010 Group	31 December 2011 Company	31 December 2010 Company
Current assets	17,931,875,798	11,060,565,856	9,772,712,633	7,794,619,272
Less: current liabilities	16,364,642,839	9,636,421,273	5,826,484,699	3,261,417,212
Net current assets	1,567,232,959	1,424,144,583	3,946,227,934	4,533,202,060

11. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2011 Group	31 December 2010 Group	31 December 2011 Company	31 December 2010 Company
Total assets	52,320,199,332	38,401,232,806	26,004,596,331	21,073,286,654
Less: current liabilities	16,364,642,839	9,636,421,273	5,826,484,699	3,261,417,212
Total assets less current liabilities	35,955,556,493	28,764,811,533	20,178,111,632	17,811,869,442

12. COMPARATIVE FIGURES

In order to fulfill the need of management to evaluate performance of each segment, the classification of reportable operating segments for the current year were different from previous years. Therefore, related segment information has been restated to comply with the current year's presentation.

13. OTHERS

On 21 December 2009, the Company entered into the No.QDIIZH2009-004 Asset Management Agreement with Credit Suisse Asset Management Company Limited ("ICBCCS") and Industrial and Commercial Bank of China Limited. Pursuant to the agreement, the Company, as the specific customer of ICBCCS, was eligible to make foreign listed equity investments in the mining industry at a maximum facility of USD200,000,000. The relevant arrangements were approved by the resolution passed at the board meeting on 10 September 2009 and the permission of the PRC Securities Supervision and Administration Committee on 29 September 2009. As at 31 December 2011, the Company has paid in aggregate an amount of RMB906,000,000 (31 December 2010: RMB175,000,000) into a QDII account for delegating the equity investment by ICBCCS.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. TRADE RECEIVABLES

The trade receivables are interest-free with credit period of 3 months.

An ageing analysis of the trade receivables is as follow:

	2011	2010
Within 1 year	161,231,264	83,792,740
Over 1 year but within 2 years	24,742,379	9,035,873
Over 2 years but within 3 years	25,462	19,422
Over 3 years	75,811	56,389
	186,074,916	92,904,424
Less: bad debt provision	88,513	88,513
	185,986,403	92,815,911

The movements of bad debt provision of the trade receivables are as follow:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
2011	88,513	—	—	—	88,513
2010	88,513	—	—	—	88,513

	31 December 2011				31 December 2010			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed								
individually	178,015,220	95.67	—	—	88,008,836	94.73	—	—
Others not significant	8,059,696	4.33	88,513	1.10	4,895,588	5.27	88,513	1.81
	186,074,916	100	88,513	0.05	92,904,424	100	88,513	0.10

There were no trade receivables denominated in foreign currencies as at 31 December 2011 and 31 December 2010.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. TRADE RECEIVABLES (continued)

Top five entities with the largest balances of trade receivables are as follow:

31 December 2011

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of trade receivables (%)
Xiamen Marketing	A subsidiary of the Company	61,925,539	Within 1 year	33.28
Jinshan Refinery	A subsidiary of the Company	57,493,152	Within 1 year / Over 1 year but within 2 years	30.90
Jinyi Copper	A subsidiary of the Company	21,636,186	Within 1 year	11.63
Xiamen Zijin	A subsidiary of the Company	19,652,940	Within 1 year	10.56
Fujian Zijin Copper	A subsidiary of the Company	17,307,402	Within 1 year / Over 1 year but within 2 years	9.30
		178,015,219		95.67

31 December 2010

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of trade receivables (%)
Jinshan Refinery	A subsidiary of the Company	43,024,386	Within 1 year / Over 1 year but within 2 years	46.30
Fujian Zijin Copper	A subsidiary of the Company	27,302,959	Within 1 year	29.38
Xiamen Zijin	A subsidiary of the Company	17,681,491	Within 1 year	19.03
Jinyi Copper	A subsidiary of the Company	1,783,475	Within 1 year	1.92
Xiamen Zijin	A subsidiary of the Company	645,394	Within 1 year	0.69
		90,437,705		97.32

As at 31 December 2011, there were no trade receivables (31 December 2010: Nil), due from shareholders holding at least 5% of the Company's shares with voting powers.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. OTHER RECEIVABLES

An ageing analysis of other receivables as is as follow:

	2011	2010
Within 1 year	1,965,863,203	2,805,795,574
Over 1 year but within 2 years	2,382,720,188	1,576,721,473
Over 2 years but within 3 years	1,042,350,930	401,406,589
Over 3 years	407,345,159	186,053,987
	5,798,279,480	4,969,977,623
Less: Bad debt provision	6,349,066	5,487,674
	5,791,930,414	4,964,489,949

The movements in bad debt provision of other receivables are as follow:

	At 1 January	Additions	Reductions		At 31 December
			Reveral	Write-off	
2011	5,487,674	861,433	(41)	—	6,349,066
2010	5,422,531	65,143	—	—	5,487,674

	31 December 2011				31 December 2010			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	5,657,856,774	97.58	—	—	4,882,517,457	98.24	—	—
Others not significant	140,422,706	2.42	6,349,066	4.52	87,460,166	1.76	5,487,674	6.27
	5,798,279,480	100	6,349,066	0.11	4,969,977,623	100	5,487,674	0.12

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. OTHER RECEIVABLES (continued)

Top five entities with the largest balances of other receivables are as follows:

31 December 2011

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of trade receivables (%)
Northwest Company	A subsidiary of the Company	796,087,998	Within 1 year/ Over 1 year but within 2 years/ Over 2 years but within 3 years	13.73
Zijin Investment	A subsidiary of the Company	755,958,662	Within 1 year/ Over 1 year but within 2 years/ Over 2 years but within 3 years	13.04
Zijin Real Estate	A subsidiary of the Company	692,776,547	Within 1 year/ Over 1 year but within 2 years/ Over 2 years but within 3 years	11.95
Northeast Asia Zijin	A subsidiary of the Company	532,414,511	Within 1 year/ Over 1 year but within 2 years	9.18
Heilongjiang Longxing	A subsidiary of the Company	298,268,398	Within 1 year/ Over 1 year but within 2 years/ Over 2 years but within 3 years/ Over 3 years	5.14
		3,075,506,116		53.04

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. OTHER RECEIVABLES *(continued)*

31 December 2010

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of other receivables (%)
Zijin Investment	A subsidiary of the Company	683,123,555	Within 1 year/ Over 1 year but within 2 years	13.75
Northwest Company	A subsidiary of the Company	604,902,623	Within 1 year/ Over 1 year but within 2 years	12.17
Qinghai Zijin	A subsidiary of the Company	563,481,422	Within 1 year/ Over 1 year but within 2 years	11.34
Zijin Real Estate	A subsidiary of the Company	437,526,065	Within 1 year/ Over 1 year but within 2 years	8.80
Northeast Asia Zijin	A subsidiary of the Company	353,306,567	Within 1 year/ Over 1 year but within 2 years	7.11
		2,642,340,232		53.17

As at 31 December 2011, there were no other receivables (31 December 2010: Nil) due from shareholders holding at least 5% of the Company's shares with voting powers.

