



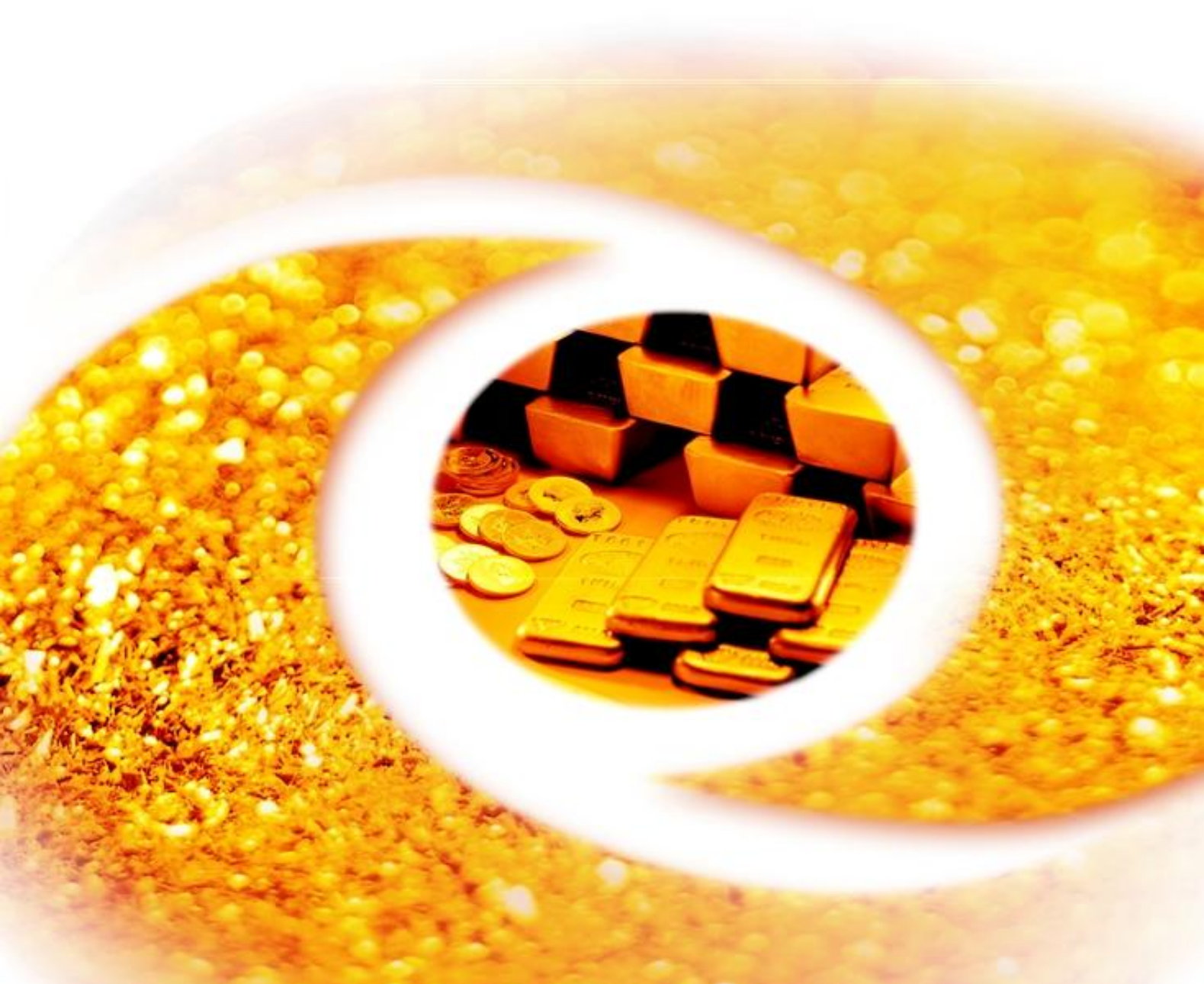
紫金礦業集團股份有限公司

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)



Summary Review

2009

 年報
Annual Report

*For identification purpose only
*僅供識別



In this Summary Review

Corporate Information

Company's brief introduction see page 2

Financial Highlights

A snapshot of year 2009's results and five-year financial summary see page 4

Chairman's Statement

An overview of year 2009 by Chairman Chen Jinghe see page 6

GENERAL

Zijin Mining Group Company Limited (the “Company”) (formerly 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. 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. As at 31 December 2009, the Company has a total of 14,541,309,100 ordinary shares (Nominal value of RMB0.1 each) of which 4,005,440,000 shares (H-shares) listed on Hong Kong Stock Exchange, representing about 27.55% of the total issued shares, and 6,324,966,980 shares (A-shares) listed on Shanghai Stock Exchange, representing about 43.50% of the total issued shares. The total listed shares in these two stock exchanges represented about 71.05% of the total issued shares of the Company.

