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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

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

**(Stock code: 2899)**

## **Announcement**

### **Unaudited Interim Results for the Six Months Ended 30 June 2016**

The board of directors (the "Board") of Zijin Mining Group Co., Ltd.\* (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 ("this period"/the "reporting period"). This announcement has been reviewed and passed by the Board and the audit and internal control committee.

The following unaudited consolidated financial information was prepared in accordance with China Accounting Standards for Business Enterprises ("CAS") and the related laws and regulations.

This announcement contains some forward looking statements and future plans of the Company, which do not constitute any actual commitment to investors. Investors are advised to exercise caution when dealing in the shares of the Company.

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

## 1. GROUP'S FINANCIAL STATEMENTS (AS PREPARED IN ACCORDANCE WITH CAS)

*In this announcement, unless otherwise indicated in the context, the currency is RMB.*

### CONSOLIDATED BALANCE SHEET

*As at 30 June 2016*

	<u>30 June 2016</u>	<u>31 December 2015</u>
	(Unaudited)	(Audited)
	RMB	RMB
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,236,590,168	5,498,295,305
Financial assets at fair value through profit or loss	857,866,347	548,352,730
Bills receivable	421,605,655	264,373,037
Trade receivables	953,256,666	864,682,728
Prepayments	1,202,512,690	842,469,851
Other receivables	1,472,969,561	1,215,636,233
Inventories	9,904,125,825	10,951,318,480
Current portion of non-current assets	31,500,000	458,040,000
Other current assets	1,217,366,045	1,151,678,678
Total current assets	<u>23,297,792,957</u>	<u>21,794,847,042</u>
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	1,227,624,679	972,008,647
Long-term equity investments	7,308,104,542	6,941,121,652
Investment properties	164,208,374	168,402,512
Fixed assets	28,865,858,698	29,359,351,288
Construction in progress	7,133,050,257	6,160,763,924
Construction materials	389,435,801	240,135,740
Intangible assets	10,019,130,157	10,283,969,425
Goodwill	496,758,705	496,758,705
Long-term deferred assets	1,134,114,274	1,084,220,930
Deferred tax assets	942,064,331	793,211,659
Other non-current assets	6,516,189,224	5,619,242,131
Total non-current assets	<u>64,196,539,042</u>	<u>62,119,186,613</u>
<b>TOTAL ASSETS</b>	<u><b>87,494,331,999</b></u>	<u><b>83,914,033,655</b></u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)***As at 30 June 2016*

	<u>30 June 2016</u>	<u>31 December 2015</u>
	(Unaudited)	(Audited)
	RMB	RMB
<b><u>LIABILITIES AND OWNERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	5,115,822,982	5,394,474,750
Financial liabilities at fair value through profit or loss	7,247,957,030	6,804,872,854
Bills payable	269,273,521	231,175,265
Trade payables	4,069,282,963	4,442,840,507
Advances from customers	2,515,892,741	1,918,146,839
Employee benefits payable	403,416,187	569,619,991
Taxes payable	593,457,449	698,586,919
Dividends payable	1,303,181,952	119,000,981
Other payables	4,566,206,161	4,289,196,570
Current portion of non-current liabilities	2,244,773,670	6,053,652,249
Other current liabilities	4,000,000,000	1,004,821,498
Total current liabilities	<u>32,329,264,656</u>	<u>31,526,388,423</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	8,348,852,226	9,251,188,420
Bonds payable	13,300,000,000	8,300,000,000
Long-term payables	1,094,744,980	1,171,224,739
Provision	739,919,631	720,404,428
Deferred income	480,754,579	503,275,426
Deferred tax liabilities	480,880,229	513,296,967
Total non-current liabilities	<u>24,445,151,645</u>	<u>20,459,389,980</u>
<b>TOTAL LIABILITIES</b>	<u>56,774,416,301</u>	<u>51,985,778,403</u>
<b>EQUITY</b>		
Share capital	2,154,074,365	2,154,324,365
Capital reserve	7,171,510,932	7,232,538,557
Other comprehensive income	(965,222,639)	(830,177,675)
Special reserve	175,634,863	139,524,461
Surplus reserve	1,319,401,104	1,319,401,104
Retained earnings	16,767,468,254	17,521,563,160
Equity attributable to owners of the parent	<u>26,622,866,879</u>	<u>27,537,173,972</u>
Non-controlling interests	<u>4,097,048,819</u>	<u>4,391,081,280</u>
<b>TOTAL EQUITY</b>	<u>30,719,915,698</u>	<u>31,928,255,252</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u>87,494,331,999</u>	<u>83,914,033,655</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2016*

	For the 6 months ended 30 June 2016 (Unaudited) RMB	For the 6 months ended 30 June 2015 (Unaudited) RMB
OPERATING INCOME	38,889,899,709	38,832,439,537
Less: Operating costs	34,594,052,055	35,015,201,697
Taxes and surcharges	389,604,660	415,226,067
Selling expenses	332,124,951	391,516,830
Administrative expenses	1,341,882,050	1,171,923,947
Financial expenses	439,930,366	434,556,891
Impairment losses on assets	5,637,118	82,162,710
Add: (Losses)/Gains on changes in fair value	(719,947,740)	337,686,299
Investment (losses)/income	(455,916,389)	253,463,357
<i>Including: Share of profits/(losses) of associates and joint ventures</i>	<u>166,791,958</u>	<u>(162,033,012)</u>
OPERATING PROFIT	<u>610,804,380</u>	<u>1,913,001,051</u>
Add: Non-operating income	103,829,667	102,154,260
Less: Non-operating expenses	97,840,390	108,468,861
<i>Including: Losses on disposal of non-current assets</i>	<u>16,719,346</u>	<u>15,594,414</u>
PROFIT BEFORE TAX	<u>616,793,657</u>	<u>1,906,686,450</u>
Less: Income tax expenses	<u>40,123,348</u>	<u>496,673,012</u>
NET PROFIT	<u>576,670,309</u>	<u>1,410,013,438</u>
Including: Attributable to owners of the parent	538,349,713	1,341,155,185
Non-controlling interests	38,320,596	68,858,253
Earnings per share		
Basic earnings per share	<u>0.025</u>	<u>0.062</u>
NET OTHER COMPREHENSIVE INCOME AFTER TAX		
Changes in fair value of available-for-sale investments	399,398,705	(98,624,639)
Effective portion of cash flow hedges	(479,355,367)	-
Exchange differences arising from translation of financial statements denominated in foreign currencies	<u>(55,088,302)</u>	<u>(21,209,508)</u>
Other comprehensive income attributable to owners of the parent	(135,044,964)	(119,834,147)
Other comprehensive income attributable to non-controlling interests	<u>(33,995,445)</u>	<u>(8,931,599)</u>
SUBTOTAL OF NET OTHER COMPREHENSIVE INCOME AFTER TAX	<u>(169,040,409)</u>	<u>(128,765,746)</u>
TOTAL COMPREHENSIVE INCOME	<u>407,629,900</u>	<u>1,281,247,692</u>
Attributable to:		
Owners of the parent	<u>403,304,749</u>	<u>1,221,321,038</u>
Non-controlling interests	<u>4,325,151</u>	<u>59,926,654</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2016*

	For the 6 months ended 30 June 2016 (Unaudited) RMB	For the 6 months ended 30 June 2015 (Unaudited) RMB
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from sale of goods and rendering of services	41,642,916,129	42,928,723,226
Refund of taxes	103,431,885	78,030,474
Other cash receipts relating to operating activities	154,482,041	597,372,435
Sub-total of cash inflows from operating activities	<u>41,900,830,055</u>	<u>43,604,126,135</u>
Cash payments for goods purchased and services received	32,954,889,232	36,012,753,328
Cash payments to and on behalf of employees	1,415,376,175	1,474,558,502
Payments of various types of taxes	1,517,508,925	1,689,786,803
Other cash payments relating to operating activities	2,381,413,356	575,701,601
Sub-total of cash outflows used in operating activities	<u>38,269,187,688</u>	<u>39,752,800,234</u>
Net cash flow from operating activities	<u>3,631,642,367</u>	<u>3,851,325,901</u>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash receipts from disposals and recovery of investments	386,486,639	1,315,312,909
Cash receipts from investment income	79,511,471	66,715,328
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	23,055,286	21,002,737
Net cash receipts from disposals of subsidiaries and other business units	500	5,157,736
Other cash receipts relating to investing activities	<u>557,229,366</u>	<u>253,881,157</u>
Sub-total of cash inflows from investing activities	<u>1,046,283,262</u>	<u>1,662,069,867</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	2,250,115,977	1,930,867,515
Cash payments to acquire investments	1,425,596,122	2,358,324,107
Cash payments for acquisitions of subsidiaries and other business units	-	74,115,009
Other cash payments relating to investing activities	897,958,749	1,403,280,365
Sub-total of cash outflows used in investing activities	<u>4,573,670,848</u>	<u>5,766,586,996</u>
Net cash flow used in investing activities	<u>(3,527,387,586)</u>	<u>(4,104,517,129)</u>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash receipts from capital contributions	5,000,000	-
Cash receipts from borrowings	19,935,532,900	9,569,635,021
Other cash receipts relating to financing activities	-	36,847,378
Sub-total of cash inflows from financing activities	<u>19,940,532,900</u>	<u>9,606,482,399</u>
Cash repayments of borrowings	18,132,494,117	8,601,463,190
Cash payments for distribution of dividends or profits or settlement in interest expenses	746,671,542	776,764,040
Other cash payments relating to financing activities	355,776,289	153,804,091
Sub-total of cash outflows used in financing activities	<u>19,234,941,948</u>	<u>9,532,031,321</u>
Net cash flow from financing activities	<u>705,590,952</u>	<u>74,451,078</u>
<b>IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	42,677,188	(41,639,322)
<b>V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>852,522,921</u>	<u>(220,379,472)</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the six months ended 30 June 2016*

	For the 6 months ended 30 June 2016 (Unaudited) RMB	For the 6 months ended 30 June 2015 (Unaudited) RMB
Supplementary information:		
1. Reconciliation of net profit to net cash flow from operating activities:		
Net profit attributable to owners of the parent	538,349,713	1,341,155,185
Add: Non-controlling interests	38,320,596	68,858,253
Less: Unrealised loss on investments	-	-
Add: Asset impairment provision	5,637,118	82,162,710
Depreciation of fixed assets	1,251,327,800	1,233,722,053
Amortisation of intangible assets and long-term deferred assets	409,389,423	288,177,180
Losses on disposal of fixed assets, intangible assets and other long-term assets	8,962,330	10,908,459
Losses/(Gains) on changes in the fair values	719,947,740	(337,686,299)
Financial expenses	641,661,441	464,496,128
Losses on investments	191,211,766	151,675,426
(Increase)/Decrease in deferred tax assets	(18,541,302)	141,436,036
Decrease in deferred tax liabilities	(32,416,738)	(95,384,890)
Decrease in inventories	1,058,760,074	15,437,145
Increase in receivables from operating activities	(869,242,972)	(460,728,300)
(Decrease)/increase in payables from operating activities	(311,724,622)	947,096,815
Others	-	-
Net cash flow from operating activities	<u>3,631,642,367</u>	<u>3,851,325,901</u>
2. Non-cash investing and financing activities:		
Conversion of debt into capital	-	-
Convertible bonds matured within 1 year	-	-
Finance leased fixed assets	-	-
3. Net increase/(decrease) in cash and cash equivalents:		
Closing balance of cash and cash equivalents	<u>5,698,221,214</u>	<u>3,291,380,984</u>
Less: Opening balance of cash and cash equivalents	<u>4,845,698,293</u>	<u>3,511,760,456</u>
Net increase/(decrease) in cash and cash equivalents	<u>852,522,921</u>	<u>(220,379,472)</u>

**Notes:**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements were prepared in accordance with the Basic Standard and the Specific Standards of the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance, and Application Guidance for ASBE, interpretations and other relevant regulations issued and revised 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 principle of measurement. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

As at 30 June 2016, the Group recorded current assets of RMB23,297,792,957 and current liabilities of RMB32,329,264,656. The balance of the current assets was less than that of the current liabilities. In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern:

- (1) In 2015, the balance of the Group’s unissued ultra short-term financing bonds registered at the National Association of Financial Market Institutional Investors amounted to RMB7 billion. As at 30 June 2016, the unissued bonds amounted to RMB4 billion, which will be issued before 15 September 2017 depending on the financial condition of the Company.
- (2) The Group has sufficient bank line of credit.