As at 31 December 2011 and 31 December 2010, there were no other receivables denominated in foreign currencies.

*3. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
Equity investments of listed companies, at fair value		
Other regions (excluding Hong Kong):		
Inter-Citic Minerals Inc.	96,042,004	251,671,265
Norton Gold Fields Limited	88,174,669	—
Glencore International Corp.	444,736,784	—
	628,953,457	251,671,265

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS

		Investment cost	1 January 2010	Additions	Reductions	31 December 2010	Additions	Reductions	31 December 2011
Long-term equity investments under the cost method:									
Subsidiaries	(i)	10,804,430,516	7,883,998,681	1,909,221,988	(988,150,718)	8,805,069,951	2,097,174,335	(97,813,770)	10,804,430,516
Other equity investments	(ii)	164,750,000	76,350,000	88,400,000	—	164,750,000	—	—	164,750,000
Long-term equity investments under the equity method:									
Associates	(iii)	888,226,977	872,076,658	47,081,722	(74,547,775)	844,610,605	68,802,677	(87,673,289)	825,739,993
Total		11,857,407,493	8,832,425,339	2,044,703,710	(1,062,698,493)	9,814,430,556	2,165,977,012	(185,487,059)	11,794,920,509
Provision for impairment									
Subsidiaries	(i)		(209,909,970)	(286,668,033)	—	(496,578,003)	—	16,174,673	(480,403,330)
			8,622,515,369	1,758,035,677	(1,062,698,493)	9,317,852,553	2,165,977,012	(169,312,386)	11,314,517,179

* The subsidiaries and associates held by the Company were unlisted as at 31 December 2011 and 31 December 2010.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(I) INVESTMENT IN SUBSIDIARIES

Investment cost

	At 1 January 2010	Additions	Reductions	At 31 December 2010	Additions	Reductions	At 31 December 2011
Guizhou Zijin	30,600,000	—	—	30,600,000	—	—	30,600,000
Anhui Zijin Mining Company Limited ("Anhui Zijin")	6,000,000	—	—	6,000,000	—	—	6,000,000
Xiamen Zijin	401,776,000	—	—	401,776,000	—	—	401,776,000
Xinjiang Ashele	139,335,849	—	—	139,335,849	—	—	139,335,849
Hunchun Zijin	185,437,500	—	—	185,437,500	—	—	185,437,500
Tongling Zijin	25,500,000	—	—	25,500,000	—	—	25,500,000
Jiuzhaigou Zijin	43,524,000	—	—	43,524,000	—	(43,524,000)	—
Ganzi Zijin	24,000,000	—	—	24,000,000	—	—	24,000,000
Zijin Investment	545,000,000	14,000,000	—	559,000,000	—	—	559,000,000
Qinghai West	936,000,000	—	—	936,000,000	—	—	936,000,000
Northwest Company	100,000,000	200,000,000	—	300,000,000	—	—	300,000,000
Bayannaer Zijin	297,300,000	—	—	297,300,000	—	—	297,300,000
Gold Mountains H.K.	1	645,621,988	—	645,621,989	—	—	645,621,989
Zijin International	47,500,000	—	—	47,500,000	—	—	47,500,000
Yunnan Huaxi	86,830,000	—	—	86,830,000	—	—	86,830,000
Henan Jinda	129,880,000	—	—	129,880,000	—	—	129,880,000
Luoyang Yinhui	105,000,000	—	—	105,000,000	—	—	105,000,000
Mongolia Zijin	1,489,770	—	—	1,489,770	—	(1,489,770)	—
Xinyi Zijin	243,900,000	—	—	243,900,000	—	—	243,900,000
Jinshan Refinery	298,000,000	—	—	298,000,000	—	—	298,000,000
Fujian Zijin Hotel Management Company Limited	5,000,000	5,000,000	—	10,000,000	—	—	10,000,000
Fujian Zijin Mining Technology Company Limited	5,000,000	—	—	5,000,000	—	—	5,000,000

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(I) INVESTMENT IN SUBSIDIARIES (continued)

Investment cost (continued)

	At 1 January 2010	Additions	Reductions	At 31 December 2010	Additions	Reductions	At 31 December 2011
Chongli Zijin	142,500,000	—	—	142,500,000	—	—	142,500,000
Longkou Jintai	192,000,000	—	—	192,000,000	—	—	192,000,000
Shanxi Zijin	127,284,118	—	—	127,284,118	—	—	127,284,118
Southwest Company	400,000,000	779,600,000	—	1,179,600,000	—	—	1,179,600,000
Hunan Zijin	52,800,000	—	—	52,800,000	—	(52,800,000)	—
Longkou Jinfeng	8,550,718	—	(8,550,718)	—	—	—	—
Hunan Jinfeng	10,000,000	—	—	10,000,000	—	—	10,000,000
Xiamen Mining and Metallurgy Technology	35,000,000	15,000,000	—	50,000,000	—	—	50,000,000
Malipo Zijin	779,600,000	—	(779,600,000)	—	—	—	—
Wuping Zijin	18,618,000	—	—	18,618,000	—	—	18,618,000
Jinshan Investment	8,000,000	—	—	8,000,000	—	—	8,000,000
Zijin Real Estate	200,000,000	—	(200,000,000)	—	300,000,000	—	300,000,000
Gansu Yate	254,232,725	—	—	254,232,725	—	—	254,232,725
Huanmin Mining	306,000,000	—	—	306,000,000	—	—	306,000,000
Inner Mongolian Zijin Company Limited	100,000,000	—	—	100,000,000	—	—	100,000,000
Northeast Asia Zijin	600,000,000	—	—	600,000,000	—	—	600,000,000
Qinghai Zijin	100,000,000	—	—	100,000,000	350,066,992	—	450,066,992
Finance Company	475,000,000	—	—	475,000,000	—	—	475,000,000
Zijin Copper	404,340,000	200,000,000	—	604,340,000	1,218,307,343	—	1,822,647,343
Jinneng Mining	—	50,000,000	—	50,000,000	—	—	50,000,000
Xiangyu Logistics	13,000,000	—	—	13,000,000	—	—	13,000,000
Xiamen Marketing	—	—	—	—	20,000,000	—	20,000,000
Jinyi Copper	—	—	—	—	140,000,000	—	140,000,000
Ankang Zijin	—	—	—	—	68,800,000	—	68,800,000
	7,883,998,681	1,909,221,988	(988,150,718)	8,805,069,951	2,097,174,335	(97,813,770)	10,804,430,516