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 75.37 tonnes of gold (including 30.65 tonnes of mine-produced gold) in year 2009. All major economic-efficiency indicators show that the Company is the most efficient operator in the industry in the PRC. The Group is the second large mine-produced copper producer (by volume) and the sixth large mine-produced zinc producer (by volume) in the industry.

At the end of 2009, the Group has recorded the following resources reserve (approved): 714.652 tonnes of gold, an increase of 1.88%; 1,855.21 tonnes of silver, an increase of 9.1%; 10.6286 million tonnes of copper, an increase of 10.22%; 392,500 tonnes of molybdenum, an increase of 0.46%; 5.23 million tonnes of lead and zinc; 173,400 tonnes of tungsten(W_2O_3), an increase of 70.17%; 185.6 million tonnes of iron ore, an increase of 10.54%; 459.2 million tonnes of coal, an increase of 52.61%; 99,290 tonnes of tin; 607,100 tonnes of nickel; 66.73 million tonnes of sulfur iron (standard ore). The Group achieved the target that the increase in reserve in main minerals was larger than the consumption.

In 2009, the Company obtained new resources reserve of (partially not yet approved): 31.84 tonnes of gold, 687,700 tonnes of copper, 71,500 tonnes of tungsten(W_2O_3), 123.53 tonnes of silver, 49,600 tonnes of molybdenum, and 11.1 million tonnes of iron ore.

The Group owns 244 exploration rights with a total area of 5,880.90 square km; 45 mining rights with a total area of 125.0116 square km.

Corporate Information

EXECUTIVE DIRECTORS

Chen Jinghe (*Chairman, President*)
(*from 1 January 2009 to 4 November 2009*) Luo
Yingnan (*President (from 5 November 2009)*) Liu
Xiaochu
Lan Fusheng
Huang Xiaodong
Zou Laichang

NON-EXECUTIVE DIRECTOR

Peng Jiaqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Su Congfu
Chen Yuchuan
Lin Yongjing
Wang Xiaojun (*Appointed on 5 November 2009*)
Loong Ping Kwan (*Resigned on 4 November 2009*)

SUPERVISORS

Lin Shuiqing (*Appointed on 5 November 2009*) Xu
Qiang
Lin Xinxi (*Appointed on 5 November 2009*)
Zhang Yumin
Liu Xianhua (*Appointed on 26 October 2009*)
Zheng Jingxing (*Resigned on 17 June 2009*)
Lin Jingtian (*Resigned on 4 November 2009*)
Lan Liying (*Resigned on 4 November 2009*)

COMPANY SECRETARY

Fan Cheung Man

AUDIT COMMITTEE

Lin Yongjing
Su Congfu
Chen Yuchuan
Wang Xiaojun
Peng Jiaqing
Liu Xiaochu

AUTHORISED REPRESENTATIVE

Chen Jinghe
Liu Xiaochu

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1601, 16/F.,
Sino Plaza,
255-257 Gloucester Road,
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)
Charltons