The directors of the Company believe that the Group has adequate resources to continue operation and fulfill the due financial obligations. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

**2. OPERATING INCOME AND OPERATING COSTS**

Analysis of operating income is as follows:

	For the six months ended 30 June 2016		For the six months ended 30 June 2015	
	Operating income (Unaudited) RMB	Operating costs (Unaudited) RMB	Operating income (Unaudited) RMB	Operating costs (Unaudited) RMB
Principal operations	38,633,691,955	34,441,620,891	38,612,060,731	34,905,301,193
Other operations	<u>256,207,754</u>	<u>152,431,164</u>	<u>220,378,806</u>	<u>109,900,504</u>
	<u><u>38,889,899,709</u></u>	<u><u>34,594,052,055</u></u>	<u><u>38,832,439,537</u></u>	<u><u>35,015,201,697</u></u>

During the first half of 2016, over 99% of the operating income arose from sales of commodities. As such, the management of the Group considers that disclosure of the operating income and costs based on the nature of income is unnecessary.

### 3. TAXES AND SURCHARGES

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Business tax	15,219,867	24,599,961
Urban maintenance and construction tax	22,639,147	25,184,824
Resource tax	300,926,245	331,398,606
Education surcharges	24,053,274	28,451,059
Others	26,766,127	5,591,617
	<u>389,604,660</u>	<u>415,226,067</u>

### 4. FINANCIAL EXPENSES

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Interest expenses:	743,205,384	669,923,519
<i>Including: Bank loans</i>	365,759,399	467,409,759
<i>Bonds payable</i>	328,010,010	202,513,760
<i>Ultra short-term financing bonds</i>	49,435,975	-
Less: Interest income	168,977,791	64,716,495
Capitalised interest expenses	162,565,399	255,884,897
Exchange (gains)/losses	(32,753,284)	34,777,258
Bank charges	61,021,456	50,457,506
	<u>439,930,366</u>	<u>434,556,891</u>

Capitalised interest expenses were included in construction in progress and inventories. During the first half of 2016, no interest income arose from impaired financial assets (six months ended 30 June 2015: Nil).

### 5. IMPAIRMENT LOSSES ON ASSETS

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Bad debt provision for trade and other receivables	(371,596)	(8,050,579)
Provision for decline in value of inventories	6,006,254	36,100,536
Impairment on fixed assets	2,460	21,776,073
Impairment on available-for-sale investments	-	740,039
Impairment on other non-current assets	-	31,596,641
	<u>5,637,118</u>	<u>82,162,710</u>



6. (LOSSES)/GAINS ON CHANGES IN FAIR VALUE

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Financial assets at fair value through profit or loss	374,990,971	301,392,302
Financial liabilities at fair value through profit or loss	(1,094,938,711)	36,293,997
	<u>(719,947,740)</u>	<u>337,686,299</u>

Details of (losses)/gains on changes in fair value:

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
1. Investments in held-for-trading equity instruments – stocks	244,000,443	16,028,498
2. Gold leasing spot at fair value	(779,067,245)	(52,690,638)
3. Hedging instruments – non-effective hedging derivative instruments	(264,574,848)	-
4. Derivative instruments not designated as hedges	71,835,916	376,048,770
(4-1) <i>Currency swap</i>	(6,163,442)	-
(4-2) <i>Hedging on gold leasing</i>	502,659,961	106,640,396
(4-3) <i>(Losses)/Gains from changes in fair value of hedging of commodities</i>	(424,660,603)	269,408,374
5. Others	7,857,994	(1,700,331)
	<u>(719,947,740)</u>	<u>337,686,299</u>

7. INVESTMENT (LOSSES)/INCOME

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Gains/(Losses) from long-term equity investments under the equity method	166,791,958	(162,033,012)
Losses on disposal of subsidiaries	(10,147,278)	(1,771,335)
Gains from available-for-sale investments	72,692,353	79,589,045
<i>Including: Gains from available-for-sale investments measured at cost</i>	26,480,000	40,860,200
<i>Gains from available-for-sale investments measured at fair value</i>	46,212,353	38,728,845
(Losses)/Gains on disposal of financial assets and liabilities at fair value through profit or loss (Note 1)	(694,517,945)	329,841,151
Others	9,264,523	7,837,508
	<u>(455,916,389)</u>	<u>253,463,357</u>

Note 1: Details of (losses)/gains on disposal of financial assets and liabilities at fair value through profit or loss:

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
1. Investments in held-for-trading equity instruments – stocks	(63,991,256)	(23,017,773)
2. Gold leasing spot at fair value	(214,900,994)	273,500,623
3. Hedging instruments – non-effective hedging derivative instruments	(31,155,248)	-
4. Derivative instruments not designated as hedges	(366,692,766)	81,042,012
(4-1) Currency swap	22,206,164	453,194
(4-2) Hedging on gold leasing	(155,349,555)	(324,549,965)
(4-3) (Losses)/Gains from changes in fair value of hedging of commodities	(233,549,375)	405,138,783
5. Others	(17,777,681)	(1,683,711)
	<u>(694,517,945)</u>	<u>329,841,151</u>

8. NON-OPERATING INCOME

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Gains on disposal of non-current assets	7,757,016	4,685,955
Including: Gains on disposal of fixed assets	7,757,016	4,585,955
Gains on disposal of intangible assets	-	100,000
Penalty income	3,552,244	3,444,929
Government grants	76,529,802	76,915,612
Others	15,990,605	17,107,764
	<u>103,829,667</u>	<u>102,154,260</u>

Analysis of government grants recognised in the profit or loss in the current period is as follows:

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Government grants related to assets:		
Expenditures for science projects	901,625	650,000
Environmental protection	3,196,518	1,960,883
Refund for land compensation	-	1,491,486
Comprehensive utilisation of mineral resources	28,704,793	24,469,874
Others	1,041,518	5,252,862
	<u>33,844,454</u>	<u>33,825,105</u>
Government grants related to income:		
Special government rewards	3,854,294	7,465,570
VAT subsidies	820	330,414
Tax refunds	15,119,202	5,984,079
Others	23,711,032	29,310,444
	<u>42,685,348</u>	<u>43,090,507</u>
	<u>76,529,802</u>	<u>76,915,612</u>

#### 9. NON-OPERATING EXPENSES

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Donations	65,962,188	86,252,634
Losses on disposal of non-current assets	16,719,346	15,594,414
<i>Including: Losses on disposal of fixed assets and other non-current assets</i>	<i>16,719,346</i>	<i>15,594,414</i>
Penalties	1,523,667	2,402,534
Others	13,635,189	4,219,279
	<u>97,840,390</u>	<u>108,468,861</u>

#### 10. INCOME TAX EXPENSES

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Current tax expenses	91,081,388	450,621,866
Deferred tax expenses	(50,958,040)	46,051,146
	<u>40,123,348</u>	<u>496,673,012</u>

Reconciliation of income tax expenses to profit before tax is as follows:

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Profit before tax	<u>616,793,657</u>	<u>1,906,686,450</u>
Income tax at the applicable tax rate (Note 1)	154,198,414	476,671,612
Effect of different tax rates applicable to certain subsidiaries	(210,356,377)	(99,783,169)
Adjustments in respect of current tax of previous periods	(10,925,299)	(53,990,446)
Income not subject to tax	(74,750,529)	(136,263,352)
Non-deductible investment loss	-	162,033,012
Expenses not deductible for tax and effect of unrecognised temporary differences and deductible tax losses	<u>181,957,139</u>	<u>148,005,355</u>
Tax charge at the Group's effective tax rate	<u><u>40,123,348</u></u>	<u><u>496,673,012</u></u>

Note 1: Provision for the PRC corporate income tax expenses has been made at applicable tax rates based on the estimated taxable profits. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing and in accordance with current laws, interpretations and customs in the countries/jurisdictions in which the enterprise operates.

#### 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit for the current period 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:

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Earnings		
Consolidated net profit attributable to the owners of the parent	<u>538,349,713</u>	<u>1,341,155,185</u>
Shares		
Weighted average number of ordinary shares outstanding	<u>21,540,924,206</u>	<u>21,570,802,850</u>
Earnings per share	<u>0.025</u>	<u>0.062</u>

12. OTHER COMPREHENSIVE INCOME

30 June 2016

	Opening balance (Unaudited) RMB	Movements		Amount after tax (Unaudited) RMB	Closing balance (Unaudited) RMB
		Amount before tax (Unaudited) RMB	Income tax (Unaudited) RMB		
Changes in fair value of available-for-sale investments	(103,157,746)	399,302,212	96,493	399,398,705	296,240,959
Effective portion of cash flow hedges	-	(609,570,261)	130,214,894	(479,355,367)	(479,355,367)
Exchange differences arising from translation of financial statements denominated in foreign currencies	<u>(727,019,929)</u>	<u>(55,088,302)</u>	<u>-</u>	<u>(55,088,302)</u>	<u>(782,108,231)</u>
	<u>(830,177,675)</u>	<u>(265,356,351)</u>	<u>130,311,387</u>	<u>(135,044,964)</u>	<u>(965,222,639)</u>

The movements of other comprehensive income recognised in the statement of profit or loss for the current period is as follows:

Items	Amount before tax (Unaudited) RMB	Less: amount of other comprehensive income recognised in previous period transferred into profit or loss during the current period (Unaudited) RMB	Less: Income tax (Unaudited) RMB	Attributable to the parent (Unaudited) RMB	Attributable to non-controlling interests (Unaudited) RMB
Changes in fair value of available-for-sale investments	389,624,503	(9,663,235)	(96,493)	399,398,705	(14,474)
Effective portion of cash flow hedges	(840,122,350)	(205,314,609)	(130,214,894)	(479,355,367)	(25,237,480)
Exchange differences arising from translation of financial statements denominated in foreign currencies	<u>(63,831,793)</u>	<u>-</u>	<u>-</u>	<u>(55,088,302)</u>	<u>(8,743,491)</u>
	<u>(514,329,640)</u>	<u>(214,977,844)</u>	<u>(130,311,387)</u>	<u>(135,044,964)</u>	<u>(33,995,445)</u>

### 13. OPERATING SEGMENT INFORMATION

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 operating profit before tax. The adjusted operating profit before tax is measured consistently with the Group's operating profit before tax except that interest income, finance costs, dividend income, share of profits of joint ventures and associates, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, bank and other borrowings, loans from ultimate controlling entities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment transfers are made with reference to the fair values used for sales made to third parties.

13. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2016 (Unaudited)

Currency: RMB

Items	Gold bullion	Processed gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
1. Operating income	2,494,071,447	22,925,433,540	2,283,862,068	369,287,091	6,059,754,934	1,512,727,449	1,620,231,936	1,268,796,932	6,092,191,750	(5,736,457,438)	38,889,899,709
Including: Sales to external customers	957,435,616	21,419,915,340	2,283,862,068	369,287,091	4,976,528,948	1,512,727,449	1,621,385,715	1,204,843,492	4,543,913,990	-	38,889,899,709
Intersegment sales	1,536,635,831	1,505,518,200	-	-	1,083,225,986	-	(1,153,779)	63,953,440	1,548,277,760	(5,736,457,438)	-
2. Segment profit	530,669,233	191,123,093	350,353,059	26,352,828	257,096,695	400,330,790	480,786,129	112,896,963	374,534,175	-	2,724,142,965
3. Segment assets	47,321,330,869	11,358,544,582	11,418,806,245	7,269,402,817	5,332,140,351	16,391,037,096	13,290,436,580	2,656,091,101	56,535,594,923	(95,013,318,814)	76,560,065,750
Unallocated assets	-	-	-	-	-	-	-	-	-	-	10,934,266,249
Total assets	-	-	-	-	-	-	-	-	-	-	87,494,331,999
4. Segment liabilities	29,115,306,585	7,759,519,280	6,478,477,669	4,245,554,392	3,501,252,637	9,051,698,223	10,137,511,898	1,730,082,952	49,207,925,738	(93,811,523,046)	27,415,806,328
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	29,358,609,973
Total liabilities	-	-	-	-	-	-	-	-	-	-	56,774,416,301
5. Supplemental information											
(1) Depreciation and amortisation	368,681,165	84,320,004	323,829,943	87,339,804	118,454,047	190,546,267	183,568,753	100,764,477	226,501,180	-	1,684,005,640
(2) Capital expenditure	620,600,234	148,962,747	149,753,054	95,335,296	69,928,878	214,961,863	174,298,734	34,833,567	741,441,604	-	2,250,115,977

13. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2015 (Unaudited)

Currency: RMB

Items	Gold bullion	Processed gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
1. Operating income	1,564,045,427	24,804,955,581	2,229,611,575	599,572,429	4,870,221,278	2,009,514,057	1,458,401,438	1,523,537,395	3,376,542,866	(3,603,962,509)	38,832,439,537
Including: Sales to external customers	1,562,220,227	23,721,154,924	2,065,919,657	415,603,356	4,104,674,218	2,009,046,868	1,415,977,254	1,204,843,492	2,332,999,541	-	38,832,439,537
Intersegment sales	<u>1,825,200</u>	<u>1,083,800,657</u>	<u>163,691,918</u>	<u>183,969,073</u>	<u>765,547,060</u>	<u>467,189</u>	<u>42,424,184</u>	<u>318,693,903</u>	<u>1,043,543,325</u>	<u>(3,603,962,509)</u>	<u>-</u>
2. Segment profit	<u>393,675,643</u>	<u>31,945,521</u>	<u>403,171,273</u>	<u>80,699,795</u>	<u>55,705,648</u>	<u>688,366,137</u>	<u>380,201,456</u>	<u>7,645,172</u>	<u>147,070,526</u>	<u>-</u>	<u>2,188,481,171</u>
3. Segment assets	33,581,309,204	8,729,799,219	9,218,296,252	5,667,127,800	6,098,406,201	14,900,330,669	14,229,820,237	2,880,131,733	45,228,604,136	(72,152,356,705)	68,381,468,746
Unallocated assets	-	-	-	-	-	-	-	-	-	-	9,375,955,980
Total assets	-	-	-	-	-	-	-	-	-	-	77,757,424,726
4. Segment liabilities	17,582,613,362	5,217,252,648	4,815,777,952	2,902,703,030	4,878,461,627	6,876,157,946	9,866,481,361	2,156,130,588	36,698,390,607	(68,980,421,759)	22,013,547,362
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	23,189,754,071
Total liabilities	-	-	-	-	-	-	-	-	-	-	45,203,301,433
5. Supplemental information											
(1) Depreciation and amortisation	120,665,045	83,378,034	404,617,535	66,366,443	97,767,237	199,832,205	213,278,834	96,233,071	239,760,829	-	1,521,899,233
(2) Capital expenditure	829,196,940	215,558,088	227,620,162	139,933,944	150,583,163	367,922,183	351,365,795	71,116,835	1,116,794,460	-	3,470,091,570



#### 14. TRADE RECEIVABLES

Trade receivables are interest-free with a credit period of one to six months in general.

An ageing analysis of the trade receivables is as follows:

	As at 30 June 2016 (Unaudited) RMB	As at 31 December 2015 (Audited) RMB
Within 1 year	813,340,180	744,550,678
Over 1 year but within 2 years	97,415,761	113,127,156
Over 2 years but within 3 years	38,208,601	10,267,525
Over 3 years	10,656,477	3,554,066
	<u>959,621,019</u>	<u>871,499,425</u>
Less: Bad debt provision	<u>6,364,353</u>	<u>6,816,697</u>
	<u>953,256,666</u>	<u>864,682,728</u>

The sales of gold bullions are settled on the transaction dates. The credit periods on the sales of other products such as copper cathodes, zinc bullions and ore concentrates range from 1 to 6 months. The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As mentioned above and because of the fact that the Group's trade receivables were related to a large number of diversified customers, there is no significant concentration of credit risk.

The movements for bad debt provision of the trade receivables are as follows:

	As at 1 January 2016 (Unaudited) RMB	Additions (Unaudited) RMB	Reductions		As at 30 June 2016 (Unaudited) RMB
	Reversal (Unaudited) RMB		Write-off (Unaudited) RMB		
30 June 2016	<u>6,816,697</u>	-	<u>(434,036)</u>	<u>(18,308)</u>	<u>6,364,353</u>
	30 June 2016				
	Carrying amount		Bad debt provision		Net book value
	Amount (Unaudited) RMB	Proportion (%)	Amount (Unaudited) RMB	Proportion (%)	(Unaudited) RMB
Individually significant and for which bad debt provision has been assessed individually	885,197,788	92.24	-	-	885,197,788
Individually not significant but for which bad debt provision has been assessed individually	74,423,231	7.76	6,364,353	8.55	68,058,878
	<u>959,621,019</u>	100	6,364,353	0.66	953,256,666

In the first half of 2016, no provision for bad debt was made (full year of 2015: RMB2,834,823), and there was reversal of bad debts of RMB434,036 (2015: RMB111,269).

In the first half of 2016, there was write-off of bad debt provision of RMB18,308 (2015: RMB42,501).

15. TRADE PAYABLES

An ageing analysis of the trade payables, based on the invoice dates, is as follows:

	As at 30 June 2016 (Unaudited) RMB	As at 31 December 2015 (Audited) RMB
Within 1 year	3,350,603,305	4,090,194,880
Over 1 year but within 2 years	390,004,629	173,463,348
Over 2 years but within 3 years	258,826,306	160,961,200
Over 3 years	69,848,723	18,221,079
	<u>4,069,282,963</u>	<u>4,442,840,507</u>

Trade payables are interest-free and are normally settled within three months.

As at 30 June 2016, there was no significant balance of trade payables aged more than one year (31 December 2015: Nil).

16. RETAINED EARNINGS

	As at 30 June 2016 (Unaudited) RMB	As at 30 June 2015 (Unaudited) RMB
Closing balance of the preceding year and opening balance of the current year	17,521,563,160	17,591,716,635
Net profit attributable to the owners of the parent	538,349,713	1,341,155,185
Less: Appropriation for the statutory reserve	-	-
Proposed final dividend in cash for ordinary shares	1,292,444,619	1,725,825,092
	<u>16,767,468,254</u>	<u>17,207,046,728</u>
Retained earnings as at the end of the period	<u>16,767,468,254</u>	<u>17,207,046,728</u>

At the 2015 annual general meeting of the Company held on 20 June 2016, cash dividend distribution of RMB0.06 per share was approved. The total amount of cash dividend amounted to RMB1,292,444,619.

17. NET CURRENT LIABILITIES

	As at 30 June 2016 (Unaudited) RMB	As at 31 December 2015 (Audited) RMB
Current assets	23,297,792,957	21,794,847,042
Less: Current liabilities	<u>32,329,264,656</u>	<u>31,526,388,423</u>
Net current liabilities	<u>(9,031,471,699)</u>	<u>(9,731,541,381)</u>

18. TOTAL ASSETS LESS CURRENT LIABILITIES

	As at 30 June 2016 (Unaudited) RMB	As at 31 December 2015 (Audited) RMB
Total assets	87,494,331,999	83,914,033,655
Less: Current liabilities	<u>32,329,264,656</u>	<u>31,526,388,423</u>
Total assets less current liabilities	<u><u>55,165,067,343</u></u>	<u><u>52,387,645,232</u></u>

19. PROVISION FOR DEPRECIATION

	For the six months ended 30 June 2016 (Unaudited) RMB	For the six months ended 30 June 2015 (Unaudited) RMB
Fixed assets	1,247,640,046	1,233,722,053
Investment properties	<u>3,687,754</u>	<u>3,688,370</u>

## 2. OPERATION OVERVIEW

### Discussion and Analysis by the Board on the Operation of the Company During the Reporting Period

#### Discussion and Analysis by the Management

##### 1. Market Environment During the Reporting Period

During the reporting period, under the impacts of adoption of accommodative fiscal policies by the major national central banks in the world, Britain exiting from the European Union and waning expectation of an interest rate hike by the Federal Reserve of the United States, capitals seeking for safe haven invested heavily on gold ETFs, strengthening the momentum of gold price. The opening price of gold was US\$1,062.47 per ounce. Its highest price was US\$1,358.59 per ounce and its lowest price was at US\$1,061.79 per ounce. The closing price was US\$1,321.7 per ounce, which represented an increase of 24.4% compared with the beginning of the year. The average price was US\$1,220.28 per ounce, which represented a 1.18% increase compared with the same period last year. As global economic recovery was still slow, copper price remained volatile at low levels. The opening price of copper was US\$4,716 per tonne. Its highest price was US\$5,131 per tonne and its lowest price was US\$4,318 per tonne. The closing price was US\$4,850.5 per tonne, which represented an increase of 2.85% compared with the beginning of the year. The average price was US\$4,698.34 per tonne, which represented a decrease of 21% compared with the same period last year. Zinc price kept rebounding from low ranges due to tightening supply. The opening price of zinc was US\$1,610 per tonne. Its highest price was US\$2,116 per tonne and its lowest price was US\$1,444.5 per tonne. The closing price was US\$2,105 per tonne, which represented an increase of 30.7% compared with the beginning of the year. The average price was US\$1,794.85 per tonne, still represented a 16% decrease compared with the same period last year.

##### 2. Condition of the Industry

In the first half of 2016, global gold production was 1,537.585 tonnes, representing an increase of 1.18% compared with the same period last year. China's gold production reached 229.102 tonnes, representing an increase of 0.16% compared with the same period last year.

In the first half of 2016, global gold consumption was 1,569.694 tonnes, representing a decrease of 11.99% compared with the same period last year. China's gold consumption reached 528.52 tonnes, representing a decrease of 7.68% compared with the same period last year.

Official figure published by the People's Bank of China indicated that the national gold reserve increased by 60.96 tonnes. As at the end of June 2016, China's gold reserve reached 1,823.29 tonnes, which ranked in the world's 6th place in terms of volume.

Due to rebound of gold price, gold industry ramped up capital investment. According to the statistics of National Bureau of Statistics of the People's Republic of China, in the first half of 2016, investment in fixed assets by the gold industry in China amounted to RMB21.14 billion, representing an increase of 12.24% compared with the same period last year. Among which, investment in fixed assets by the mining and processing sectors amounted to RMB19.643 billion, representing an increase of 14.65% compared with the same period last year.

##### 3. Management Analysis

###### Business Overview

During the reporting period, the Company adhered to the work focuses of "clinging to reforms, maintaining growth and boosting development" as initiated by the Board, by which the reform of management structure was basically completed, and important transitions including shifting management and control from regional-based to business segment-based and professionalisation of management were achieved. The whole management structure was further optimised, management efficiency was also improved. The Company achieved its best ever quarterly performance across various indicators in the first quarter of 2016. Based on the success of the first quarter, the Company captured the continuous uptick of gold and zinc prices in the second quarter, successfully attaining outstanding results in the production and operation of the Company's substance business segments. Domestic mining businesses also delivered promising results, with the profits of refining and processing business setting new record. Overseas projects also saw a positive trend of development, their contribution to the profit of the Company is steadily increasing.