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(I) INVESTMENT IN SUBSIDIARIES (continued)

Movements of provision for impairment losses of long-term equity investments in subsidiaries

2011

	At 1 January 2011	Write-off due to disposal of subsidiaries	At 31 December 2011
Anhui Zijin	6,000,000	—	6,000,000
Gansu Yate	43,019,351	—	43,019,351
Longkou Jintai	187,483,979	—	187,483,979
Xinyi Zijin	243,900,000	—	243,900,000
Hunan Zijin	16,174,673	(16,174,673)	—
	496,578,003	(16,174,673)	480,403,330

2010

	At 1 January 2010	Additions	At 31 December 2010
Anhui Zijin	6,000,000	—	6,000,000
Gansu Yate	43,019,351	—	43,019,351
Longkou Jintai	160,890,619	26,593,360	187,483,979
Xinyi Zijin	—	243,900,000	243,900,000
Hunan Zijin	—	16,174,673	16,174,673
	209,909,970	286,668,033	496,578,003

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(ii) Other equity investments

	Sichuan Liwu Copper Company Limited	Nanjin China Net Communication Company Limited	Hunan Nonferrous Metals Company Limited*	Shanghai County Rural Credit Union	Total
31 December 2009	19,850,000	25,000,000	30,000,000	1,500,000	76,350,000
Proportion of equity interest in the investee	5.77%	8.62%	1.37%	5%	N/A
Current year additions	—	—	—	88,400,000	88,400,000
31 December 2010 and 31 December 2011	19,850,000	25,000,000	30,000,000	89,900,000	164,750,000
Proportion of equity interest in the investee	5.77%	8.62%	1.37%	10%	N/A

* Investment in a listed company.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(iii) Associates

2011

Name of entity	Proportion of equity interest	Investment cost	Changes for the year	Equity Changes			Provision for impairment losses			At 31 December 2011
				Cash dividends	Disposals	Accumulated changes	Additions	Disposals	Accumulated changes	
Longyan Makeng	31.50%	31,860,000	35,815,802	—	—	148,238,313	—	—	2,454,250	182,552,563
Tibet Yulong	22.00%	137,500,000	(19,289,848)	—	—	(55,490,897)	—	—	—	82,009,103
Songpan Zijin	34.00%	39,400,000	—	—	—	(150,215)	—	—	—	39,249,785
Zijin Tongguan Wancheng	45.00%	607,500,000	(34,381,511)	—	—	(92,445,404)	—	—	(23,760,561)	491,294,035
Commercial	10.00%	71,966,977	32,986,875	(34,001,930)	—	(41,332,470)	—	—	—	30,634,507
		888,226,977	15,131,318	(34,001,930)	—	(41,180,673)	—	—	(21,306,311)	825,739,993

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(iii) Associates (continued)

2010

Name of entity	Proportion of equity interest	Investment cost	Changes for the year	Equity Changes			Provision for impairment losses			At 31 December 2010
				Cash dividends	Disposals	Accumulated changes	Additions	Disposals	Accumulated changes	
Longyan Makeng	31.50%	31,860,000	23,490,211	(7,678,125)	—	112,422,511	—	—	2,454,250	146,736,761
Tibet Yulong	22.00%	137,500,000	(6,434,454)	—	—	(36,201,049)	—	—	—	101,298,951
Songpan Zijin	34.00%	39,400,000	—	—	—	(150,215)	—	—	—	39,249,785
Zijin Tongguan Wancheng	45.00%	607,500,000	(19,360,393)	—	—	(58,063,893)	(1,765,278)	—	(23,760,561)	525,675,546
Commercial	10.00%	71,966,977	23,591,511	(39,309,525)	—	(40,317,415)	—	—	—	31,649,562
		888,226,977	21,286,875	(46,987,650)	—	(22,310,061)	(1,765,278)	—	(21,306,311)	844,610,605

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO COMPANY'S FINANCIAL STATEMENTS (continued)

*5. FIXED ASSETS

2011

	Buildings	Mining assets	Power generating and transmission equipments	Plant, machinery and equipments	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
Cost								
At 1 January 2011	238,135,298	960,766,034	41,124,629	531,757,493	9,651,033	38,311,858	50,113,914	1,869,860,259
Additions	7,657,406	13,684,115	3,382,729	67,096,433	13,740	7,153,421	17,540,959	116,528,803
Transfers from construction in progress	87,585,468	72,843,982	—	112,124	—	—	—	160,541,574
Disposals	(4,502,894)	(38,574,353)	(332,157)	(41,655,723)	(366,923)	(912,999)	(3,871,224)	(90,216,273)
At 31 December 2011	328,875,278	1,008,719,778	44,175,201	557,310,327	9,297,850	44,552,280	63,783,649	2,056,714,363
Accumulated depreciation								
At 1 January 2011	35,504,658	610,809,842	15,920,431	251,313,073	8,061,894	20,595,201	21,944,409	964,149,508
Depreciation for the year	19,814,164	57,767,586	2,716,996	59,033,943	351,913	5,773,194	6,522,028	151,979,824
Disposals	(1,046,512)	(30,172,696)	(227,768)	(33,365,570)	(135,404)	(752,734)	(1,683,802)	(67,384,486)
At 31 December 2011	54,272,310	638,404,732	18,409,659	276,981,446	8,278,403	25,615,661	26,782,635	1,048,744,846
Impairment								
At 1 January and 31 December 2011	—	—	—	732,353	—	967	—	733,320
Net book value								
At 31 December 2011	274,602,968	370,315,046	25,765,542	279,596,528	1,019,447	18,935,652	37,001,014	1,007,236,197
At 1 January 2011	202,630,640	349,956,192	25,204,198	279,712,067	1,589,139	17,715,690	28,169,505	904,977,431

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO COMPANY'S FINANCIAL STATEMENTS (continued)

*5. FIXED ASSETS (continued)