AUDITORS

International Auditors:
Ernst & Young

PRC Auditors:
Ernst & Young Hua Ming

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

WEBSITE

www.zjky.cn

STOCK CODE

2899

Financial Highlights

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

FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

	For the year ended 31 December				
	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	20,215,111	16,322,275	14,871,268	10,678,810	3,036,215
Cost of sales	(13,642,427)	(10,329,182)	(9,295,361)	(6,718,899)	(1,563,439)
Gross profit	6,572,684	5,993,093	5,575,907	3,959,911	1,472,776
Other income and gains	608,982	522,199	238,991	193,226	27,811
Selling and distribution costs	(376,971)	(316,948)	(255,000)	(143,074)	(66,058)
Administrative expenses	(717,709)	(826,891)	(607,360)	(417,505)	(244,885)
Other expenses	(968,942)	(630,942)	(318,248)	(673,169)	(68,488)
Finance costs	(168,425)	(247,326)	(292,683)	(114,975)	(18,437)
Share of profits of:					
Associates	79,050	11,370	72,371	64,923	31,173
Jointly-controlled entities	16,654	28,502	18,225	—	—
Profit before tax	5,045,323	4,533,057	4,432,203	2,869,337	1,133,892
Income tax	(968,254)	(639,031)	(912,448)	(510,821)	(263,829)
Profit for the year	4,077,069	3,894,026	3,519,755	2,358,516	870,063
Attributable to:					
Owners of the parent	3,552,347	3,066,201	2,552,007	1,704,514	703,637
Minority interests	524,722	827,825	967,748	654,002	166,426
	4,077,069	3,894,026	3,519,755	2,358,516	870,063

Financial Highlights

For the year ended 31 December

	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 RMB'000	2005 RMB'000
Assets and liabilities					
Total assets	29,646,137	26,217,549	16,799,160	11,349,397	5,475,378
Total liabilities	8,032,671	7,038,424	9,680,547	6,295,925	2,296,734
Minority interests	3,443,285	3,044,737	1,781,587	1,401,444	807,728
Equity holders of the parent	18,170,181	16,134,388	5,337,026	3,652,028	2,370,916

LIQUIDITY

	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 RMB'000	2005 RMB'000
Cash and cash equivalents	2,999,054	2,719,868	2,158,477	1,939,408	1,029,836
Current ratio (%)	125	142	66	105	112.12
Trade receivables turnover (days)	6.68	6.89	5.83	4.45	4.18

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 2009 as follows:

In 2009, the Group achieved a sales income (turnover) of RMB20,215,111,000, representing an increase of 23.85% over the previous year, and achieved a net profit after tax (net profit attributable to shareholders of the parent) of RMB3,552,347,000, representing an increase of 15.85% over the previous year. Earnings per share (basic) was RMB0.24, representing an increase of 9.09% 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 RMB3,552,347,000 (2008: RMB3,066,201,000) and the weighted average number of 14,541,309,100 ordinary shares (2008: 14,074,642,433 shares) in issue during the year.)

MARKET OVERVIEW

In the reporting period, under the shadow of global financial crisis, governments of various countries have carried out mass economic stimulation policies. The Chinese government adopted "guarantee the growth, guarantee the livelihood of the people, and guarantee the stability" policy. The national economy recorded a remarkable progress and realized a "V" shape bounce back in the economy. Precious metals such as gold, kept swinging in the high trend, and the non-ferrous metals quickly reversed the falling trend in its growth rate.

In the reporting period, the demand for the risk resistance due to the global crisis widened the fluctuation of gold price. Gold became a better risk-resistance investment tool in 2009. In 2009, gold price sharply increased from the lowest of US\$801.5 per ounce in January to the record highest of US\$1,226.60 per ounce in early December. At the end of 2009, international gold price closed at approximately US\$1,096 per ounce (2008: US\$881 per ounce). The average gold selling price of the Company was RMB212.06 per gram (approximately US\$965.97 per ounce), representing an increase of 9.41% when compared with the same period last year (2008: RMB193.82 per gram). (as at 31 December 2009, the middle exchange rate: US\$1 = RMB6.8282)

In reporting period, leading by the PRC factors, the copper market started to recover first, the copper price almost showed an unilateral increase. The lowest price US\$3,035 per tonne was recorded at the 1st day of 2009 and the highest price US\$7,425 per tonne was recorded on the last day of the year. In 2009, the average copper cathodes selling price of the Company was RMB35,672 per tonne, representing a decrease of 22.11% when compared with same period last year (2008: RMB45,799/tonne).

In the reporting period, the national and international price of zinc recognized a "V" shape bounce back, the zinc price on the LME maintained at the high trend, recorded an increase of 150%. The LME 3-month forward price of zinc stayed at highest of US\$2,615 per tonne by the year end and it was the highest price of the year. Its lowest price was US\$1,067 per tonne (the closing price of LME in 2008 was US\$1,177.6 per tonne), and its average price of zinc was US\$1,680 per tonne. In 2009, the average zinc bullion selling price of the Company was RMB11,913.53 per tonne, representing a decrease of 10.54% when compared with same period last year (2008: RMB13,317.08 per tonne).