In the meanwhile, in accordance with the Company's risk management targets and for the purpose of maintaining stability in operating results, the Company hedged a certain portion of its mineral products based on expected annual sales volume. Since gold price escalated substantially over the beginning of the year during the reporting period, hedging would offset the income arising from spot sales of products against rising product prices, hence resulting in significant decline in the Company's net profit attributable to owners of the parent during the reporting period. Moreover, since the Company held

certain amount of gold leasing and a portion of which was not hedged, rising gold price would lead to a reduction in the Company's profit.

During the reporting period, the Group realised sales income of RMB38.89 billion, representing an increase of 0.15% compared with the same period last year (same period last year: RMB38.832 billion), and a net profit attributable to owners of the parent of RMB538 million, representing a decrease of 59.86% compared with the same period last year (same period last year: RMB1.341 billion).

As at the end of June 2016, the Group's total assets was RMB87.494 billion, representing an increase of 4.27% compared with the beginning of the year (at the beginning of the year: RMB83.914 billion), and net assets attributable to owners of the listed company was RMB26.623 billion, representing a decrease of 3.32% compared with the beginning of the year (at the beginning of the year: RMB27.537 billion).

### **Gold Business**

During the reporting period, the Group produced 110,142kg of gold, representing a decrease of 11.63% compared with the same period last year (same period last year: 124,632kg).

Among which the Group produced 20,445kg of mine-produced gold, representing a growth of 17.39% over the same period last year (same period last year: 17,416kg), among which Zijinshan gold and copper mine produced 4,165kg, BNL produced 3,525kg, Norton produced 2,566kg; Longnan Zijin produced 1,639kg, ZGC produced 1,549kg, Hunchun Zijin produced 1,314kg, Guizhou Zijin produced 960kg, and other gold mining enterprises in the Group produced 4,727kg of mine-produced gold in aggregate.

The Group produced 89,697kg of refinery, processed and trading gold, representing a decrease of 16.34% compared with the same period last year (same period last year: 107,216kg).

Sales income generated from the Group's gold business represented approximately 63.41% (after elimination) of the total operating income during the reporting period, and the products generated about 45.1% of the total gross profit.

### **Copper Business**

During the reporting period, the Group produced 273,701 tonnes of copper, representing a growth of 29.55% over the same period last year (same period last year: 211,273 tonnes).

Among which, the production included 74,754 tonnes of mine-produced copper (including 12,425 tonnes of copper cathodes), representing a decrease of 3.29% compared with the same period last year (same period last year: 77,294 tonnes). In which, Zijinshan gold and copper mine produced 27,539 tonnes (including 12,318 tonnes of copper cathodes), Ashele Copper produced 20,218 tonnes, Duobaoshan Copper produced 11,351 tonnes (including 107 tonnes of copper cathodes), West Copper produced 7,161 tonnes, Hunchun Zijin produced 6,065 tonnes, and other mining enterprises in the Group produced 2,420 tonnes of mine-produced copper in aggregate.

198,947 tonnes of refinery copper were produced in smelting enterprises, representing a growth of 48.49% over the same period last year (same period last year: 133,979 tonnes). In which, Zijin Copper produced 154,916 tonnes of refinery copper.

Sales income from the Group's copper business represented approximately 17.64% (after elimination) of the total operating income during the reporting period, and the products generated about 23.67% of the total gross profit.

### **Lead and Zinc Business**

During the reporting period, the Group produced 225,349 tonnes of zinc, representing a growth of 24.52% over the same period last year (same period last year: 180,979 tonnes).

Among which, the Group produced 122,946 tonnes of mine-produced zinc in concentrate form, representing an increase of 78.46% compared with the same period last year (same period last year: 68,891 tonnes). Among which, Zijin Zinc Industry produced 49,347 tonnes, Wulatehouqi Zijin produced 35,862 tonnes, Russia Longxing produced 31,783 tonnes, Ashele Copper produced 5,020 tonnes and other mining enterprises in the Group produced 934 tonnes of mine-produced zinc in concentrate form in aggregate.

102,403 tonnes of zinc bullion was produced from Bayannaer Zijin, representing a decrease of 8.64% compared with the same period last year (same period last year: 112,088 tonnes).

During the reporting period, 18,169 tonnes of lead in concentrate form were produced, representing a growth of 81.55% over the same period last year (same period last year: 10,008 tonnes).

Sales income from the Group's lead and zinc business represented approximately 5.57% (after elimination) of the total operating income during the reporting period, and the products generated about 13.74% of the total gross profit.

#### **Silver Business**

During the reporting period, the Group produced 282,300kg of silver, representing an increase of 45.24% compared with the same period last year (same period last year: 194,374kg).

Among which, 110,661kg was mine-produced silver, representing an increase of 8.46% compared with the same period last year (same period last year: 102,032kg). In which, Wuping Zijin produced 39,479kg of silver, Shanxi Zijin produced 15,967kg of silver from other associated metals, Ashele copper mine produced 12,241kg of silver from other associated metals, Luoning Huatai produced 11,449kg of silver from other associated metals, Zijinshan gold and copper mine produced 8,752kg of silver from other associated metals, and other mining entities in the Group produced 22,773kg of silver from other associated metals.

The Group produced 171,639kg of refinery silver (by-product), representing an increase of 85.87% compared with the same period last year (same period last year: 92,342kg), among which Zijin Copper produced 134,202kg of refinery silver (by-product), Hunchun Multi-metals produced 25,616kg of refinery silver (by-product), Luoning Zijin produced 8,992kg of refinery silver (by-product), Bayannaer Zijin produced 2,310kg of refinery silver (by-product), and other refinery entities in the Group produced 519kg of refinery silver (by-product).

Sales income from the Group's silver business represented approximately 1.64% (after elimination) of the total operating income of the Group during the reporting period, and the products generated about 2.66% of the total gross profit.

#### **Iron Mine Business**

During the reporting period, no iron concentrates were produced by the Group (same period last year: 1,600,000 tonnes).

#### **Other Business**

Sales income from the Group's other products represented approximately 11.74% (after elimination) of the total operating income of the Group during the reporting period, and generated about 14.83% of the total gross profit.

#### **External Investment**

During the reporting period, the Company completed the acquisition of equity interest in Heilong Mining with a consideration of RMB1.56122 billion, obtained the headquarters assets of Heilong Mining Group Company Limited, and additional 49% equity interest in Heilongjiang Duobaoshan Copper Company Limited and 100% equity interest in Heilongjiang Tongshan Mining Company Limited respectively. Such acquisition will considerably raise the copper resources reserve and production volume of mine-produced copper of the Company, enhancing its competitiveness and sustainability in the industry.

The Company will enhance the integration of Duobaoshan copper mine in Heilongjiang with its surrounding resources, scale up development, achieve cost effectiveness, improve resource utilisation rate and efficiency of production and management, enhance profitability, and endeavour to build a large-scale copper mining entity with annual production capacity of 80,000 to 90,000 tonnes of copper as soon as possible.

#### **Project Construction**

During the reporting period, the Group's major construction projects proceeded smoothly. Among which, both of the construction period and amount of investment of the Kolwezi copper mine project in the DR Congo are expected to be reduced substantially. The Guizhou Shuiyindong gold mine's hot and pressurised pre-oxidation project is being implemented smoothly as planned.

Moreover, in the first half of 2016, the Company established Zijin Mining Construction Co., Ltd., aiming to achieve full integration and optimisation of the Group's construction business. The recent plan of the Group has outlined the goal to build a construction group combining design and engineering capacities, also to accelerate the progress of nurturing the Company's own design and construction force.

#### **Safety and Environmental Protection**

During the reporting period, the Company remained vigilant on safety and environmental protection to implement thoroughly various requirements of the new Production Safety Law, the measures include strengthening accountability of production safety at the base level, constantly striving for the target of “double zeros” by fostering full and orderly environmental control, optimising the orderliness of production of the mining and refining sites, and confronting the challenges brought by extreme weather conditions. No material incident arose from production safety or accidental environment pollution. A good trend of improvement was sustained for production safety and environmental protection, and the Company has received high accolade from local governments, the communities and the society. The Group also launched a pilot scoring system at Zijin Copper and Ashele Copper, targeting to promote a safety assessment system which ensures every member of the staff are accountable and required to follow the benchmark.

### Geological Exploration

During the reporting period, the Group invested approximately RMB74.5527 million in geological exploration and completed 81,380 metres of exploration drilling and 1,340 metres of tunnel exploration. By exploring for new deposits from the currently owned mines, the Company has achieved promising results in expanding gold and copper mineral resources. Projects such as Yueyang silver mine, Yixingzhai gold mine, Jinshan-Liba gold mine, the Kolwezi copper mine, Norton, etc., have delivered satisfactory results in resources expansion, the aggregate volume of metal resources (grade 333 or above) newly added from exploration were 17.05 tonnes of gold, 74,300 tonnes of copper, 1,100 tonnes of lead and zinc, and 9,600 tonnes (copper equivalents) of other minerals.

At the Kamo copper mine, which is an important investment project of the Company in 2015 and 47% interest of which is owned by the Company, a high-grade, thick and large copper deposit was discovered in the Kakula exploration area, approximately 5 kilometers southwest of the main mining area of the Kamo copper mine project. The aforesaid copper deposit is flat-lying, shallow and with huge potential of resource, which makes it probably one of the most valuable and important discoveries in the field of global metal mineral explorations in the recent years and will make a substantial positive effect to the development and production of the project in the future.

In the first half of 2016, the Company also completed integration and marketisational reform of geological exploration business, and further enhanced the strength in exploration of the headquarters and entities specialising in mining geology.

### Financial Business and Taxation

During the reporting period, the Company successfully captured critical market opportunities to issue ultra short-term financing bonds and corporate bonds, which helped optimise financial structure and lower financing costs, and provide capital support to and security for the Company’s project construction and daily operation.

During the reporting period, the Company was also actively preparing for the reforms of value-added tax in lieu of business tax and resource tax, striving to alleviate its tax burden.

## 3. MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Operating results

During the reporting period, the Group recorded operating income of RMB38.890 billion, representing an increase of 0.15% compared with the same period last year (same period last year: RMB38.832 billion).

**The table below sets out the sales by products for the six months ended 30 June 2016 and 30 June 2015 respectively:**

Items	January – June 2016					January – June 2015				
	Unit price (tax excluded) RMB		Sales volume		Amount RMB’000	Unit price (tax excluded) RMB		Sales volume		Amount RMB’000
Mine-produced gold	228.80	/g	20,342	kg	4,654,280	220.21	/g	16,979	kg	3,738,960
Refinery, processed and trading gold	254.85	/g	90,443	kg	23,049,090	232.90	/g	106,732	kg	24,857,410
Mine-produced silver	2.16	/g	108,355	kg	233,900	2.16	/g	101,386	kg	218,790

Mine-produced copper	25,313	/t	73,793	t	1,867,910	30,918	/t	77,239	t	2,388,050
Refinery copper	30,705	/t	197,816	t	6,073,860	36,869	/t	133,100	t	4,907,290
Mine-produced zinc	6,684	/t	126,547	t	845,870	8,272	/t	67,928	t	561,930
Refinery zinc	12,184	/t	101,519	t	1,236,940	13,910	/t	109,531	t	1,523,540
Iron concentrates	402	/t	0.7259	Mt	291,590	404	/t	0.7545	Mt	305,200
Others (Note 1)					6,372,920					3,935,240
Internal sales elimination					-5,736,460					-3,603,970
Total					38,889,900					38,832,440

Note 1:

During the reporting period, other sales income mainly included: RMB2.891 billion from copper trading, RMB487 million from refinery and processed silver, RMB288 million from gold manufacturing products, RMB278 million from copper pipe, RMB227 million from copperplates and RMB2.202 billion from other products, intermediate services and other services, etc.

## 2. Analysis of cost and gross profit margin

The Group is mainly engaged in mine development and refinery and processing. The Group's cost of sales of products mainly includes mining, processing, refining, mineral products and concentrates procurement costs, ore transportation costs, raw materials consumption, energy consumption, salaries and depreciation and amortisation of assets, etc.