2010

	Buildings	Mining assets	Power generating and transmission equipments	Plant, machinery and equipments	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
Cost								
At 1 January 2010	85,417,338	914,744,027	30,063,208	496,165,093	8,915,242	27,476,185	112,768,146	1,675,549,239
Additions	75,234,846	18,006,290	182,761	105,912,268	735,791	11,284,791	29,080,997	240,437,744
Transfers from construction in progress	77,483,114	110,332,569	10,878,660	3,387,757	—	—	—	202,082,100
Disposals	—	(82,316,852)	—	(73,707,625)	—	(449,118)	(91,735,229)	(248,208,824)
At 31 December 2010	238,135,298	960,766,034	41,124,629	531,757,493	9,651,033	38,311,858	50,113,914	1,869,860,259
Accumulated depreciation								
At 1 January 2010	25,823,537	589,712,038	14,000,732	205,470,853	7,770,745	16,312,545	30,426,049	889,516,499
Depreciation for the year	9,681,121	64,428,733	1,919,699	61,423,645	291,149	4,712,341	18,968,547	161,425,235
Disposals	—	(43,330,929)	—	(15,581,425)	—	(429,685)	(27,450,187)	(86,792,226)
At 31 December 2010	35,504,658	610,809,842	15,920,431	251,313,073	8,061,894	20,595,201	21,944,409	964,149,508
Impairment								
At 1 January and 31 December 2010	—	—	—	732,353	—	967	—	733,320
Net book value								
At 31 December 2010	202,630,640	349,956,192	25,204,198	279,712,067	1,589,139	17,715,690	28,169,505	904,977,431
At 1 January 2010	59,593,801	325,031,989	16,062,476	289,961,887	1,144,497	11,162,673	82,342,097	785,299,420

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*5. FIXED ASSETS (continued)

Fixed assets that are fully depreciated but still in use:

	2011		2010	
	Cost	Net book value	Cost	Net book value
Buildings	2,510,298	75,309	2,444,060	73,322
Mining assets	395,652,295	—	380,218,463	—
Power generating and transmission equipments	2,958,370	88,751	1,420,974	42,629
Plant, machinery and equipments	72,991,981	2,189,759	57,810,141	1,734,304
Leasehold improvements	7,283,548	218,506	7,283,548	218,506
Furniture and fixtures	15,815,156	474,455	394,292	11,829
Motor vehicles	10,117,174	303,515	5,405,913	162,177
Total	507,328,822	3,350,295	454,977,391	2,242,767

Fixed assets that are temporarily idle:

2011

	Plant, machinery and equipments	Total
At 31 December 2011		
Cost	749,498	749,498
Accumulated depreciation	(553,844)	(553,844)
Impairment	—	—
Net book value	195,654	195,654

2010

	Plant, machinery and equipments	Total
At 31 December 2010		
Cost	2,584,608	2,584,608
Accumulated depreciation	(1,913,006)	(1,913,006)
Impairment	—	—
Net book value	671,602	671,602

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*5. FIXED ASSETS (continued)

There were no fixed assets of the Company leased or leased out under finance leases.

There were no fixed assets of the Company leased out under operating leases (2010: Nil).

Fixed assets of which certificates of title have not been obtained as at 31 December 2011:

Items	Net book value	Reasons why certificates of title have not been obtained	Expected timing of obtaining certificates of title
Buildings	153,408,307	In the process of applying	2012
Mining assets	6,957,483	In the process of applying	2012
	160,365,790		

Fixed assets of which certificates of title have not been obtained as at 31 December 2010:

Items	Net book value	Reasons why certificates of title have not been obtained	Expected timing of obtaining certificates of title
Buildings	84,320,991	In the process of applying	2011
Mining assets	—	N/A	N/A
	84,320,991		

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*6. CONSTRUCTION IN PROGRESS

2011

	Budget	At 1 January 2011	Additions	Transferred to fixed assets	Other reductions	At 31 December 2011	Source of funds	Contribution in budget (%)	Process of construction (%)
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	859,834,041	687,650,325	(66,986,573)	(6,927,658)	1,473,570,135	Offering fund / Equity fund	106%	85%
Zijin headquarters infrastructure project	172,000,000	111,832,405	25,151,485	(90,046,644)	—	46,937,246	Equity fund	95%	85%
Others	2,180,000	3,471,897	1,872,130	(3,508,357)	(1,245,317)	590,353	Equity fund	N/A	N/A
	1,695,220,800	975,138,343	714,673,940	(160,541,574)	(8,172,975)	1,521,097,734			

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*6. CONSTRUCTION IN PROGRESS (continued)

2010

	Budget	At 1 January 2010	Additions	Transferred to fixed assets	Other reductions	At 31 December 2010	Source of funds	Contribution in budget (%)	Process of construction (%)
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	644,932,599	375,756,199	(160,854,757)	—	859,834,041	Offering fund / Equity fund	90%	61%
Zijin headquarters infrastructure project	172,000,000	117,746,691	34,862,252	(40,776,538)	—	111,832,405	Equity fund	89%	65%
Others	2,180,000	42,681,285	8,123,968	(450,805)	(46,882,551)	3,471,897	Equity fund	N/A	N/A
	1,695,220,800	805,360,575	418,742,419	(202,082,100)	(46,882,551)	975,138,343			

For the year ended 31 December 2011, there were no borrowing costs eligible for capitalisation (2010: Nil).

For the year ended 31 December 2010, there was no impairment of construction in progress (2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*7. INTANGIBLE ASSETS

2011

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2011	407,936,574	76,908,826	1,941,408	486,786,808
Additions	—	7,821,177	54,662	7,875,839
At 31 December 2011	407,936,574	84,730,003	1,996,070	494,662,647
Accumulated amortisation				
At 1 January 2011	105,530,695	6,459,253	481,284	112,471,232
Amortisation provided for the year	29,188,258	1,639,112	111,634	30,939,004
At 31 December 2011	134,718,953	8,098,365	592,918	143,410,236
Net book value				
At 31 December 2011	273,217,621	76,631,638	1,403,152	351,252,411
At 1 January 2011	302,405,879	70,449,573	1,460,124	374,315,576

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*7. INTANGIBLE ASSETS (continued)

2010

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2010	407,936,574	76,553,571	1,836,959	486,327,104
Additions	—	355,255	104,449	459,704
At 31 December 2010	407,936,574	76,908,826	1,941,408	486,786,808
Accumulated amortisation				
At 1 January 2010	76,175,445	4,713,115	391,198	81,279,758
Amortisation provided for the year	29,355,250	1,746,138	90,086	31,191,474
At 31 December 2010	105,530,695	6,459,253	481,284	112,471,232
Net book value				
At 31 December 2010	302,405,879	70,449,573	1,460,124	374,315,576
At 1 January 2010	331,761,129	71,840,456	1,445,761	405,047,346

Land use rights are situated in Mainland China and are held under medium-term leases.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

8. LONG-TERM DEFERRED ASSETS

	2011			2010		
	Land compensation costs (Note 1)	Others	Total	Land compensation costs (Note 1)	Others	Total
At 1 January	74,808,377	4,153,143	78,961,520	89,168,724	3,897,498	93,066,222
Additions	95,769	3,579,785	3,675,554	—	1,737,150	1,737,150
Amortisation	(13,290,794)	(1,805,993)	(15,096,787)	(14,360,347)	(1,351,505)	(15,711,852)
Other reductions	—	—	—	—	(130,000)	(130,000)
Impairment	—	—	—	—	—	—
At 31 December	61,613,352	5,926,935	67,540,287	74,808,377	4,153,143	78,961,520

Note 1: The land compensation costs relate to the compensation for the occupation of forest lands at mining sites. The amortisation period ranges from 5 to 50 years.