Chairman's Statement

INDUSTRIAL POSITION

According to the statistics of the China Gold Association, the 2009 national gold production in the PRC amounted to 313.98 tonnes in which 261.051 tonnes was mine-produced gold. In 2009, the Group produced 75.37 tonnes of gold, of which, 30.65 tonnes was mine-produced gold, representing approximately 11.74% of mine-produced gold in the PRC. Gold enterprises in the PRC recorded a profit of RMB13.9589 billion (included non-gold profit) and the Group recorded a profit of RMB5.018 billion, representing 35.95% of the profit (included non-gold profit) generated by gold enterprises in the PRC.

The Group is the second large mine-produced copper producer (by volume) and the sixth large mine-produced zinc producer (by volume) in the industry.

BUSINESS OVERVIEW

In 2009, the Group achieved a sales income of approximately RMB20.215 billion, representing a growth of 23.85% when compared with same period last year (2008: RMB16.322 billion); and achieved net profit attributable to equity holders of the parent of approximately RMB3.552 billion, representing a growth of 15.85% when compared with same period last year (2008: RMB3.066 billion). As at the end of 2009, the total assets of the Group amounted to approximately RMB29.646 billion, representing a growth of 13.08% when compared with same period last year (2008: RMB26.218 billion); and the net assets attributable to equity holders of the parent amounted to RMB18.17 billion, representing a growth of 12.62% when compared with same period last year (2008: RMB16.134 billion).

I. Production and Operation

1. GOLD MINE BUSINESS

In the reporting period, the Group produced a total of 75,372.67kg (2,423,286 ounces) of gold, representing an increase of 31.50% when compared with same period last year (2008: 57,318.05kg).

The Group produced 30,652.59kg (985,503 ounces) of mine-produced gold, representing an increase of 7.63% when compared with same period last year (2008: 28,478.84kg); in which 18,001.53kg (578,762.20 ounces) was produced from Zijinshan Gold Mine; 2,300.34kg (73,957.59 ounces) was produced from Hunchun Shuguang Gold and Copper Mine; 2,689.38kg (86,465.51 ounces) was produced from Guizhou Shuiyindong Gold Mine; 7,661.34kg (246,317.62 ounces) was produced from other gold mines.

The Group produced 44,720.08kg (1,437,783 ounces) of refinery gold, representing a growth of 55.07% over last year (2008: 28,839.21kg), of which, Henan Luoyang Zijin Yinhui Gold Refinery Company Limited produced 40,584kg (1,304,804.93 ounces) of refinery gold, Fujian Jinshan Gold Refinery Plant produced 1,933.41kg (62,160.53 ounces), and other entities in the Group produced 2,202.67kg (70,817.43 ounces) of refinery gold.

Sales income from the gold business of the Group represented about 73.23% (after elimination) of the total annual sales income, and the net profit of the gold business represented about 73.57% of the total net profit attributable to equity holders of the parent.

(1 troy ounce = 31.1035g)

2. COPPER MINE BUSINESS

In the reporting period, the Group produced a total of 84,826.34 tonnes copper, representing an increase of 38.13% over last year (2008: 61,408.58 tonnes), in which 12,840.80 tonnes was mine-produced copper cathodes, representing an increase of 25.39% (2008: 10,240.50 tonnes); the Group produced copper concentrates containing copper of 70,914.39 tonnes, representing an increase of 39.08% (2008: 50,987.83 tonnes). Copper refinery produced 1,071.15 tonnes, Ashele Copper Mine produced copper concentrates containing copper of 30,058.16 tonnes, representing an increase of 10.91% (2008: 27,102.51 tonnes); Qinghai Deerni Copper Mine produced copper concentrates containing copper of 24,529.41 tonnes, representing an increase of 63.02% (2008: 15,047 tonnes); Zijinshan Copper Mine produced 12,840.80 tonnes of copper cathodes which represented a growth of 28.33% (2008: 10,006.35 tonnes), the newly increased production of copper metal was 1,362.64 tonnes in concentrate form. Hunchun Shuguang Gold and Copper Mine produced copper concentrate containing copper of 8,634.40 tonnes which represented a growth of 67.02% over last year (2008: 5,169.80 tonnes)

