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## **Xinjiang Xinxin Mining Industry Co., Ltd.\***

**新疆新鑫礦業股份有限公司**

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

**(Stock code: 3833)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors of the Company that the financial results of the Group for the year ended 31 December 2011 are expected to decrease significantly as compared to those for the year ended 31 December 2010.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Xinjiang Xinxin Mining Industry Co., Ltd. (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the financial results of the Group for the year ended 31 December 2011 are expected to decrease significantly as compared to those for the year ended 31 December 2010.

The Company considers that the significant decrease in the financial results of the Group for the year ended 31 December 2011 was mainly attributable to the following reasons:

1. Although the production output of nickel cathode and copper cathode of the Group during January to December 2011 has significantly increased to 8,128 tonnes and 5,339 tonnes, respectively, representing an increase of 36% and 30% respectively as compared to the corresponding period of the previous year, the average selling price of nickel cathode of the Group has decreased during January to December 2011, especially during second half of 2011, as compared to the corresponding period of the previous year owing to the European debt crisis and the slow recovery of global economy;
2. Due to inflation in general in the PRC and that Kalatongke Copper-nickel Mine underwent technological renovation and capacity expansion for its smelting operation including the trial production and commissioning of its production flow, the average production cost of the Group has increased during January to December 2011 as compared to the corresponding period of the previous year; and

3. The year 2010 was the last year which the Group could enjoy the old preferential tax policies under the Western Development Programme as granted by the Xinjiang government, and up to the date of this announcement, the Group has not yet obtained the approval from the Xinjiang government entitling the Group to enjoy the new preferential tax policies under the Western Development Programme. The Group calculated income tax temporarily at a rate of 25% in 2011, leading to a sharp increase in corporate income tax of the Group during January to December 2011 as compared to the corresponding period of the previous year.

The Company is in the process of finalising the results of the Group for the year ended 31 December 2011. The information contained in this announcement is only a preliminary assessment made by the management of the Company which is based on the unaudited consolidated management accounts of the Group and such information has not been audited or reviewed by the Company's auditors. The audited results of the Group for the year ended 31 December 2011 are expected to be published in March 2012.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Xinjiang Xinxin Mining Industry Co., Ltd.**  
**Yuan Ze**  
*Chairman*

Xinjiang, the PRC, 3 February 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Yuan Ze, Mr. Shi Wenfeng, Mr. Zhang Guohua and Mr. Liu Jun; the non-executive directors of the Company are Mr. Zhou Chuanyou and Mr. Niu Xuetao; and the independent non-executive directors of the Company are Mr. Chen Jianguo, Mr. Wang Lijin and Mr. Li Wing Sum Steven.*

*\* For identification purpose only*