9. OTHER NON-CURRENT ASSETS

	2011			2010		
	Prepaid investment costs, prepayment for Exploration and evaluation costs and others (Note 1)	exploration and mining rights and others	Total	Prepaid investment costs, prepayment for Exploration and evaluation costs and others	exploration and mining rights and others	Total
At 1 January	28,742,535	1,233,842,244	1,262,584,779	21,767,900	862,249,789	884,017,689
Additions	21,218,589	36,166,022	57,384,611	6,990,991	396,646,131	403,637,122
Reductions	(3,236,495)	(201,629,764)	(204,866,259)	(16,356)	(25,053,676)	(25,070,032)
At 31 December	46,724,629	1,068,378,502	1,115,103,131	28,742,535	1,233,842,244	1,262,584,779
Impairment	—	—	—	—	—	—
Net book value at 31 December	46,724,629	1,068,378,502	1,115,103,131	28,742,535	1,233,842,244	1,262,584,779
Net book value at 1 January	28,742,535	1,233,842,244	1,262,584,779	21,767,900	862,249,789	884,017,689

Note 1: The Company's balances of prepaid investment costs, prepayment for exploration and mining rights and others mainly included: prepayment for land use rights of RMB15,190,090 (2010: RMB15,190,090); prepaid investment costs of RMB777,000,000 (2010: RMB777,000,000); prepayment for construction works and purchase of machinery and equipments of RMB34,166,021 (2010: RMB186,629,763); long-term receivables of RMB241,116,213 (2010: RMB255,016,213).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

10. ASSETS WITH RESTRICTIONS ON TITLE

Assets that are collateralised and pledged:

2011

	At 1 January	Additions	At 31 December		Note
	2011		Reductions	2011	
Cash and cash equivalents	—	362,000,000	—	362,000,000	Note 1

Note 1: As at 31 December 2011, a bank loan of RMB360,268,384 from Bank of China Longyan branch was secured by a time deposit of RMB360,268,384 by the Company.

There were no pledged or collateralised assets in 2010.

*11. PROVISION FOR IMPAIRMENT OF ASSETS

2011

	At 1 January	Additions	Reductions		At 31 December
	2011		Reversal	Write-off	2011
	Carrying amount				Carrying amount
Bad debt provision	5,576,187	861,433	(41)	—	6,437,579
<i>Including:</i>					
Trade receivables	88,513	—	—	—	88,513
Other receivables	5,487,674	861,433	(41)	—	6,349,066
Inventory provision	60,551	540,414	—	—	600,965
Impairment of long-term equity investments	496,578,003	—	—	(16,174,673)	480,403,330
Impairment of fixed assets	733,320	—	—	—	733,320
	502,948,061	1,401,847	(41)	(16,174,673)	488,175,194

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*11. PROVISION FOR IMPAIRMENT OF ASSETS (continued)

2010

	At 1 January 2010		Reductions		At 31 December 2010
	Carrying amount	Additions	Reversal	Write-off	Carrying amount
Provision for impairment	5,511,044	65,143	—	—	5,576,187
<i>Including:</i>					
<i>Trade receivables</i>	88,513	—	—	—	88,513
<i>Other receivables</i>	5,422,531	65,143	—	—	5,487,674
Inventory provision	60,551	—	—	—	60,551
Impairment of long-term equity investments	209,909,970	286,668,033	—	—	496,578,003
Impairment of fixed assets	733,320	—	—	—	733,320
	216,214,885	286,733,176	—	—	502,948,061

12. TRADE PAYABLES

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

	2011	2010
Within 1 year	154,968,657	211,675,512
Over 1 year but within 2 years	8,936,013	3,679,902
Over 2 years but within 3 years	1,298,078	468,737
Over 3 years	5,198,915	4,778,592
	170,401,663	220,602,743

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

As at 31 December 2011, the balance of the trade payables of the Company comprised of payables due to subsidiaries amounted to RMB79,793,770 (as at 31 December 2010: RMB89,494,222), and payables due to other related parties amounted to RMB6,464,326 (as at 31 December 2010: RMB25,215,350).

As at 31 December 2011 and 2010, there were no trade payables denominated in foreign currencies.

As at December 2011, there is no significant balance of trade payables aged more than one year (31 December 2010: Nil).

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

*13. LONG-TERM PAYABLES

	2011	2010
Payables for acquisition of mining rights	19,831,534	19,831,534
Entrusted investment	85,671,063	149,871,063
Deposit for Restoration and Improvement of Ecological Environment in Mines	68,320,794	68,320,794
Subtotal	173,823,391	238,023,391
Including: Long-term payables due within one year	(43,212,700)	(111,978,763)
	130,610,691	126,044,628

As at 31 December 2011, details of long-term payables are as follows:

Creditors	Period	Initial amount	Annual interest rate (%)	At 31 December 2011	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note V.33 note1)	Long-term	36,429,600	—	68,320,794	Unsecured and non-guaranteed
Shanghang Finance Bureau (Note V.33 note 2)	10years	56,109,000	—	8,398,834	Unsecured and non-guaranteed
Committee of Jinmei Village (Note V.33 note 3)	10years	22,146,063	10	32,146,063	Unsecured and non-guaranteed
Shanghang Country Caixitongkang Village (Note V.33 note 4)	25years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Committee of Shanghang County Jiuxianxiangshizhen Village	5years	—	10	3,000,000	Unsecured and non-guaranteed
		133,429,663		130,610,691	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

*13. LONG-TERM PAYABLES *(continued)*

As at 31 December 2010, details of long-term payables are as follows:

Creditors	Period	Initial amount	Annual interest rate (%)	At 31 December 2010	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note V.33 note1)	Long-term	36,429,600	—	68,320,794	Unsecured and non-guaranteed
Shanghai Finance Bureau (Note V.33 note2)	10years	56,109,000	—	13,998,834	Unsecured and non-guaranteed
Shanghai County Caixitongkang Village (Note V.33 note4)	25years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Shanghai Charity Federation	Long-term	19,600,000	10	24,980,000	Unsecured and non-guaranteed
		130,883,600		126,044,628	