Sales income from the copper mine business represented 10.75% (after elimination) of the annual total sales income, while it represented about 21.52% 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 136,346 tonnes, representing an increase of 0.91% (2008: 135,117 tonnes). In which 103,472 tonnes was zinc bullion, representing an increase of 2.01% (2008: 101,437 tonnes); the Group produced zinc concentrates containing zinc of 32,874 tonnes, representing a decrease of 2.39% (2008: 33,680 tonnes). Bayannaoer Zijin Zinc Refinery Plant produced zinc bullion 103,014.88 tonnes, representing an increase of 1.56% (2008: 101,437 tonnes), and Wuding Yunye newly produced mine-produced zinc bullion of 456.82 tonnes. Wulatehouqi Zijin produced zinc concentrates containing zinc of 22,474.60 tonnes, representing an increase of 5.72% (2008: 21,259.32 tonnes); Ashele Copper Mine produced 6,800.01 tonnes of zinc from other associated metals, other mines produced 3,599.39 tonnes of zinc from other associated metals.

In the reporting period, the Group produced lead concentrates containing lead of 5,073.11 tonnes, representing an increase of 38.02%.

Sales income from lead and zinc mine business represented about 6.20% (after elimination) of total annual sales income, while net profit from lead and zinc mine business represented about 2.64% of the total net profit attributable to equity holders of the parent.

Chairman's Statement

4. IRON MINE, SILVER AND OTHER BUSINESS

In the reporting period, the Group produced silver of 125,401.71kg, of which Wuping Zijin produced 26,042.02kg of silver, Wuhou Zijin produced 10,750.88kg of silver, and Ashele Copper Mine produced 14,193.96kg of silver from other associated metals.

In the reporting period, the Group produced processed refinery silver of 26,956.36kg.

In the reporting period, the Group produced iron concentrates of 1,421,800 tonnes, representing an increase of 20.25% (2008: 1,182,400 tonnes).

Sales income from iron mine, silver and other mineral products represented about 9.82% (after elimination) of total annual sales income, which represented about 2.27% of the total net profit attributable to equity holders of the parent.

II. External Investment

In 2009, in accordance with the thought of "Acquisition of large project, put gold as priority, and the acceleration of internationalization process", the Company seriously captured the investment opportunities in mining industry during the financial crisis, by widening the collection of project information, screening, investigating and verifying, the Group realized a new achievement in resources acquisition.

In domestic market, the Company has completed the acquisition of the minority interests in Jinjishan Gold Mine, Yuanyang Huaxi Gold Company Limited (Daping Gold Mine), Wancheng Commercial Company Limited (Lead-Zinc Mine), and share subscription in Xiamen Modern Terminals, basically completed restructuring of Fuyun Jinshan Mining. The Group entered into the strategic cooperation agreements with China Geological Survey, Qinghai Geological Exploration Bureau, and Guizhou Wengfu Group for the arrangement of business extension and development of recycle economy. The Group also transferred (withdrew) the investment in Yunnan Pulang Copper Mine, Hunan Shangqing Iron Ore Mine, Guizhou Wuchuan Bauxite Mine, etc.

In overseas, the Company successfully subscribed shares in a Canadian company, Continental Minerals Corporation, and became the major shareholder in the development of Tibet Xietongmen Gold and Copper Mine. The Company started a cash offer for all of the ordinary shares in an Australian company, Indophil Resources NL (which holds 37.5% share of Philippines Tampak Large scale Gold and Copper Mine). At present stage, the takeover bid is in progress. The Group has also collected a number of key projects for further investigation and implementation.