The table below sets out details of the unit cost of sales and gross profit margin by product for the six months ended 30 June 2016 and 30 June 2015 respectively (Note 1)

Item	Unit	Unit cost of sales			Gross profit margin (%)	
		Jan-Jun 2016	Jan-Jun 2015	Compared with the same period last year %	Jan-Jun 2016	Jan-Jun 2015
Mine-produced gold	RMB/g	143.31	139.38	2.82	37.36	36.71
Refinery, processed and trading gold	RMB/g	252.20	232.29	8.57	1.04	0.26
Mine-produced silver	RMB/g	1.19	1.51	-21.18	44.77	29.91
Mine-produced copper	RMB/t	15,626	16,368	-4.53	38.27	47.06
Refinery copper	RMB/t	29,069	36,111	-19.50	5.33	2.06
Mine-produced zinc	RMB/t	3,328	4,239	-21.49	50.21	48.75
Refinery zinc	RMB/t	11,036	13,226	-16.56	9.42	4.91
Iron concentrates	RMB/t	172.36	162.67	5.96	57.09	59.78
<b>Overall gross profit margin</b>					11.05	9.83
<b>Overall gross profit margin of mining entities</b>					39.43	42.29

Note 1: The gross profit margin by product was calculated based on the figures before offsetting internal sales, the overall gross profit margin was calculated after eliminating internal sales.

The Group's overall gross profit margin was 11.05%, representing an increase of 1.22 percentage points compared with the same period last year. In which, the overall gross profit margin of mining entities was 39.43%, representing a decrease of 2.86 percentage points compared with the same period last year. The overall gross profit margin of refinery entities was 2.14%, representing an increase of 1.3 percentage points compared with the same period last year.



### **3. Analysis of financial data**

#### **(1) Selling expenses**

The selling expenses of the Group for the first half of 2016 was RMB332,120,000, representing a decrease of 15.17% compared with the same period last year (same period last year: RMB391,520,000), which was mainly due to the stagnant sales of products to certain external overcapacity iron and steel enterprises, resulting in a decrease in transportation expenses and other expenses compared with the same period last year.

#### **(2) Administrative expenses**

The administrative expenses of the Group for the first half of 2016 was RMB1,341,880,000, representing an increase of 14.50% compared with the same period last year (same period last year: RMB1,171,920,000), which was mainly due to the increase in the number of enterprises which were newly acquired and newly commenced production. If non-comparable factors are excluded, the administrative expenses for the first half of 2016 decreased by RMB19,820,000 compared with the same period last year.

#### **(3) Financial expenses**

The financial expenses of the Group for the first half of 2016 was RMB439,930,000, representing an increase of 1.24% compared with the same period last year (same period last year: RMB434,560,000). If non-comparable factors such as newly acquired enterprises and newly commenced production are excluded, the financial expenses for the first half of 2016 decreased by RMB10,130,000 compared with the same period last year.

#### **(4) Impairment losses on assets**

The Group provided impairment losses on assets of RMB5,640,000 in the first half of 2016 (same period last year: RMB82,160,000), including (1) net provision of -RMB370,000 on bad debts after offsetting between provision and reversal of bad debts; (2) net provision of RMB6,010,000 on inventories after offsetting between provision and reversal for decline in value of inventories.

#### **(5) Investment income**

The investment income of the Group during the first half of 2016 was -RMB455,920,000 (same period last year: RMB253,460,000). The significant fluctuation of investment income compared with the same period last year was mainly due to greater year-on-year losses from (1) hedging business and (2) gold leasing business.

#### **(6) Derivative financial instruments in unsettled positions**

As at the end of the reporting period, the change in fair value of hedging held by the Group amounted to -RMB689,290,000 (31 December 2015: unrealised gains of RMB94,820,000).

As at the end of the reporting period, the changes in fair value of the unsettled positions of gold leasing spots and futures hedging on gold leasing was -RMB276,410,000 (31 December 2015: unrealised gains of RMB24,590,000).

#### **(7) Donations**

During the reporting period, the Group donated a total amount of RMB65,960,000 (same period last year: RMB86,250,000).

#### **(8) Working capital and sources of fund**

As at 30 June 2016, the Group's cash and cash equivalents was RMB5,698,000,000, representing an increase of RMB2,407,000,000 or 73.14% compared with the same period last year.

During the reporting period, the accumulated net cash inflow from the Group's operating activities was RMB3,632,000,000, representing a decrease in inflow of RMB219,000,000 compared with the same period last year, in which, the cash inflows from operating activities was RMB41,900,000,000, representing a decrease of RMB1,704,000,000 compared with the same period last year; cash outflows used in operating activities was RMB38,269,000,000, representing a decrease of RMB1,484,000,000 compared with the same period last year. The main reason for the decrease in net cash flows from the Group's operating activities was the decrease in price of major metals, which contributed to the decrease in net cash flow from operating activities.

During the reporting period, net cash outflow used in the Group's investing activities was RMB3,527,000,000, representing a decrease in outflow of RMB578,000,000 compared with the same period last year. The main investing expenditures in the first half of 2016 included: (1) cash payments of RMB2,250,000,000 for purchase and construction of fixed assets, intangible assets and other non-current assets; and (2) net cash outflow of RMB1,040,000,000 for cash payments for and recovery of investment.

During the reporting period, net cash inflow from the Group's financing activities was RMB706,000,000, while during the same period last year, the net cash inflow was RMB74,000,000. The main reason was the increase in financing in the first half of 2016 compared with the same period last year.

As at 30 June 2016, the Group's total borrowings amounted to RMB39,209,000,000 (31 December 2015: RMB36,410,000,000), among which, the amount repayable within one year was about RMB17,560,000,000, the amount

repayable within one to two years was approximately RMB3,490,000,000, the amount repayable within three to five years was approximately RMB16,203,000,000, the amount repayable within more than five years was approximately RMB1,956,000,000. The interest rates for all the aforesaid borrowings ranged from 0.40% to 5.145% per annum.

The Group's daily capital requirements and capital expenditures in maintenance nature can be financed from its internal cash flow. The Group also has about RMB137.2 billion loan credit lines for non-specified purposes provided by banks.

**(9) Analysis on changes in other financial data in the financial statements**

Unit: RMB'000

Item	Balance as at period end/amount for the current period	Balance as at the beginning of the year/ same period last year	Changes (%)
Operating income	38,889,900	38,832,440	0.15
Operating costs	34,594,050	35,015,200	-1.2
Selling expenses	332,120	391,520	-15.17
Administrative expenses	1,341,880	1,171,920	14.50
Financial expenses	439,930	434,560	1.24
Net cash flow from operating activities	3,631,640	3,851,330	-5.70
Net cash flow used in investing activities	-3,527,390	-4,104,520	Not applicable
Net cash flow from financing activities	705,590	74,450	847.7
Research and development expenditures	144,670	159,550	-9.33
Cash and cash equivalents	7,236,590	5,498,300	31.62
Financial assets at fair value through profit or loss	857,870	548,350	56.45
Bills receivable	421,610	264,370	59.48
Prepayments	1,202,510	842,470	42.74
Current portion of non-current assets	31,500	458,040	-93.12
Construction materials	389,440	240,140	62.17
Advances from customers	2,515,890	1,918,150	31.16
Dividends payable	1,303,180	119,000	995.11
Current portion of non-current liabilities	2,244,770	6,053,650	-62.92
Other current liabilities	4,000,000	1,004,820	298.08
Bonds payable	13,300,000	8,300,000	60.24
Impairment losses on assets	5,640	82,160	-93.14
Losses/Gains on changes in fair value	-719,950	337,690	Not applicable
Investment income	-455,920	253,460	Not applicable
Income tax expenses	40,120	496,670	-91.92
Net other comprehensive income after tax	-169,040	-128,770	Not applicable

**Explanation of the reasons for changes:**

- (1) Operating income: please refer to the above analysis;
- (2) Operating costs: please refer to the above analysis;
- (3) Selling expenses: please refer to the above analysis;
- (4) Administrative expenses: please refer to the above analysis;
- (5) Financial expenses: please refer to the above analysis;
- (6) Net cash flow from operating activities: please refer to the above analysis;
- (7) Net cash flow used in investing activities: please refer to the above analysis;
- (8) Net cash flow from financing activities: please refer to the above analysis;
- (9) Research and development expenditures: basically unchanged;
- (10) Cash and cash equivalents: the increase was mainly due to the cash flows from operating activities and issuance of ultra short-term financing bonds and corporate bonds in the first half of 2016;
- (11) Financial assets at fair value through profit or loss: mainly due to increase in fair value of stock investment;
- (12) Bills receivable: due to the change in settlement method of product sales of certain subsidiaries, there was an

- increase in bills settlement;
- (13) Prepayments: mainly due to the expansion of the Company's business scale, certain subsidiaries moving from construction phase into production phase, and increase in prepayments for purchasing materials;
  - (14) Current portion of non-current assets: mainly due to certain items being reclassified to long-term receivables;
  - (15) Construction materials: mainly due to the increase in specialised materials and equipment for infrastructure and technological innovation projects of certain subsidiaries;
  - (16) Advances from customers: mainly due to the increase in advances from customers of Real Estate Company for sales of houses in the first half of 2016;
  - (17) Dividends payable: according to the resolution passed at the shareholders' general meeting, dividend for year 2015 was provided by the Company in the first half of 2016;
  - (18) Current portion of non-current liabilities: mainly due to repayment of the US\$480 million bonds in the first half of 2016;
  - (19) Other current liabilities: due to the newly issued ultra short-term financing bonds in the first half of 2016;
  - (20) Bonds payable: due to the issuance of corporate bonds in the first half of 2016;
  - (21) Impairment losses on assets: no material impairment was made in the first half of 2016;
  - (22) Losses/Gains on changes in fair value: mainly due to losses from hedging and gold leasing in the first half of 2016;
  - (23) Investment income: mainly due to losses from hedging and gold leasing in the first half of 2016;
  - (24) Income tax expenses: mainly due to the decrease in taxable profits and related tax provisions of the parent company and its subsidiaries in the first half of 2016;
  - (25) Net other comprehensive income after tax: mainly due to the adoption of hedge accounting in the first half of 2016 and changes in fair value of available-for-sale investments.

#### 4. Others

##### **Analysis and descriptions of the implementation progress of various types of financing, major asset reorganisation of the Company**

In view of the rather drastic changes taking place in the market since the second half of 2015, the resolution regarding the termination of the Company's non-public issuance of A Shares was considered and approved at the seventeenth meeting of the fifth Board convened on 29 April 2016. The Company received the "CSRC's Notice for Terminating the Review for Administrative Permission" (2016 No. [335]) in June 2016.

The resolutions relating to the non-public issuance of A Shares of the Company in 2016 were considered and approved at the eighteenth meeting of the fifth Board convened on 8 July 2016. Pursuant to the issuance proposal, the Company proposed to issue not more than 1,553,398,058 A Shares (1,553,398,058 shares inclusive) to not more than ten specific investors at a minimum subscription price of RMB3.09 per share to raise gross proceeds of not more than RMB4.8 billion. Since the profit distribution proposal of the Company for 2015 was completed in July 2016, the minimum subscription price was adjusted to RMB3.03 per share and the number of shares to be issued was adjusted to not more than 1,584,158,415 shares (1,584,158,415 shares inclusive). The issuing objects include Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang"), the controlling shareholder of the Company, and Phase 1 of the Employee Stock Ownership Scheme of the Company (the "Employee Stock Ownership Scheme"). In which, Minxi Xinghang has undertaken to subscribe by way of cash with a subscription amount of RMB900 million. The Employee Stock Ownership Scheme has undertaken to subscribe by way of cash with a subscription amount of RMB401.7 million. The above resolutions were considered and approved by the second extraordinary general meeting in 2016, the second A Shareholders' class meeting in 2016 and the second H Shareholders' class meeting in 2016 convened on 25 August 2016. The Company is actively pushing forward various relevant tasks.