Maturity analysis of long-term borrowing is as below:

	2011	2010
Within 1 year or payable on demand	43,212,700	111,978,763
Over 1 year but within 2 years	10,000,000	—
Over 2 year but within 5 years	96,299,264	38,978,834
Over 5 years	24,311,427	87,065,794
Total	173,823,391	238,023,391

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

14. REVENUE AND COST OF SALES

An analysis of revenue:

	2011	2010
Revenue from principal operations	11,363,883,662	6,003,032,868
Revenue from other operations	175,292,579	202,078,172
	11,539,176,241	6,205,111,040

An analysis for cost of sales:

	2011	2010
Cost of principal operations	6,788,665,583	2,119,287,418
Cost of other operations	154,090,585	134,800,759
	6,942,756,168	2,254,088,177

An analysis of revenue from principal operations and cost of principal operations by products:

	2011		2010	
	Revenue from principal operations	Cost of principal operations	Revenue from principal operations	Cost of principal operations
Gold bullion	5,473,132,946	1,121,378,321	4,489,223,171	937,215,629
Trading gold	5,339,729,803	5,344,102,870	791,045,797	787,567,270
Copper cathodes	70,655,722	85,751,863	710,819,354	394,488,445
Copper concentrates	360,814,285	147,878,123	—	—
Others	119,550,906	89,554,406	11,944,546	16,074
	11,363,883,662	6,788,665,583	6,003,032,868	2,119,287,418

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

14. REVENUE AND COST OF SALES (continued)

Revenue of the top five customers of the Company in 2011

	2011	Proportion of revenue (%)
Shanghai Gold Exchange #	10,405,785,465	90.18
Meizhou Jincheng Industrial and Trading Company Limited	416,191,105	3.61
Shanghai Futures Exchange #	185,492,637	1.61
Xiamen Marketing	95,907,404	0.83
Jinyi Copper	70,655,722	0.61
	11,174,032,333	96.84

Revenue of the top five customers of the Company in 2010:

	2010	Proportion of revenue (%)
Shanghai Gold Exchange #	4,370,875,550	80.75
Meizhou Jincheng Industrial and Trading Company Limited	261,493,502	4.83
Jinyi Copper	191,906,760	3.55
Fujian Shanghang Taiyang Copper Company Limited	172,762,051	3.19
Xiamen Zijin	37,764,974	0.70
	5,034,802,837	93.02

The ultimate customers are unknown.

15. FINANCIAL EXPENSES

	2011	2010
Interest expenses:	169,493,548	98,136,852
*Including: Bank loans	169,493,548	98,136,852
Less: Interest income	172,241,573	50,629,038
Exchange (gains)/losses	(9,779,715)	(13,445,213)
Bank charges	51,443,937	1,707,129
Others	61	376
	38,916,258	35,770,106

The Company's interest expenses were all arising from short-term borrowings.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

16. ASSETS IMPAIRMENT LOSSES

	2011	2010
Bad debt provision for trade and other receivables	861,392	65,143
Inventory provision	540,414	—
Impairment provision for long-term equity investments	—	286,668,033
	1,401,806	286,733,176

17. INVESTMENT INCOME

	2011	2010
Gains/(losses) on disposal of held-for-trading financial assets (Note1)	11,317,864	(36,840,782)
Investment income from long-term equity investments under the cost method	1,334,482,960	1,083,158,587
Investment income from long-term equity investments under the equity method	15,131,318	21,286,875
Gains on disposal of subsidiaries	22,108,072	—
	1,383,040,214	1,067,604,680

* The investment income from listed investments and unlisted investments in 2011 are RMB1,898,746 and RMB1,381,141,468, respectively. (2010: RMB12,546,962 and RMB1,055,057,718, respectively).

Note1: During the year 2011, investment income resulting from disposal of held-for-trading financial assets includes gains of RMB9,419,118 on settlement of forward contracts (2010: losses of RMB49,387,742).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

17. INVESTMENT INCOME *(continued)*

Investees with top five investment income from long-term equity investments under the cost method are as follows:

Investees	2011	2010	Reasons for variance with last period
Qinghai West	600,000,000	350,000,000	Increase in dividends distribution of the Investee for the year
Xinjiang Ashele	357,000,000	255,000,000	Increase in dividends distribution of the Investee for the year
Chongli Zijin	108,774,369	35,428,102	Increase in dividends distribution of the Investee for the year
Luoyang Yinhui	91,000,000	35,000,000	Increase in dividends distribution of the Investee for the year
Guizhou Zijin	51,000,000	51,000,000	No change
Total	1,207,774,369	726,428,102	

Investees with top five investment income from long-term equity investments under the equity method are as follows:

Investees	2011	2010	Reasons for variance with last period
Longyan Makeng	35,815,802	23,490,211	Change in the net profit of the investee
Wancheng Commercial	32,986,875	23,591,511	Change in the net profit of the investee
Total	68,802,677	47,081,722	

Since there is no difference of accounting policies and period adopted between the investees and the Company, investment income/loss was recognised based on the carrying amount of net profit/loss of the investees.

As at 31 Decemeber 2011, there are no material restrictions on the transfer of the investment income back to the Group.

Notes to Financial Statements (continued)

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

18. SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOWS

(1) Supplementary information to the statements of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2011	2010
Net profit	4,134,959,628	3,092,511,783
Add: Provision for impairment losses of assets	1,401,806	286,733,176
Depreciation of fixed assets	151,979,824	161,414,721
Amortisation of intangible assets	30,939,004	31,191,473
Amortisation of long-term deferred assets	15,096,787	15,711,852
Losses on disposal of fixed assets intangible assets and other long-term assets	7,575,551	16,187,833
Losses on changes in the fair value	991,265	7,377,271
Financial expenses	220,937,546	47,507,813
Investment income	(1,373,621,096)	(1,116,992,422)
Government grants	(10,326,172)	(8,995,546)
Decrease /(increase) in the inventories	(86,927,675)	52,210,398
Increase in deferred tax assets	(45,541,900)	(97,847,143)
Increase in receivables from operating activities	(189,171,121)	(270,925,102)
Increase in payables from operating activities	72,230,387	361,116,999
Decrease in special reserve	(500,003)	(155,157)
Exchange (gains)/losses	(9,779,715)	(13,445,209)
Net cash flows from operating activities	2,920,244,116	2,563,602,740

(2) Cash and cash equivalents

	2011	2010
Cash	2,690,890,484	1,636,013,185
Including: cash on hand	253,884	364,539
cash at banks that can be drawn on demand	2,690,636,600	1,635,648,646
Closing balance of cash and cash equivalents	2,690,890,484	1,636,013,185

Notes to Financial Statements *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

19. COMMITMENTS

		2011	2010
Capital commitments			
Contracted, but not provided	Note 1	301,074,270	351,898,000
Investment commitments			
Contracted, but not provided	Note IV 43 and Note VIII 4	83,538,000	29,988,000
Authorised, but not contracted for	Note 2	99,000,000	—
		182,538,000	29,988,000

Note 1: As at 31 December 2011, the capital commitments related to the acquisition and construction of property, plant, machinery and equipments, and mining assets was RMB301,074,270 (2010: RMB351,898,000).