III. Construction Projects

In the reporting period, the construction of following projects have been successfully completed and put in operation or in trial operation stage: the perfection of Zijinshan Gold Mine third process plant, construction of Zijinshan Copper Mine 45,000 tonnes/day crushing system and 8,000 tonnes/day floatation process system, expansion of Bayannaer Zinc Refinery Plant to 200,000 tonnes/year, Hunchun Shuguang Gold and Copper Mine "2+1" technological innovation, Ashele Copper Mine newly set up 1,500 tonnes/day independent mining and processing system, Malipo Nanwenhe Tungsten Mine 1,500 tonnes/day floatation process technological innovation, Jinwei Company Bazi 2,400 tonnes/day mining and process construction, Xinyi Zijin Yinyan Tin Mine 3,000 tonnes/day mining and processing construction, etc. The following constructions have been carried out: 200,000 tonnes Copper Refinery project, Wuping Yueyang Silver Mine technological innovation project, Qinghai Deerni Copper Mine 10,000 tonnes/day sulfur process project, Qinghai Company tailings comprehensive utilization and economy circulation project, expansion of Jinyi Copper 30,000 tonnes high quality copper pipes project, etc. The initial construction stage of Russia Tuva project and Heilongjiang Duobaoshan Copper Mine project basically completed which will carry out the main construction in 2010.

IV. Geological Exploration Projects

In the reporting period, the Group invested RMB160.3 million in geological survey which increased our resources reserves (partially not yet audited): 31.84 tonnes of gold, 687,700 tonnes of copper, 71,500 tonnes of tungsten(W_2O_3), 123.53 tonnes of silver, 49,600 tonnes of molybdenum, 11.1 million tonnes of iron ore.

As at the end of 2009, the Group retained resources reserve (audited): 714.652 tonnes of gold, an increase of 1.88%; 1,855.21 tonnes of silver, an increase of 9.1%; 10.6286 million tonnes of copper, an increase of 10.22%; 392,500 tonnes of molybdenum, an increase of 0.46%; 5.23 million tonnes of lead and zinc; 173,400 tonnes of tungsten(W_2O_3); an increase of 70.17%; 185.6 million tonnes of iron ore, an increase of 10.54%; 459.2 million tonnes of coal, an increase of 52.61%; 99,290 tonnes of tin; 607,100 tonnes of nickel; 66.73 million tonnes of sulfur iron (standard ore). The Group achieved the target that the increase of reserve in main minerals was larger than the consumption.

The Group owns 244 exploration rights with a total area of 5,880.90 square km; 45 mining rights with a total area of 125.0116 square km.

Chairman's Statement

V. Management

Campaign of "Learning from Jinshan, lowering the cost" brings remarkable benefits

In 2009, the Group has continued a further promotion of the campaign "Learning from Jinshan, lowering the cost", each unit in the Company has established effective measures for reducing the costs incurred in aspects of infrastructure, sales and management, etc. According to approximate statistics, controllable administrative expenses have decreased of 23.3% compared with the corresponding period last year. Management and staffs from each level have strengthened their consciousness towards crisis, cost and responsibility. This led to an improvement of standardization of enterprise-wide management, and a better control on production costs and administrative expenses.

Greater improvement in human resources management

The Group deepened the development of human resources management, and focused on overseas talents. The Group has utilized the role of the regional companies as the centres of human resources management in respective regions, and established a preliminary group-wide human resources sharing platform; which has effectively attracted a group of high-profile mining technicians and management experts to join the Company.

Continuous increase of technological investment

In 2009, the Group continued to increase the technological investment. Research results and its application to projects like process technological innovation project in Talao Gold and Copper Mine in Tajikistan and utilization of pre-oxidation process of gold ore in Guizhou Shuiyidong Gold Mine which resulted significant benefits. The State Laboratory Accreditation (verification) Project development has recorded a great achievement. The Ministry of Science and Technology of the PRC has approved the construction of "State's Key Laboratory of integrated usage of low grade refractory gold ore", which is the first State's key laboratory in industry of non-ferrous metals and gold. The Group prepared to apply for the approvals for 4 technological projects (2 projects have been approved) from the State, Fujian Province and Longyan City Governments. The Group has received a 1st prize and a 2nd prize for technology advancement in Fujian Province, two 2nd prizes and two 3rd prizes for technology advancement in non-ferrous metal industry, a 2nd prize for technology advancement in Longyan City. The Group has gained 8 patents. The Group has gained the recognition of "Provincial, State Class Technical Innovation Model Enterprise" "Provincial, State Class Intellectual Patents Model Enterprise" "State Implementation of Excellence Performance Module Advanced Enterprise". The Zijin logo has been recognized by State Administration of Industry & Commerce of the PRC as first batch of "China's famous Trademark" of the non-ferrous metal industry. Zinc bullion with Zijin brand has been registered at Shanghai Futures Exchange. The Group has utilized its technological advantage for organization and establishment of the national standard of chemical analysis of gold bullion, copper cathodes and gold; this can further promote the prestigious status of the Group in the industry.