The Company was approved to issue corporate bonds with face value of not more than RMB8 billion publicly to qualified investors according to the approval document issued by the CSRC (Zhengjian Xuke [2016] No. 285). The corporate bonds will be issued by tranches. The Company issued the first tranche of the corporate bonds in March 2016. The total issuing size was RMB5 billion. In which, the term of type one is 5 years, the issuer has an option of adjusting the coupon rate while the investors have an option of redemption at the end of the third year. The actual issued amount was RMB3 billion with final coupon rate of 2.99%. Type two has a term of 5 years. The actual issued amount was RMB2 billion with final coupon rate of 3.37%. The Company issued the second tranche of the corporate bonds in July 2016. The total issuing size was RMB3 billion. In which, the term of type one is 5 years, the issuer has an option of adjusting the coupon rate while the investors have an option of redemption at the end of the third year. The actual issued amount was RMB1.8 billion with final coupon rate of 3.05%. Type two has a term of 5 years. The actual issued amount was RMB1.2 billion with final coupon rate of 3.45%.

The proposal for a general mandate to issue debt financing instruments was considered and approved at the Company's 2014 annual general meeting. The Company proposed to issue debt financing instruments on a one-off basis or by tranches within or outside the PRC with a total cumulative amount not exceeding RMB10 billion (RMB10 billion inclusive) or the equivalent in foreign currency. Pursuant to the authorisation, the extraordinary meeting of the fifth Board approved "the proposal in relation to registering and issuing ultra short-term financing bonds" on 19 July 2015. The Company received the notice of registration acceptance issued by the National Association of Financial Market Institutional Investors in September 2015. The registered amount of the ultra short-term financing bonds of the Company is RMB8 billion. The registered amount is valid for 2 years commencing from the issuance date of the notice. The

Company issued ultra short-term financing bonds with an aggregate amount of RMB7 billion during 2015 and 2016. The outstanding balance as at the end of the reporting period was RMB4 billion.

The resolutions in relation to Issuance of Renewable Corporate Bonds were considered and approved at the extraordinary meeting of the fifth Board on 5 August 2016. The Board resolved that the Company may seek favourable timing to issue the renewable corporate bonds (“Renewable Corporate Bonds” or the “Bonds”) in a timely manner, subject to the validity period of the resolutions. The size of issuance of the Renewable Corporate Bonds will be no more than RMB5 billion (RMB5 billion inclusive). The maturity is 5+N years. The Renewable Corporate Bonds to be issued are fixed-rate bonds. The interest is calculated per annum using simple interest method and there will not be any compound interest. In case of deferred interest payment, interest should be accrued on each deferred interest at the coupon rate prevailing at the current term. The face value of the Renewable Corporate Bonds is RMB100 each and the Bonds are non-guaranteed. The Bonds are to be publicly issued, the proceeds raised are intended to be used in supplementing working capital and other purposes as authorised by the laws and regulations. The validity period of the resolutions regarding issuance of the Renewable Corporate Bonds shall be 24 months commencing from the date of consideration and approval at the shareholders’ general meeting. The aforesaid resolutions were considered and approved at the second extraordinary general meeting in 2016 convened by the Company on 25 August 2016.

#### Gearing ratio

Gearing ratio refers to the proportion of consolidated total liabilities to the consolidated total equity. As at 30 June 2016, the Group’s consolidated total liabilities amounted to RMB56,774,420,000 (30 June 2015: RMB45,203,300,000) and the Group’s consolidated total equity was RMB30,719,920,000 (30 June 2015: RMB32,554,120,000). As at 30 June 2016, the gearing ratio of the Group was 1.8481 (30 June 2015: 1.3886).

#### Non-recurring profit or loss items and their amounts

Unit: RMB

Non-recurring profit or loss items	Amount	Note (if applicable)
Gains or losses on disposal of non-current assets	-8,962,330	
Government grants recognised in the statement of profit or loss, except for government grants closely related to the Company’s normal operations, which are in line with the country’s policies, calculated according to certain standards or continuously granted in fixed amount	76,529,802	
Gains or losses on changes in fair value from held-for-trading financial assets and financial liabilities, investment gains on disposal of held-for-trading financial assets and financial liabilities and available-for-sale investments except for the effective portion of hedge closely related to the Company’s normal operations	-70,163,720	Including gains on investment of stocks, funds and bonds amounted to RMB225,566,376, and losses on the non-effective portion of hedging instruments from cash-flow hedges amounted to RMB295,730,096
Other non-operating income and expenses other than the aforesaid items	-61,578,195	Including donation expenses of the Company amounted to RMB65,962,188
Impact on the non-controlling interests	1,437,294	
Impact on income tax	36,692,647	
Total	-26,044,502	

#### Outlook for the second half of 2016

##### Description of the progress of operation plan

##### Operating environment

Beginning from the second half of 2016, the effectiveness of the first sets of favourable policies for economic transformation and upgrade in the Thirteenth Five-year Plan as promulgated by the PRC government, including tax reduction policies such as value-added tax in lieu of business tax, and specific measures such as cutting excessive industrial capacity, de-stocking, de-leveraging, lowering corporate costs and improving weak links, are anticipated to unleash and continue to bring positive stimulation to the market. Nevertheless, the economy is still likely to undergo enormous pressure.

Fundamentals of mining industry will recover gradually, with prices of bulk commodities bottoming out, and global mining investment gathering momentum. Under the impacts of adoption of accommodative fiscal policies by the major national central banks in the world and the Federal Reserve of the United States pushing back the timetable of an interest rate hike, gold will serve a good counter-inflation instrument and a safe haven asset. The trend of a positive twist of gold price is confirmed, the market value of gold corporations is likely to surge, sending up the cost of overseas mergers and acquisitions. Under such background, Chinese mining companies will brace for more difficulties and challenges in the

course of “going out” for merger and acquisition opportunities.

### **Production plan**

The planned production volumes of major mineral products of the Company for year 2016 are: mine-produced gold of 42.5 tonnes or 15% growth year-on-year; mine-produced copper of 155,000 tonnes or 3% growth year-on-year; mine-produced lead and zinc of 270,000 tonnes or 36% growth year-on-year; other mineral products of 30,000 tonnes (copper equivalent).

The above plan was made in light of the current economic condition, market situation and the existing conditions of the Company. The Board may revise the production plan from time to time in accordance with the prevailing circumstances.

### **Measures**

In the second half of 2016, the Group will further consolidate and deepen the main tasks of “clinging to reforms, maintaining growth and boosting development” as initiated by the Board. Key measures are as follows:

#### **In the aspect of “clinging to reforms”**

The Company will insist on market standards and value creation principle as the yardstick, and with the guidance of the Group’s master reform plan, promote deep structural reform in management and human resources, complete in all aspects in the amendments and improvements to various basic management policies, and improve mechanisms, streamline work processes and increase efficiency.

This year, the reform of the Group’s management system, primarily characterised by a business segment-oriented approach, has achieved magnificent outcomes. Specialisation of management not only has significantly enhanced the Group’s level of management, but has also been a vital factor helping the Company’s key business segments to achieve crucial operating results in the first half of 2016.

#### **In the aspect of “maintaining growth”**

By using a series of technological and management measures, the Company aims to raise productivity and production volume, and boost efficiency with cost reduced, to ensure the full-year target of “maintaining growth” can be reached. Construction of projects will be accelerated, the newly commenced projects should reach production and operational targets as soon as possible; technological upgrade and intellectual transformation will be attached with high importance, and the levels of automation, digitalisation and modernisation of equipment in mines will be practically enhanced, to significantly raise labour productivity; the advantage of group-wide central procurement will be leveraged to bargain for better prices and lower procurement costs.

### **Production and operation**

Domestic mining business should accelerate the digitalisation and intellectual transformation of large mines’ production system, and enhance their energy conversion rate to reduce unit energy consumption. It should also take full advantage of the favourable conditions of key production entities, including processing plant No. 3 of Zijinshan copper mine, Duobaoshan Copper, Deerni copper mine and major zinc-producing entities, etc., to boost volume growth.

Refining and processing business should further enhance their technological capacities, intelligent transformation and specialisation of management, and improve operational efficiency of the corporation, labour productivity per person, and turnovers of materials and capital.

### **Project construction**

The targets are to speed up the development progress of the flotation processing plant of Zijinshan copper mine, hot pressure of Shuiyindong gold mine, exploration of the deep parts of Ashele copper mine and other projects, in order to ensure commencement of production in the second half of 2016 as scheduled; the overall development of Duobaoshan copper mine and Tongshan copper mine is expected to get faster, so as to maximise their production capacity and efficiency as soon as possible; development of the Kolwezi copper mine will be actively pushed ahead to strive for commencement of production in the first half of 2017; management of the construction projects should be fully strengthened, the Company’s own construction force should be developed more rapidly.

### **Safety and environmental protection**

“Zero casualty and zero environmental incident” are the targets that the Company endlessly pursues. The protection for production safety will be fully enhanced, awareness of production safety and environmental protection will be raised and the respective responsibilities will be implemented to the base level to consolidate and enhance achievements made in regulating environmental control.

### **Science, technology and geological exploration**

Science, technology and geological exploration tasks will be guided by economic principles. In the aspects of slope angle improvement in open-pit mining, technological upgrade for deep underground mining, enhancement of recovery rate in ore processing, etc., the Company will also seek major breakthroughs in the reform of key production techniques in base level. Digitalised and automated technology will also be reformed and utilised in the whole process of exploration, mining, processing, refining and trading, etc.

#### **In the aspect of “boosting development”**

### Development of the industry

The Company will boost the development of its three major businesses, namely gold, copper and zinc. The development of gold business will be a priority, for which the Company will strive to attain material breakthroughs in volume of retained resources and production volume; the target for mine-produced copper is to rank the first in terms of national production volume in three years' time; and the target of mine-produced zinc is to further solidify its position as the second place in volume produced.

### Overseas business

The Company will adhere to internationalisation as the roadmap for development, and follow the strategy of overseas merger and acquisition. To raise resources reserve, productivity and production volume for stronger support to sustainable development, the Company will thoroughly study the trends in global mining industry, taking bold steps to seek and capture market opportunities. Moreover, top global mining practices and standards will be utilised to measure performance, the operation and management of overseas enterprises will be fully enhanced to boost profitability.

### Capital and financial operation

The Company will rigorously push ahead the non-public issuance of A Shares. Better market judgment and industrial analysis will be introduced to strengthen risk management of hedging.

### Analysis on operating status based on industry, product and region

#### 1. Status of main businesses by industry and product

Unit: RMB'000

Status of main businesses by product						
By product	Operating income	Operating costs	Gross profit margin (%)	Changes in operating income compared with same period last year (%)	Changes in operating costs compared with same period last year (%)	Changes in gross profit margin in percentage point compared with same period last year
Mine-produced gold	4,654,280	2,915,330	37.36	24.48	23.19	Increased by 0.65 percentage point
Refinery, processed and trading gold	23,049,090	22,809,490	1.04	-7.27	-8.00	Increased by 0.78 percentage point
Mine-produced silver	233,900	129,180	44.77	6.91	-15.76	Increased by 14.86 percentage points
Mine-produced copper	1,867,910	1,153,060	38.27	-21.78	-8.79	Decreased by 8.79 percentage points
Refinery copper	6,073,860	5,750,360	5.33	23.77	19.64	Increased by 3.27 percentage points
Mine-produced zinc	845,870	421,160	50.21	50.53	46.25	Increased by 1.46 percentage points
Refinery zinc	1,236,940	1,120,410	9.42	-18.81	-22.66	Increased by 4.51 percentage points
Iron concentrates	291,590	125,123.60	57.09	-4.46	1.94	Decreased by 2.69 percentage points
Others	6,372,920	5,815,420	8.75	61.94	69.39	Decreased by 4.01 percentage points
Internal elimination	-5,736,460	-5,645,480				
Total	38,889,900	34,594,050	11.05	0.15	-1.20	Increased by 1.22 percentage points

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

#### 2. Status of main businesses by region

Over 93.04% of the Company's operating income was originated from customers in Mainland China, and 50.74% of the operating income was from the Shanghai Gold Exchange. Therefore, it is not necessary to sort customers by region.

