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## **REAL GOLD MINING LIMITED**

**瑞金礦業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 246)**

### **RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

#### **RESULTS**

The board of directors (the “Board”) of Real Gold Mining Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the nine months ended 30 September 2011 together with the unaudited comparative figures for the corresponding period in 2010.

#### **Year to Date Highlights**

- Revenue increased by 14% to RMB1,026.4 million, on the back of a resilient gold price
- Gross profit increased by 15% to RMB 785.8 million, while gross profit margin improved 0.8% to 76.6%
- Pro-forma net income attributable to owners of the Company from on-going operations grew by 12.1% to RMB572.8 million, excluding a one-time loss of RMB69.3 million on disposal of the subsidiary, Jinshi Mining
- Maintained a strong cash position at RMB2,763.4 million to support our long term sustainable growth

The financial details are as follows:

	<b>For the nine months ended 30 September 2011 RMB '000 (unaudited)</b>	For the nine months ended 30 September 2010 RMB '000 (unaudited)
Revenue	<b>1,026,366</b>	900,195
Cost of Sales	<u><b>(240,592)</b></u>	<u>(217,883)</u>
Gross profit	<u><b>785,774</b></u>	<u>682,312</u>
Profit and total comprehensive income for the period attributable to owners	<u><b>503,713</b></u>	<u>510,796</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Operation Review**

We have three gold mines in operation in the Chifeng Municipality, Inner Mongolia, namely the Shirengou Gold Mine, the Nantaizi Gold Mine and the Luotuochang Gold Mine (collectively the “Gold Mines”). The Nantaizi Gold Mine and the Shirengou Gold Mine are adjacent to each other, and the ore processing facility located at the Nantaizi Gold Mine (“Shirengou-Nantaizi Processing Plant”) processes ore from both the Nantaizi Gold Mine and the Shirengou Gold Mine. The ore processing facility located at the Luotuochang Gold Mine (“Luotuochang Processing Plant”) processes ore from the Luotuochang Gold Mine.

We have maintained very high utilization rates at all three mines over the first nine months of 2011.

	1st Quarter 2011	2nd Quarter 2011	July 2011	August 2011	September 2011	January to September 2011	January to September 2010	YoY
<b>Shirengou-Nantaizi Processing Plant</b>								
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,480	1,480	
Utilization Rate (%)	100.3	99.8	100.3	99.8	100.2	100.1	99.3	
Production Days (Days)	56.5	79.4	11.7	23.6	28.4	199.6	210.5	
Ore Processed (kt)	83.9	117.3	17.4	34.9	42.1	295.6	309.3	-4%
Average Gold Grade (g/t)	9.0	9.4	8.7	8.2	8.2	8.9	9.0	-1%
Average Recovery Rate (%)	84.0	84.1	83.8	79.4	78.7	83.2	84.5	-2%
Payable Gold (koz)	20.4	29.8	4.1	7.3	8.8	70.4	75.8	-7%
Equivalent Gold (koz)	27.7	39.0	5.5	9.3	10.8	92.3	98.6	-6%
<b>Luotuochang Processing Plant</b>								
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Utilization Rate (%)	98.3	99.6	100.0	101.4	100.0	99.6	98.9	
Production Days (Days)	59.4	77.2	12.6	25.7	23.9	198.8	217.2	
Ore Processed (kt)	64.2	84.6	13.9	28.7	26.3	217.7	236.4	-8%
Average Gold Grade (g/t)	3.0	3.0	2.9	2.8	2.8	2.9	3.0	-2%
Average Recovery Rate (%)	86.6	86.1	85.8	85.5	86.1	86.2	86.4	—
Payable Gold (koz)	5.4	7.1	1.1	2.2	2.0	17.8	20.0	-11%
Equivalent Gold (koz)	14.1	15.5	2.4	4.5	3.9	40.4	49.5	-18%
<b>Total Payable Gold (koz)</b>	<b>25.8</b>	<b>36.9</b>	<b>5.2</b>	<b>9.5</b>	<b>10.8</b>	<b>88.2</b>	<b>95.8</b>	<b>-8%</b>
<b>Total Produced Equivalent Gold (koz)</b>	<b>41.8</b>	<b>54.5</b>	<b>7.9</b>	<b>13.8</b>	<b>14.7</b>	<b>132.7</b>	<b>148.1</b>	<b>-10%</b>
<b>Total Sold Equivalent Gold (koz)</b>	<b>42.8</b>	<b>56.3</b>	<b>6.6</b>	<b>13.1</b>	<b>14.6</b>	<b>133.4</b>	<b>145.1</b>	<b>-8%</b>
<b>Realized Gold Price (RMB/oz) ^</b>	<b>8,373</b>	<b>8,892</b>	<b>9,337</b>	<b>10,455</b>	<b>9,812</b>	<b>9,002</b>	<b>7,259</b>	<b>24%</b>
<b>Total Revenue (RMB'000) ^</b>	<b>306,311</b>	<b>427,882</b>	<b>52,670</b>	<b>117,059</b>	<b>122,444</b>	<b>1,026,366</b>	<b>900,195</b>	<b>14%</b>