VI. Work Safety and Environmental Protection

In 2009, the Group actively explored new trend and adopted “Headquarters - Regional offices - subsidiaries” three-grade safety and environmental protection management structure and safety and environmental protection regulations, to further improve safety, environmental protection, security, fire prevention and hazardous chemical management regulations. The Group carried out safety activity by team basis, standardization of safety production rules and enhancement of fundamental safety management (“three courses of action”). The Group enhanced the inspection and supervision of the work safety and environmental protection of target units, perfected the incentives and assessment program of the Group's subsidiaries and project constructors. The Group continued to put effort on safety and environmental protection, enhanced the capability on safety and environmental protection, and established long-term safety and environmental protection mechanism. In 2009, the Group had no record of serious accidents, damages, accident of civil explosive goods and hazardous chemicals safety management, serious fire accidents, serious environmental pollutions and ecological damage accidents.

PROSPECTS

Business Environment

In 2010, the global economy presented the obvious recovery sign. China and the emerging economy countries will still be the engines for the global economic growth. The economies of developed countries like the US and European Union will also get out the trough. In the post financial crisis era, the latent financial risk has not completely been released. The anticipated world-wide inflation and the possible withdrawal of economic stimulus policies will increase uncertainty to the economic growth. The Chinese economy will adopt the policy of “promotion of transformation and adjustment of structure” in order to swift gradually the pulling force from investment and export to expenditure. It is expected that the Chinese economy will maintain the stable growth in the moderate inflation environment. Based on the above-mentioned situation, the Group believes that in 2010, gold price will continue its price fluctuation at the top level and the medium and long term bullish investment and speculation activities will support the copper price. Copper price is expected to fluctuate at the top level with wider movement. Other basic metals will generally move at the rather higher price range and market volatility will further increase. The Group's main economic indicators might achieve a faster pace of growth.

The Company's business is a national fundamental industry and has a strong correlation to the national economy, which the cyclical fluctuation in economy will affect the performance of the Company. As the Company's main products are US dollar-denominated, the change of metal price and the exchange rate of Renminbi will also affect the Company's current performance. The board of directors would like to remind the investors about the risks in metal price and Renminbi exchange rate.

Business Objectives

In 2010, the Group plans to produce gold of approximately 31.1 tonnes from mines, representing 1.5% increase over last year; copper metal of approximately 100,000 tonnes, representing 18% increase over last year; silver of approximately 127 tonnes; process gold of approximately 32.7 tonnes; refined zinc of approximately 170,000 tonnes; zinc in concentrate form of approximately 34,200 tonnes from mines; iron concentrates of approximately 1,300,000 tonnes; tungsten in concentrate form of approximately 6,591 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.

Chairman's Statement

Business Strategies

The Group aims to put more effort in recruitment of talents and will consolidate and develop the result of "Learning from Jinshan, lowering the cost" campaign. The Group will fully implement standardization and fine management, take effective management as a target to establish a relatively perfect system of group management, and accelerate the speed in resource control, projects construction and internationalization. The Group will keep balance of every aspect in the high speed development.

1. Production and operation

Zijinshan Gold and Copper Mine will continue to act as the Group's production and profit centre and ensure the implementation of the whole year production plan. Other gold production enterprises should catch the opportunity to increase their production capacity with high gold price. Copper production entities should control their cost and increase their production. Other mining entities should catch the opportunity to realize their production plan with high metal price.

Each entity should closely monitor the market and the variation of price and enter into some metal forward contracts to promote the profitability under the united direction of the Group.