### 3. Information on major suppliers and customers

During the reporting period, the Group's total procurement amount from the top five suppliers was RMB10.111 billion, representing 29.23% of the Group's total procurement amount. The Group's major suppliers included Shanghai Gold Exchange, Glencore International AG, etc.

During the reporting period, the Group's total sales income from the top five customers amounted to RMB22.914 billion, representing 58.92% of the Group's total sales income. The Group's major customers included Shanghai Gold Exchange, Australian Mint, Shanghai Huiao Non-ferrous Metals Company Limited, etc.

#### Investment status

##### Analysis on external equity investment

During the reporting period, the Company continued to carry out the development strategy of "internationalisation, project upsizing, asset securitisation", with main focus on gold and copper resources, and completed the mineral investment projects, such as acquisition of equity interest in Heilong Mining, participation in capital enlargement of Pretium Resources Inc. in Canada, etc. In the meantime, the Company continued to pay attention and keep track of a batch of important mineral projects in preparation for increasing its future reserve, production volume and value.

##### Analysis of the Company's major subsidiaries and associates

#### (1) Operating status and results of subsidiaries or associates affecting the Company's net profit for over 10%

RMB'000

Company name	Total assets	Net assets	Operating income	Operating profit	Net profit
Barrick (Niugini) Limited	3,384,400	1,194,280	999,500	326,000	295,850
Xinjiang Ashele Copper Company Limited	3,134,470	1,438,660	577,640	249,750	198,360
Zijin Copper Company Limited	6,464,100	1,948,540	11,764,860	140,640	139,690
Hunchun Zijin Mining Company Limited (including Hunchun Multi-metals)	6,130,300	1,678,690	2,190,490	85,100	57,880

#### (2) Operating status and results of other major subsidiaries

RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Xinjiang Zijin Zinc Industry Company Limited	Zinc concentrates	346,500	1,310,900	537,130	79,020
Longnan Zijin Mining Company Limited	Gold bullion/Gold concentrates	242,220	909,320	325,470	57,630
Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	800,000	2,680,330	922,320	9,740
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,370,890	1,221,790	4,750
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	2,072,810	626,460	-4,840
Hebei Chongli Zijin Mining Company Limited	Gold	237,500	627,590	406,370	-18,360
Bayannaer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,058,780	810,020	-40,950
Guizhou Zijin Mining Company Limited	Gold bullion/Gold concentrates	200,000	2,328,660	823,800	-41,810

#### Projects using non-proceeds funds

RMB million

Project name	Planned investment	Progress	Investment for the reporting	Accumulated actual investment	Project return status
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	amount		period		
Longnan Zijin (Gansu Li County gold mine project)	1,400	Feasibility study reports of phase 2 of the 8,000 tonnes/day processing project and biological pre-oxidation were completed. Internal approval has been obtained and external approval is proceeding smoothly; stripping of mining infrastructure are in progress.	33	528	Planned to produce about 6 tonnes of gold a year after completion of the two phases of the project and upon reaching the designated production capacity; income from investment in biological pre-oxidation project will reach 27.23%.
Technological innovation of ZGC gold mine in Tajikistan	1,916	The stripping of open-pit infrastructure of Jilau and Taror has been completed. The construction of Jilau 10,000 tonnes processing plant is completed and is operating in one production line.	47	1,525	Upon completion of technological innovation, it will increase production capacity by about 3.5 tonnes of gold a year.
The Kolwezi copper mine project in the DR Congo	3,529	Most of the designs of flotation processing, electricity, etc. were completed and related plans have been submitted; construction and installment works are in full swing; the stripping of infrastructure proceeded in an orderly manner; the first-stage mining area for high-grade ores has been determined.	261.8	386.5	Annual production capacity planned to reach 7,212 tonnes of copper sulphide concentrates (containing 60% copper), 43,616 tonnes of crude copper (containing 90% copper) and 8,203 tonnes of copper cathode.
40,000 tonnes (25,000 tonnes for flotation processing, 15,000 tonnes for heap leaching) processing plant at the Zijinshan gold and copper mine	815	The whole construction process is approaching conclusion; contracts for major equipment have been awarded. It is expected that production will commence in September 2016.	303	518	Upon completion of the project, the annual production capacity is expected to reach copper concentrates containing copper of 37,000 tonnes, copper cathodes of 11,600 tonnes, gold associated with other metals of 1.02 tonnes and silver of 26.47 tonnes.
Total	7,660	/	644.8	2,957.5	/

#### Major litigation and arbitration

Summary and type of event	Index for details
The dispute between Xinyi Zijin Mining Co., Ltd. and the 6 hydropower plants including Shihuadi hydropower station in Qianpai Town, Xinyi City and a water treatment plant for liability for damages due to collapse of structures in the “9.21 flooding” in 2010.	For details, please refer to the Company’s 2015 annual report disclosed on HKEXnews website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> ) on 29 April 2016.



The dispute between the Company and Zhongxing Henghe Investment Group Company Limited regarding a share transfer framework agreement.	For details, please refer to the Company's 2015 annual report disclosed on HKEXnews website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> ) on 29 April 2016.
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#### Asset transactions and corporate mergers

#### Acquisitions, disposals of assets and corporate mergers which have been published in provisional announcements and without changes for subsequent implementation

Summary and type of event	Index for details
<p>The Company entered into a share transfer agreement (the "Agreement") with the 3 shareholders of Heilong Mining Group Company Limited ("Heilong Mining"), namely Beijing Zhongrui Chuangxiang Investment Company Limited, Qinghai West Resources Company Limited and Qinghai West Rare and Precious Metals Company Limited (collectively the "Transferors"), and Hangzhou Nabel Group Company Limited, as the guarantor, on 3 June 2016. The Company would acquire 100% equity interest in Heilong Mining (after detaching certain assets pursuant to the Agreement) held by the Transferors with cash consideration of RMB1.56122 billion.</p> <p>Heilong Mining holds 49% equity interest in Heilongjiang Duobaoshan Copper Company Limited ("Duobaoshan Company"), 100% equity interest in Heilongjiang Tongshan Mining Company Limited ("Tongshan Company"), 100% equity interest in Heilongjiang Baoshan Mining Company Limited ("Baoshan Company"), 100% equity interest in Nenjiang County Survey and Mapping and Mineral Products Company Limited ("Survey and Mapping Company") and 100% equity interest in Heilongjiang Heilong Resources Investment Company Limited ("Resources Company") respectively. Pursuant to the Agreement, Heilong Mining will detach the 100% equity interests it holds in Baoshan Company, Survey and Mapping Company and Resources Company respectively.</p> <p>The Company currently holds 51% equity interest in Duobaoshan Company. After the completion of the transaction, the Company will hold 100% equity interest in Duobaoshan Company, Tongshan Company and Heilong Mining respectively. The major assets of the above 3 companies include the headquarters building of Heilong Mining, 11 exploration rights and 3 mining rights, etc.</p>	<p>For details, please refer to the Company's announcement disclosed on HKEXnews website (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>) on 6 June 2016.</p>

#### Material connected transaction

Summary of event	Index for details
<p>Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower") is a subsidiary of Minxi Xinghang, the Company's substantial shareholder, and an associate of Zijin Finance, the Company's subsidiary. Zijin Finance provided financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB21.5 million to Ting River Hydropower.</p>	<p>For details, please refer to the Company's announcement disclosed on HKEXnews website (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>) on 9 January 2014.</p>

#### Others

- (1) During the reporting period, the Company further strengthened risk management, improved hedging business, accounted for the hedging business using hedge accounting, and used futures contracts to engage in cash flow hedges based on estimated sales of mine-produced gold and mine-produced copper in the next 12 months.
- (2) Warning in respect of forecast of possible accumulated net loss from the beginning of the year to the end of the next reporting period or warning in respect of any significant changes in accumulated net profit as compared with that of the corresponding period of the previous year and the reasons thereof

Since the beginning of 2016, there were substantial volatilities in the prices of major metals including gold, copper, zinc, etc. It may substantially affect the Company's operating results for the next reporting period. Investors are advised to be cautious of investment risk.

#### Undertaking and performance

#### Undertakings by the listed companies, shareholders holding over 5% of shares, controlling shareholders and actual controllers, which were made during the reporting period or remained to be valid within the reporting period

Background of the undertaking	Type of the undertaking	Undertaking parties	Contents of the undertaking	Time of undertaking and its validity period	Whether there is validity period	Whether the undertaking has been strictly complied with
<b>Undertaking related to reform of shareholding structure</b>	Avoidance of competition within the same industry	Minxi Xinghang State-owned Assets Investment Co., Ltd.	During the period of being the substantial shareholder of the Company, Minxi Xinghang and its wholly-owned or controlling enterprises will not engage in any business that is in competition with or constitutes a competitive threat to the Company's main business or main products within or outside the PRC, including investing, acquiring, merging or entrusting to operate and manage locally or globally a company, business or other economic organisation which main business or product is the same with or similar to that of the Company. If the Company develops any new business segment in the future, the Company will have the priority to enter that business industry while Minxi Xinghang and its other wholly-owned or controlling enterprises will not develop the same business segment.	The undertaking was made by Minxi Xinghang in 2008 when the A Shares of the Company were listed. The undertaking is valid so long as Minxi Xinghang is the substantial shareholder of the Company.	Yes	Yes
<b>Other undertakings</b>	Others	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held within 6 months from the date of the undertaking	Within 6 months from 11 July 2015	Yes	Yes
	Others	The Directors, Supervisors and senior management of the Company	Not to reduce the number of shares of the Company held within 6 months from the date of the undertaking	Within 6 months from 11 July 2015	Yes	Yes
	Others	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held during the period of the undertaking	From 8 January 2016 to 31 December 2016	Yes	Yes

### Information of corporate bonds

(1) Overview of corporate bonds which were publicly issued, listing on the stock exchanges and undue on the date of disclosure of this announcement

Name of bond	Abbreviation	Code	Date of issuance	Date of maturity	Outstanding balance	Interest rate	Payment of principal and interest	Listing place
2016 Corporate Bonds (the First Tranche) (Type one) of Zijin Mining Group Co.,	16 Zijin 01	136304	18 March 2016	18 March 2021	3,000,000	2.99%	Interest to be paid annually, principal to be repaid in full at maturity	Shanghai Stock Exchange

RMB'000

Ltd.*								
2016 Corporate Bonds (the First Tranche) (Type two) of Zijin Mining Group Co., Ltd.*	16 Zijin 02	136305	18 March 2016	18 March 2021	2,000,000	3.37%	Interest to be paid annually, principal to be repaid in full at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (the Second Tranche) (Type One) of Zijin Mining Group Co., Ltd.*	16 Zijin 03	136549	15 July 2016	15 July 2021	1,800,000	3.05%	Interest to be paid annually, principal to be repaid in full at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (the Second Tranche) (Type Two) of Zijin Mining Group Co., Ltd.*	16 Zijin 04	136550	15 July 2016	15 July 2021	1,200,000	3.45%	Interest to be paid annually, principal to be repaid in full at maturity	Shanghai Stock Exchange

(2) Arrangement regarding suitability of investors

The issuing objects in the issuance of 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.\* and 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.\* are qualified investors in compliance with laws and regulations.

(3) Settlement of interests and principals of the corporate bonds during the reporting period

Date of payment of the initial interest accrued of 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.\* and 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.\* will be 18 March 2017 and 15 July 2017, respectively. No interest payment was made during the reporting period.