^ Realized Gold Price includes the Value Added Tax, while Total Revenue excludes such tax. All revenues are unaudited figures.

### *Operational conditions of the Shirengou-Nantaizi Processing Plant*

From January to September 2011, the Shirengou-Nantaizi Processing Plant maintained a daily ore processing capacity of approximately 1,480 tonnes. The total amount of ore processed in the nine months ended 30 September 2011 reached approximately 295,600 tonnes, representing a decrease of approximately 4% from the same period of 2010, as a result of fewer production days.

The average gold grade for the nine months ended 30 September 2011 was approximately 8.9 grams per tonne, and the average recovery rate was approximately 83.2%.

The total production of payable gold and equivalent gold in the nine months ended 30 September 2011 was approximately 70,400 ounces and 92,300 ounces respectively, representing a decrease of approximately 7% and 6% respectively from the same period of 2010.

### *Operational conditions of the Luotuochang Processing Plant*

From January to September 2011, the Luotuochang Processing Plant maintained a daily ore processing capacity of approximately 1,100 tonnes. The total amount of ore processed in the nine months ended 30 September 2011 reached approximately 217,700 tonnes, representing a decrease of approximately 8% from the same period of 2010, as a result of fewer production days.

The average gold grade of the nine months ended 30 September 2011 was approximately 2.9 grams per tonne and the average recovery rate was approximately 86.2%.

The total production of payable gold and equivalent gold in the nine months ended 30 September 2011 was approximately 17,800 ounces and 40,400 ounces respectively, representing a decrease of approximately 11% and 18% respectively from the same period of 2010.

Overall, the Company produced approximately 88,200 ounces of payable gold and approximately 132,700 ounces of equivalent gold in the nine months ended 30 September 2011, representing a decrease of approximately 8% and 10% respectively from the same period of 2010. The average realized gold price for the nine months ended 30 September 2011 was approximately RMB9,002 per ounce, approximately 24% higher than that for the same period of 2010, and the unaudited total revenue of the same period increased by approximately 14 % to approximately RMB1,026.4 million.

We have completed detailed geological survey of certain sections for Yandan gold mine in Guangxi, reports of which are under review. The mining permit will be applied for after submission of the report. We expect to commence production at Yandan gold mine in Guangxi in the third quarter of 2012.

For the other twelve gold mines in Guangxi owned by Guangxi Jinding, general and detailed geological surveys are being conducted to identify advantageous prospecting targets, which serve as the basis for further geological exploration to be carried out. The timing of the commencement of production will depend on the results of the geological works.

