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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 THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

#### RESULTS

The board of directors (the “Board”) of Real Gold Mining Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 March 2011 together with the unaudited comparative figures for the corresponding period in 2010 as follows:

	<b>For the three months ended 31 March 2011 RMB'000 (unaudited)</b>	For the three months ended 31 March 2010 RMB'000 (unaudited)
Revenue	<b>306,311</b>	220,395
Cost of sales	<u><b>68,630</b></u>	<u>55,632</u>
Gross profit	<u><b>237,681</b></u>	<u>164,763</u>
Profit and total comprehensive income for the period attributable to owners	<u><b>178,334</b></u>	<u>127,677</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. Chifeng Municipality is an area rich in mineral resources with a long history of production of precious and non-ferrous metals. The total production capacity of the Company’s gold processing plants is currently 2,580 tonnes per day.

	January 2011	February 2011	March 2011	1st Quarter 2011	1st Quarter 2010	YoY
<b>Shirengou-Nantaizi Processing Plant</b>						
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	
Utilization Rate (%)	100.7	100.7	100.0	100.3	99.7	
Production Days (Days)	22.6	7.6	26.3	56.5	53.0	
Ore Processed (kt)	33.7	11.3	38.9	83.9	78.2	7%
Average Gold Grade (g/t)	9.0	8.9	9.1	9.0	9.1	-1%
Average Recovery Rate (%)	84.3	83.7	83.9	84.0	84.2	—
Payable Gold (koz)	8.2	2.7	9.5	20.4	19.2	6%
Equivalent Gold (koz)	11.0	3.7	13.0	27.7	25.5	9%
<b>Luotuochang Processing Plant</b>						
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	
Utilization Rate (%)	98.5	99.8	98.1	98.3	98.8	
Production Days (Days)	24.7	7.7	27.0	59.4	53.0	
Ore Processed (kt)	26.7	8.4	29.1	64.2	57.6	11%
Average Gold Grade (g/t)	3.0	3.0	3.0	3.0	3.0	—
Average Recovery Rate (%)	86.7	86.4	86.6	86.6	86.4	—
Payable Gold (koz)	2.3	0.7	2.4	5.4	4.9	10%
Equivalent Gold (koz)	6.0	1.9	6.2	14.1	12.9	9%
<b>Total Payable Gold (koz)</b>	<b>10.5</b>	<b>3.4</b>	<b>11.9</b>	<b>25.8</b>	<b>24.1</b>	<b>7%</b>
<b>Total Produced Equivalent Gold (koz)</b>	<b>17.0</b>	<b>5.6</b>	<b>19.2</b>	<b>41.8</b>	<b>38.4</b>	<b>9%</b>
<b>Total Sold Equivalent Gold (koz)</b>	<b>16.8</b>	<b>1.1</b>	<b>24.9</b>	<b>42.8</b>	<b>37.6</b>	<b>14%</b>
<b>Realized Gold Price (RMB/oz) ^</b>	<b>8,202</b>	<b>8,661</b>	<b>8,476</b>	<b>8,373</b>	<b>6,858</b>	<b>22%</b>
<b>Unaudited Total Revenue (RMB'000) ^</b>	<b>117,776</b>	<b>8,143</b>	<b>180,392</b>	<b>306,311</b>	<b>220,395</b>	<b>39%</b>

^ Realized Gold Price includes the Value Added Tax, while Unaudited Total Revenue excludes such tax.

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

From January to March 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 three months ended 31 March 2011 reached approximately 83,900 tonnes, representing an increase of approximately 7% as compared to the same period of 2010, as a result of having more production days.

The average gold grade for the three months ended 31 March 2011 was approximately 9.0 grams per tonne and the average recovery rate was around 84.0%, which were at about the same levels as those of the same period of 2010.

The total production of payable gold and equivalent gold in the three months ended 31 March 2011 was approximately 20,400 ounces and 27,700 ounces respectively, representing an increase of approximately 6% and 9% respectively as compared to the same period of 2010.

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

From January to March 2011, the Luotuochang Processing Plant maintained a daily ore processing capacity of approximately 1,100 tonnes. The total amount of ore processed in the three months ended 31 March 2011 reached approximately 64,200 tonnes, representing an increase of approximately 11% as compared to the same period of 2010, as a result of having more production days.