**Use of proceeds raised from corporate bonds**

As at the date of this announcement, the RMB5 billion of proceeds raised from 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.\* was fully used for supplementing working capital; and the RMB3 billion of proceeds raised from 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.\* was fully used for supplementing working capital. The unused balance of the proceeds from both tranches of corporate bonds is RMB0.

During the reporting period, the designated account for the proceeds raised was well operated.

**Settlement of interests and principals of other bonds and debt financing instruments of the Company**

As at 30 June 2016, the balance of the issued medium-term notes and ultra short-term financing bonds of the Company was RMB8.3 billion and RMB4 billion respectively. The interest payments were settled on schedule.

## 4. SUPPLEMENTAL INFORMATION

**Corporate Governance**

During the reporting period, the Company strictly complied with the “Company Law of the PRC”, the “Securities Law of the PRC”, “Code of Corporate Governance for Listed Companies”, “Rules Governing the Listing of Stocks on Shanghai Stock Exchange”, “Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited” (the

“Listing Rules”) and other domestic and overseas laws and regulations requirements, to constantly improve the corporate governance structure, establish a sound internal control system and regulate the Company’s operation. During the reporting period, the Company revised the Implementation Policy for the Audit and Internal Control Committee of the Board of Directors of Zijin Mining Group Co., Ltd.\* pursuant to Appendix 14 of the Listing Rules newly revised by the Stock Exchange of Hong Kong Limited, which was submitted to and considered and approved by the Board. The actual operation of the Company complies with the requirements of the relevant corporate governance regulations for listed companies issued by the regulatory authorities.

#### **The Execution of or Adjustment to the Profit Distribution Plan During the Reporting Period**

On 20 June 2016, the 2015 annual general meeting of the Company considered and approved the resolution of profit distribution plan of the Company for 2015. Based on the total number of shares of 21,540,743,650 of the Company (after deduction of the repurchased H Shares), a dividend of RMB0.6 (tax included) per every 10 shares (a total of RMB1,292,444,619 in cash) was provided, and the undistributed profit was retained for future distribution. The above profit distribution was completed on 22 July 2016.

For details, please refer to the Company’s announcements disclosed on the HKEXnews website dated 8 June 2016, 14 June 2016 and 22 July 2016.

#### **Interim Dividend**

The Board proposed to pay no dividend for the six months ended 30 June 2016. (The dividend for the six months ended 30 June 2015 was nil)

#### **Purchase, Redemption or Sale of Listed Securities of the Company**

At the 2014 annual general meeting, the first A Shareholders’ class meeting in 2015 and the first H Shareholders’ class meeting in 2015 convened by the Company on 11 May 2015, a resolution in relation to the proposal of granting a general mandate to the Board of the Company to repurchase H Shares was approved. The effective period of the resolution was from the date of the shareholders’ general meetings passing the resolution to the date of the 2015 annual general meeting convened in 2016. According to the authorisation, the Company continued to implement repurchase of H Shares in the first half of 2016 and repurchased 2,500,000 H Shares in aggregate with the total amount paid of HK\$4,845,000 (excluding commission and other expenses). Up to the present, the cancellation of the shares repurchased in 2015 and the first half of 2016 has been completed at Computershare Hong Kong Investor Services Limited, and the change of business registration in the PRC for the cancellation of the repurchased H Shares has also been completed.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2016.

#### **Corporate Governance Report**

As required by provision A.1.8 of Appendix 14 Corporate Governance Code and Corporate Governance Report to the Listing Rules (the “CG Code”), an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors. The Board currently considers that the Company and the Board have adopted sufficient measures to prevent Directors from committing errors and minimise the risk in claims against the Directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the Board will review this policy of insurance from time to time and may arrange insurance later. As required by provision F.1.3 of the CG Code, an issuer’s company secretary should report to the board chairman and/or the chief executive. The Board considers that the company secretary in Hong Kong reporting to the secretary to the Board is more suitable to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and Mainland China. The provision A.5.6 of the CG Code stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The nomination and remuneration committee of the Company would review the Board composition from time to time and from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender. It considered that the Board diversity is proper and therefore the update of policy is not required.

In view of the recent amendments to the CG Code effective for the accounting period beginning on 1 January 2016, the Board has adopted a revised Implementation Policy for the Audit and Internal Control Committee of the Board of Directors of Zijin Mining Group Co., Ltd.\* on 25 March 2016 in order to comply with certain changes related to risk management and internal control section of the CG Code.

Save as disclosed above, for the six months ended 30 June 2016, the Board confirmed that the Group has adopted and complied with the provisions of the CG Code and has followed most of its recommended best practices with no deviation.

#### **Audit and Internal Control Committee**

The audit and internal control committee of the Board has reviewed the Group's unaudited financial report for the six months ended 30 June 2016 and further discussed the auditing, internal control and financial reporting matters. The audit and internal control committee considers that the Group's financial report for the six months ended 30 June 2016 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.

#### **Independent Non-executive Directors**

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which states the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting related financial management expertise. The Company appointed four independent non-executive Directors and one of them possesses accounting and related financial management expertise. Details of the independent non-executive Directors have been provided in the Company's 2015 annual report.

#### **Securities Transactions by Directors**

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "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. Having made specific reasonable enquiries with all Directors of the Company, the Group confirmed that all Directors have complied with the provisions of the Model Code for the six months ended 30 June 2016.

#### **Shareholdings of Directors and Supervisors in the Company**

As at 30 June 2016, Mr. Chen Jinghe, the Chairman of the Board of the Company, held 102,000,000 A Shares and 2,000,000 H Shares, Mr. Wang Jianhua, Director and President, held 700,000 A Shares, Mr. Lan Fusheng, Vice Chairman, held 7,530,510 A Shares, Mr. Zou Laichang, Director, held 1,430,000 A Shares, Mr. Fang Qixue, Director, held 301,000 A Shares, Mr. Lin Hongfu, Director, held 862,500 A Shares, Mr. Lin Shuiqing, Supervisor, held 300,000 A Shares, and Mr. Liu Wenhong, Supervisor, held 24,450 A Shares and 10,000 H Shares.

#### **Changes in Directors, Supervisors and Senior Management of the Company**

<b>Name</b>	<b>Position</b>	<b>Change</b>	<b>Reasons for change</b>	<b>Effective date</b>
Qiu Guanzhou	Independent non-executive Director	Resignation	Personal work reason	20 June 2016
Zhu Guang	Independent non-executive Director	Appointment	Replacement of independent non-executive Director	20 June 2016

#### **Appointment and Dismissal of Auditors**

According to the resolution passed at the Company's 2015 annual general meeting, the Company reappointed Ernst & Young Hua Ming LLP as the auditor in 2016.

#### **Post Balance Sheet Events**

1. The Company convened the second extraordinary general meeting in 2016, the second A Shareholders' class meeting in 2016 and the second H Shareholders' class meeting in 2016 to consider the resolutions regarding the proposal on the non-public issuance of A Shares of the Company (including connected transactions of subscription of A Shares by Minxi Xinghang and subscription of A Shares pursuant to the Employee Stock Ownership Scheme), issuance of the renewable corporate bonds, etc. All resolutions were duly approved. For details, please refer to the notices of the Second Extraordinary General Meeting in 2016 and the Second H Shareholders' Class Meeting in 2016 dated 11 July 2016, the circular and the revised notice of the Second Extraordinary General Meeting in 2016 dated 10 August 2016 and the announcement of Resolutions Passed at the Second Extraordinary General Meeting in 2016, the Second A Shareholders' Class Meeting in 2016 and the Second H Shareholders' Class Meeting in 2016 dated 25 August 2016.

2. Resource tax reform: On 10 May 2016, the Ministry of Finance and the State Administration of Taxation of the PRC issued the "Notice on Full Implementation of Resource Tax Reform". Further to the reform of levying taxes based on price over coal, crude oil, natural gas, etc., broad reform is also to be enforced on other types of mineral resources, actively introducing favourable conditions to phase in resource tax on natural resources such as water, woods, pasture, tidal flat, etc. The reform of resource tax based on price and pilot reform of water resource tax are effective from 1 July 2016. At the same time of reforming resource tax based on price, the resource compensation rates for all categories of resources are reduced to zero. Price adjustment fund is no longer collected to curb various types of unlawful fees levied on mineral resources by local administrative authorities. The reform of resource tax based on price is positive to reducing corporate tax burden as a whole.

3. On 8 July 2016, the Company and Jin Cheng Mining Limited (“Jin Cheng Mining”), a wholly-owned subsidiary of the Company, jointly entered into a share acquisition agreement with Huayou Cobalt Co., Ltd. (“Huayou Cobalt”). Jin Cheng Mining acquired 21% equity interest and the relevant interests in La Compagnie Minière de Musonoie Global SAS of the DR Congo (“Musonoie”) held by Huayou Cobalt with a consideration of US\$34 million. After completion of the acquisition, the Company will hold 72% equity interest in Musonoie through Jin Cheng Mining. Musonoie owns the Kolwezi copper mine project in the DR Congo.

#### **Publishing Interim Report on the Website of The Stock Exchange of Hong Kong Limited**

When appropriate, the Company will post all the information in the interim report as required by Appendix 16 of the Listing Rules at The Stock Exchange of Hong Kong Limited’s website (<http://www.hkex.com.hk>).

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

#### **Definition**

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

A Share(s)	The domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock Exchange
A Shareholder(s)	Holder(s) of A Share(s)
Ashele Copper	Xinjiang Ashele Copper Company Limited, a subsidiary of the Company
Bayannaer Zijin	Bayannaer Zijin Non-ferrous Metals Company Limited, a subsidiary of the Company
BNL	Barrick (Niugini) Limited, a company under joint operation of the Company
Board, Board of Directors	The board of Directors of the Company
CSRC	China Securities Regulatory Commission
Director(s)	The director(s) of the Company
DR Congo	The Democratic Republic of the Congo
Duobaoshan Copper	Heilongjiang Duobaoshan Copper Co., Ltd., a subsidiary of the Company
Guizhou Zijin	Guizhou Zijin Mining Company Limited, a subsidiary of the Company
Heilong Mining	Heilong Mining Group Company Limited
H Share(s)	The overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB0.10 each, which are listed on the Hong Kong Stock Exchange
H Shareholder(s)	Holder(s) of H Share(s)
Hunchun Zijin	Hunchun Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Hunchun Multi-metals	Hunchun Multi-metals Company Limited, a wholly-owned subsidiary of the Company
Longnan Zijin	Longnan Zijin Mining Company Limited, a subsidiary of the Company
Luoning Huatai	Luoning Huatai Mining Development Company Limited, a subsidiary of the Company
Luoning Zijin	Luoning Zijin Gold Refinery Company Limited, a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Norton	Norton Gold Fields Limited, a wholly-owned subsidiary of the Company
Real Estate Company	Fujian Zijin Real Estate Company Limited, a wholly-owned subsidiary of the Company
Russia Longxing	Russia Longxing Company Limited, a subsidiary of the Company
Shanxi Zijin	Shanxi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Supervisor(s)	The supervisor(s) of the Company
Ting River Hydropower	Fujian Shanghang Ting River Hydropower Co., Ltd., an associate of the Company
Tongshan Company	Heilongjiang Tongshan Mining Company Limited
West Copper	Qinghai West Copper Mining Company Limited, a wholly-owned subsidiary of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
Wuping Zijin	Wuping Zijin Mining Company Limited, a subsidiary of the Company
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Zijin Capital Comapny	Zijin Mining Group Capital Investment Co., Ltd., a wholly-owned subsidiary of the Company
Zijin Copper	Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Zijin Finance	Zijin Mining Group Finance Co., Ltd., a subsidiary of the Company
Zijin Zinc Industry	Xinjiang Zijin Zinc Industry Co., Ltd., a subsidiary of the Company

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang, Fang Qixue and Lin Hongfu as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Ding Shida, Zhu Guang, and Sit Hoi Wah, Kenneth as independent non-executive directors.

By Order of the Board of Directors  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

Fujian, PRC, 26 August 2016

*\* The Company's English name is for identification purpose only*