Note 2: Pursuant to at Extraordinary Resolution at the shareholders' meeting dated 12 December 2011, the Company decided to acquire a further 15% equity interest in Gansu Yate from Jinhui Alcohol at a consideration of RMB99,000,000. After acquisition, equity interest in Gansu Yate held by the Company increased from 60% to 75%. As at 31 December 2011, the acquisition fund has not yet been provided.

Supplementary Information

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

I. SUMMARY OF NON-RECURRING PROFIT OR LOSS

Items	2011
Net profit attributable to owners of the parent	5,712,569,100
Add/(less): Non-recurring profit or loss items attributable to owners of the parent company	
Gains on disposal of non-current assets	40,516,191
Government grants recognised in income statement	(90,944,316)
Losses on changes in the fair value from held-for-trading financial assets and financial liabilities, and net investment gains on disposal of held-for-trading financial assets and liabilities and available-for-sale investment except for effective portion of normal transactions qualified for hedge accounting (Note 1)	(231,305,017)
Interest income from convertible bonds issued by Glencore Finance	(31,504,500)
Other non-operating income and expenses other than aforesaid items (Note 2)	382,223,513
	5,781,554,971
Impact on income tax	(58,348,013)
	5,723,206,958
Impact on the non-controlling interest (after tax)	(2,596,232)
	5,720,610,726

The non-recurring profit or loss of the Group was recognised under the China Securities Regulatory Commission ("CSRC") Announcement [2008] No.43, Explanatory Announcement No.1 on Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities. The forward contract transactions of the Group are related to the ordinary operating activities, of which the objects are the mineral products or similar mineral products of the Group, aimed at reducing the risk of significant profitability fluctuation from ordinary operations in accordance with the price fluctuation. The transactions of forward contracts are frequent and the Group has and will continue to engage in such forward contracts in the foreseeable future. For the above-mentioned reasons, the forward contracts are not classified as non-recurring profit or loss.

Notes to significant non-recurring profit or loss:

Note 1 Including the losses on changes in the fair value of trading stock, funds and bonds amounted to RMB67,715,857, losses on disposal of stock amounted to RMB2,244,987 and gains on disposal of convertible bonds issued by Glencore Finance amounted to RMB301,265,861.

Note 2 Including the initial charity fund of RMB200,000,000 for Zijin Mining Charity Fund and donations of RMB28,291,466 to Shanghang Federation.

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

I. SUMMARY OF NON-RECURRING PROFIT OR LOSS *(continued)*

The non-recurring profit or loss included in non-operating income and non-operating expenses is as follows:

	2011
Non-recurring profit or loss included in non-operating income	
Gains on disposal of non-current assets	1,326,615
<i>Including: gains on disposal of fixed assets</i>	<i>992,615</i>
<i>gains on disposal of intangible assets</i>	<i>334,000</i>
Government grants	90,944,316
Penalty income	3,147,793
Gains on physical inventories	362,521
Others	38,791,234
Non-recurring profit or losses included in non-operating expenses	
Losses on disposal of non-current assets	41,842,806
<i>Including: losses on disposal of fixed assets</i>	<i>40,337,422</i>
Donations	274,749,828
Penalties	20,116,731
Losses on natural disasters	630,913
Inventory losses	3,776,809
Others	125,250,780

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

2011

Items		Weighted average return on net assets (%)		Basic earnings per share (EPS)#
		Fully diluted	Weighted average	
Net profit attributable to owners of the parent	5,712,569,100	22.84	24.52	0.26
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	5,720,610,726	22.87	24.55	0.26

2010

Items		Weighted average return on net assets (%)		Basic EPS # (Note 1)
		Fully diluted	Weighted average	
Net profit attributable to owners of the parent	4,827,916,726	22.11	24.60	0.22
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	5,135,538,469	23.52	26.17	0.24

Net assets attributable to ordinary shareholders of the Company

	2011	2010
Net assets at 31 December attributable to ordinary shareholders of the Company	25,008,610,933	21,831,570,548
Weighted average net assets attributable to ordinary shareholders of the Company	23,298,913,166	19,624,011,414

The above-mentioned return on net assets and earnings per share were calculated according to the Announcement of CSRC: Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities NO.9 (revision 2010)

There were no potential dilutive ordinary shares for the year ended 31 December 2011 (2010: Nil).

Note1: After the capital reserve transferred to issued capital in the current year, the earnings per share for the year were recalculated on the basis of the adjusted numbers of shares.

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS

1. Cash and cash equivalents

As compared with the balance as at 31 December 2010, cash and cash equivalents of the Group as at 31 December 2011 increased by RMB1,528,800 thousand (approximately 33%), which was mainly attributable to the increase of sales, issue of bonds and cash outflow used in investing activities.

2. Held-for-trading financial assets

As compared with the balance as at 31 December 2010, held-for-trading financial assets of the Group as at 31 December 2011 decreased by RMB124,355 thousand (approximately 32%), which was mainly attributable to the disposal of convertible bonds issued by Glencore Finance.

3. Bills receivable

As compared with the balance as at 31 December 2010, bills receivable of the Group as at 31 December 2011 increased by RMB248,072 thousand (approximately 76%), which was mainly attributable to the increase in sales with bank acceptance settlement.

4. Trade receivables

As compared with the balance as at 31 December 2010, trade receivables of the Group as at 31 December 2011 decreased by RMB179,981 thousand (approximately 27%), which was mainly attributable to the increase in sales with bank acceptance settlement.

5. Prepayments

As compared with the balance as at 31 December 2010, prepayments of the Group as at 31 December 2011 increased by RMB1,059,625 thousand (approximately 168%), which was mainly attributable to the increase in prepayment of materials and land compensation costs generated from real estate development.