2. Projects construction

The Group will promote the production capacity in the following technological innovation projects: Dongping Gold Mine floating process system, Zijinshan Copper Mine floating process system, Wuping Zijin independent process system, Ashele Copper Mine 650 independent mining and process system, Mengku Iron Mine initial process plant, Malipo Tungsten Mine, Xinyi Yinyan Tin Mine, and Bayannaer Zinc Refinery Plant and Jinyi Copper Pipes. The Group will strive to accelerate the progress in the following new technological upgrade projects: Zijinshan Gold and Copper Mine, 200,000t/y copper refinery plant, Duobaoshan Copper Mine, Sanguikou Lead and Zinc Mine, Yuanyang Gold Mine, Taipingdong Gold Mine, Changtian Gold Mine, Mongolia Tianhong Gold Mine, Luoning Luyuangou Gold Mine, Gutian Copper-Molybdenum Mine, tailing utilization project in Qinghai, Wulagen Zinc Mine, and Xinjiang Qitai Coal Mine. These projects will enhance the force in the future development.

In overseas, the Group will strengthen the input in ZGC's technological upgrade to reach a scale production of gold, and push the construction of Russia Tuva Zinc-lead Mine project in full stream. The Group expects that these projects will complete the construction and try to start the initial production in 2011.

3. Geological Exploration

The Group will reinforce the exploration and mainly accelerate the works in the important projects including the deepen part and its surrounding areas of Zijinshan, deepen part of Ashele Copper Mine, gold field of Shuiyindong, Yuanyang Gold Mine and its surrounding areas, Malipo Tungsten Mine, Lannitang Copper Mine, Luyuangou Gold Mine, Jinjishan Gold Mine and Dujiagou Gold Mine. The Group will strive to have a breakthrough in search of new mining deposits in Hunchun area, Daxinganling area, Bayannaer area and Aletai area.

4. External Investments

The Group will preferentially guarantee the support in human resources, capital and management for the construction and operation needs in overseas projects including ZGC Gold Mine, Tuva Zinc-lead Mine, and Mongolia Tianhong Gold Mine. With these measures, the Group is looking for an early completion of construction and scale of production in these projects. The Group will trace the important projects and carry out due diligent work and negotiations and try to have one or two big acquisition projects to realize a substantial increase in controlled resource. For projects in China, the Group will continue to acquire sizable targets and put quality before quantity. The Group will put more effort for gold mines acquisition and utilize the geographical advantages of the regional offices and controlling companies, well prepare for the information collection, elimination and initial stage working for the potential projects, and achieve a breakthrough in external investment.

Corporate Governance

On the basis of the China Securities Regulatory Commission's inspection and rectification opinions in 2009, the Company will seriously study the difference in the concept of securities regulation, laws and regulatory systems of capital market between the PRC and Hong Kong. The Group will enhance the operation in compliance with the rules and regulations, continue to provide education and training for its directors, supervisors, senior management and the related personnel, review and revise the management system in accordance with the regulatory requirements, pay attention especially in investment decisions, connected transactions, legal procedure in use of proceeds, timely and adequate disclosure; enhance the information disclosure and sense of responsibility, strictly implement the accountability system, promote the sense of public relations, and build up a stable investor relations and a reputable image of the Company in the capital market.

The Group will strengthen the internal control system to ensure legal compliance of enterprise management, asset security, the complete and true disclosure of financial reporting and the related information. It will enable the Group to improve operational efficiency and effectiveness, and the realization of enterprise development strategy.

Social Responsibility

The Group firmly adopts the corporate value of "Harmony creates wealth, coordinated development with corporate, staff and community" and to properly handle the relationship of the relevant interest groups, emphasis and uphold the sense of social responsibility, enhance the works of the investor relations and external coordination, actively establish the communication and contacts with each level of the government, the relevant departments and the surrounding social communities, assist to improve the peoples' production, living and education in the location of the projects, develop a harmonious mine and stimulate a common development in local business and economy.

Chairman's Statement

Future Needs, Plans and Source In Capital

In accordance with the Company's initial plan, it is expected that the Company might invest approximately RMB5 billion in fixed assets and risk exploration, and approximately RMB7 billion in mining rights and shares (the timing and amount of external capital investment are uncertain and it will vary from time to time). Except for the projects specified in the A Shares IPO in 2008, all other projects will be financed by the Group's available cash, bank loans and the issue of short and medium term notes.

By order of the Board
Chen Jinghe
Chairman

Shanghang, Fujian, the PRC
30 March 2010