For Yantang gold mine, detailed geological surveys are being carried out, including trenching, drilling and pitting of the ground surface, which are expected to be completed by the third quarter of 2012. We continue to carry out exploration in order to increase reserves and improve the reserve categories so as to provide the mines with reliable reserves of the resources, and at the same time to predict and identify prospecting targets based on the formation patterns concluded through exploration in the course of production. We expect to commence production at Yantang gold mine in Guangxi in the fourth quarter of 2012.

We have completed part of the exploration activities at Yangchangbian gold mine in Yunnan, including drilling and shaft construction and part of the construction of the roads and the processing facilities. The local government has planned the use of the surrounding region of Yangchangbian gold mine in Yunnan as “4A Class National Tourist Attraction” and submitted the application to the PRC central government. As the local government will not process our application of the mining permit for Yangchangbian gold mine in Yunnan pending the final result of the “4A Class National Tourist Attraction” application, exploration and construction of processing facilities have been put on hold. The commencement of production will depend on obtaining the mining permits, but it is uncertain whether the mining permits will be obtained by us within a reasonable time.

## **Financial Review**

### *Revenue*

The unaudited revenue of the Group increased from approximately RMB900.2 million for the nine months ended 30 September 2010 to approximately RMB1,026.4 million for the nine months ended 30 September 2011. The increase was the net result of favorable and unfavorable factors. The favorable factor related to the increase in the average prices of gold and other metals, while the unfavorable factors related to fewer production days and lower recovery rate which led to less quantity of ore processed and less quantity of metals produced and sold. Fewer production days resulted from a suspension of operation which was necessary for an internal safety review to be conducted, as requested by the relevant local authorities.

### *Cost of sales*

Cost of sales was approximately RMB240.6 million for the nine months ended 30 September 2011, increased from approximately RMB217.9 million of the same period of 2010 and primarily included cost of raw materials consumed, auxiliary material costs, labor costs, production management costs, subcontracting fees, electricity costs, depreciation and amortization, mineral resources compensation levy, environmental protection fees and production safety fees. The increase in cost of sales was the net result of favorable and unfavorable factors. Although the quantity of metals sold decreased, the increase in mining labor costs, salaries of production personnel and mineral resources compensation levy (which is calculated on the basis of the sales revenue of mineral products) led to a net increase in the cost of sales. For the nine months ended 30 September 2011, our cost of sales accounted for approximately 23.4% of our total revenue, which decreased from approximately 24.2% of the same period of 2010.

### *Gross profit and gross margin*

As a result of the foregoing, gross profit was approximately RMB785.8 million and gross margin was approximately 76.6% for the nine months ended 30 September 2011. For the nine months ended 30 September 2010, gross profit was approximately RMB682.3 million and gross margin was approximately 75.8%. The increase in gross margin was due to the higher growth rate of revenue than that of cost of sales.

### *Net income attributable to owners of the Company*

Net income attributable to owners of the Company for the nine months ended 30 September 2011 was approximately RMB503.7 million compared to approximately RMB510.8 million for the nine months ended 30 September 2010, representing a decrease of approximately 1.4% over the corresponding period in 2010. The one-time loss on disposal of Shangrao City Jinshi Mining Technology Development Limited\* (上饒市金石礦業科技開發有限公司) (“Jinshi Mining”), a subsidiary of the Company, of RMB69.3 million was among the factors which caused the slight decrease in net income attributable to owners of the Company.

The current members of the Audit and Risk Management Committee, namely Mr. Zhao Enguang and Mr. Yang Yicheng have reviewed the unaudited results for the nine months ended 30 September 2011.

This results announcement is published on the HKExnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.realgoldmining.com>).

By Order of the Board  
**Real Gold Mining Limited**  
**Lu Tianjun**  
*Chairman*

Hong Kong, 14 November 2011

*As at the date of this announcement, the executive directors of the Company are Mr. Lu Tianjun (Chairman), Mr. Ma Wenxue, Mr. Cui Jie and Mr. Li Qing; and the independent non-executive directors of the Company are Mr. Zhao Enguang and Mr. Yang Yicheng.*

\* *For identification purpose only*