6. Other receivables

As compared with the balance as at 31 December 2010, other receivables of the Group as at 31 December 2011 increased by RMB195,291 thousand (approximately 25%), which was mainly because the Group cancelled the plan of share acquisition, for which the relevant prepayment was reclassified as other receivables.

7. Inventories

As compared with the balance as at 31 December 2010, inventories of the Group as at 31 December 2011 increased by RMB3,677,615 thousand (approximately 106%), which was mainly attributable to the enlargement of production capacity in certain subsidiaries.

8. Other current assets

As compared with the balance as at 31 December 2010, other current assets of the Group as at 31 December 2011 increased by RMB466,244 thousand (approximately 393%), which was mainly attributable to the increase in tax recoverable.

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

9. Available-for-sale investments

As compared with the balance as at 31 December 2010, available-for-sale investments of the Group as at 31 December 2011 decreased by RMB1,120,961 thousand (approximately 54%), which was mainly attributable to the disposal of convertible bonds issued by Glencore Finance.

10. Long-term equity investments

As compared with the balance as at 31 December 2010, long-term equity investments of the Group as at 31 December 2011 increased by RMB530,129 thousand (approximately 20%), which was mainly attributable to the new investment in associates and jointly-controlled entities.

11. Fixed assets

As compared with the balance as at 31 December 2010, fixed assets of the Group as at 31 December 2011 increased by RMB1,700,753 thousand (approximately 20%), which was mainly attributable to the addition of fixed assets owing to the expansion of production, especially buildings, mining assets, machinery and equipments.

12. Construction in progress

As compared with the balance as at 31 December 2010, construction in progress of the Group as at 31 December 2011 increased by RMB3,899,139 thousand (approximately 97%), which was mainly attributable to the increase in construction projects owing to the expansion of production.

13. Intangible assets

As compared with the balance as at 31 December 2010, intangible assets of the Group as at 31 December 2011 increased by RMB1,845,275 thousand (approximately 35%), which was mainly attributable to the additions of exploration and mining rights obtained through acquisition of subsidiaries.

14. Long-term deferred assets

As compared with the balance as at 31 December 2010, long-term deferred assets of the Group as at 31 December 2011 had no significant change.

15. Deferred tax assets

As compared with the balance as at 31 December 2010, deferred tax assets of the Group as at 31 December 2011 increased by RMB240,388 thousand (approximately 124%), which was mainly attributable to the deferred tax assets generated from the unrealised profit of intra-group transactions and losses on changes in fair value of available-for-sale investments.

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

16. Other non-current assets

As compared with the balance as at 31 December 2010, other non-current assets of the Group as at 31 December 2011 decreased by RMB238,759 thousand (approximately 7%), mainly because some construction in progress of several subsidiaries was near completion, leading to the decrease in prepayment for fixed assets.

17. Short-term borrowings

As compared with the balance as at 31 December 2010, short-term borrowings of the Group as at 31 December 2011 decreased by RMB681,059 thousand (approximately 15%), which was mainly because the Group additionally financed through issuing long-term bonds and developing the gold leasing business to meet fund requirements.

18. Held-for-trading financial liabilities

As compared with the balance as at 31 December 2010, held-for-trading financial liabilities of the Group as at 31 December 2011 increased by RMB4,003,326 thousand (approximately 1,724 times), which was mainly attributable to the development of the gold leasing business.

19. Trade payables

As compared with the balance as at 31 December 2010, trade payables of the Group as at 31 December 2011 increased by RMB2,207,323 thousand (approximately 215%), which was mainly attributable to the increase in purchases of raw material since certain subsidiaries started operation.

20. Advances from customers

As compared with the balance as at 31 December 2010, advances from customers of the Group as at 31 December 2011 increased by RMB582,645 thousand (approximately 135%), which was mainly attributable to the growth in sales.

21. Taxes payable

As compared with the balance as at 31 December 2010, taxes payable of the Group as at 31 December 2011 increased by RMB679,031 thousand (approximately 66%), which was mainly attributable to the growth in sales and net profit, leading to the increase in income tax.

22. Other payables

As compared with the balance as at 31 December 2010, other payables of the Group as at 31 December 2011 increased by RMB339,208 thousand (approximately 20%), which was mainly attributable to the increase in purchases of machinery equipments and construction projects owing to the expansion of production.

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

23. Long-term borrowings and current portion of non-current liabilities

As compared with the balance as at 31 December 2010, long-term borrowings and current portion of non-current liabilities of the Group as at 31 December 2011 decreased by RMB378,366 thousand (approximately 13%), which was mainly because the Group fulfilled the demand of financing for expansion of production by issuing long-term bonds.

24. Bonds payable

As compared with the balance as at 31 December 2010, bonds payable of the Group as at 31 December 2011 increased by RMB2,987,515 thousand, which was mainly attributable to the issuing of long-term bonds .

25. Revenue

As compared with the balance of 2010, revenue of the Group of 2011 as at 31 December 2011 increased by RMB11,224,337 thousand (approximately 39%), due to the facts including the rising gold price, growth in sales of gold bullion and gold trading; at the same time, the completion of expansion project lead to the improvement of production capacity, resulting in growth in sales of copper concentrates, copper pipes and iron concentrates, etc..

26. Administrative expenses

As compared with the balance of 2010, administrative expenses of the Group of 2011 increased by RMB247,296 thousand (approximately 18%), mainly because the Group offered higher pay for reducing the turnover rate of the employees; in addition, due to the expansion in production, depreciation and amortisation increased and contributed to an increase in administrative expenses.

27. Financial expenses

As compared with the balance of 2010, financial expenses of the Group of 2011 increased by RMB305,620 thousand (approximately 160%), mainly due to the issuing of long-term bonds.

28. Gains/(losses) on changes in the fair value

The losses on changes in the fair value in current year were RMB57,131 thousand (2010: gains of RMB107,325 thousand), mainly attributable to the losses on changes in the fair value of stock.

Supplementary Information *(continued)*

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

29. Investment income

As compared with the balance of 2010, investment income of the Group of 2011 increased by RMB354,146 thousand (approximately 171%), mainly attributable to the disposal of convertible bonds issued by Glencore Finance and income generated from investment in associates and jointly-controlled entities.

30. Non-operating expenses

As compared with the balance of 2010, non-operating expenses of the Group of 2011 decreased by RMB268,937 thousand (approximately 37%), mainly attributable to the decrease in donations, disposal of non-current assets and decrease of penalties.

31. Income tax expenses

As compared with the balance of 2010, income tax expenses of the the Group of 2011 increased by RMB789,953 thousand (approximately 50%), mainly because part of the tax concession expired in 2010, contributing to the increase in income tax expense.



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