The average gold grade for the three months ended 31 March 2011 was approximately 3.0 grams per tonne and the average recovery rate was around 86.6%, which were at about the same levels as those of the same period of 2010.

The total production of payable gold and equivalent gold production in the three months ended 31 March 2011 was approximately 5,400 ounces and 14,100 ounces respectively, representing an increase of approximately 10% and 9% respectively as compared to the same period of 2010.

Overall, the Company produced approximately 25,800 ounces of payable gold and approximately 41,800 ounces of equivalent gold for the three months ended 31 March 2011, representing an increase of approximately 7% and 9% respectively as compared to the same period of 2010. The average realized gold price for the three months ended 31 March 2011 was approximately RMB8,373 per ounce, approximately 22% higher than that for the same period of 2010, and the unaudited total revenue increased by approximately 39% compared to the same period of 2010 to approximately RMB306.3 million.

We have completed the exploration activities at Yangchangbian gold mine in Yunnan, Daping gold mine in Jiangxi and Yandan gold mine in Guangxi and almost completed the preparation of the exploration reports. Based on the exploration results, the level of resource/reserve is in line with our expectation. The Company intends to announce the details of the resource/reserve at the mines mentioned above in the near future. Recently, 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, the commencement date of our production at Yangchangbian gold mine in Yunnan may be deferred. For Daping gold mine in Jiangxi, as a result of the safety issues of other enterprises, the regulatory requirements for site selection of tailing pools have become more stringent. Although we have already applied for the relevant regulatory approvals for our tailing pool, we have decided to select a new site for it in view of the uncertainty brought about by the new regulatory requirements in Jiangxi. We have arranged manpower for new site selection, and work on new site selection is now in progress. Conservatively speaking, it is expected that the commencement of production at Daping gold mine will be deferred to the first quarter of 2012. The geological exploration work of the other gold mines in Guangxi is in progress. We expect to commence production at Yantang gold mine and Yandan gold mine in Guangxi in January 2012.

## **Financial Review**

### *Revenue*

The unaudited revenue of the Group increased from approximately RMB220.4 million for the three months ended 31 March 2010 to approximately RMB306.3 million for the three months ended 31 March 2011. The increase was due to a large extent the increase in the average prices of gold and other metals, and to a small extent the increase in production volume. The value of gold contained in the concentrates sold by us contributed to approximately 62.9% and 62.4% of our total revenue for the three months ended 31 March 2011 and 2010 respectively.

### *Cost of sales*

Cost of sales was approximately RMB68.6 million for the three ended 31 March 2011, increased from approximately RMB55.6 million for the same period of 2010 and primarily included cost of raw materials consumed, subcontracting fees, auxiliary material costs, electricity costs, depreciation and amortization, environmental protection fees and production safety fees. The increase was mainly due to the increase in production volume and the increase in price of raw materials and subcontracted labor. For the three ended 31 March 2011, our cost of sales accounted for approximately 22.4% of our total revenue, decreased from approximately 25.2% as compared to the same period of 2010.

### *Gross profit and gross margin*

As a result of the foregoing, gross profit was approximately RMB237.7 million and gross margin was approximately 77.6% for the three months ended 31 March 2011. For the three months ended 31 March 2010, gross profit was approximately RMB164.8 million and gross margin was approximately 74.8%. The increase in gross margin was due to the higher growth rate of revenue than that of cost of sales.

### *Profit and total comprehensive income for the period attributable to owners*

Profit and total comprehensive income attributable to owners of the Company for the three months ended 31 March 2011 was approximately RMB178.3 million, compared to approximately RMB127.7 million for the same period in 2010, representing an increase of approximately 39.7% over the

corresponding period in 2010. The profit and total comprehensive income attributable to the owners of the Company for the three months ended 31 March 2011 was arrived at after crediting, among other things, other income of approximately RMB34.3 million (including interest income of approximately RMB1.6 million and government subsidies of approximately RMB32.7 million) and non-controlling interests of approximately RMB0.1 million, and charging, among other things, depreciation and amortization charges of approximately RMB8.1 million, equity-settled share-based payments expenses of approximately RMB2.2 million, exchange loss of approximately RMB17.3 million and income tax expense of approximately RMB67.7 million.

#### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Company has established an Audit and Risk Management Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit and Risk Management Committee presently comprises three independent non-executive directors of the Company, namely, Mr. Mak Kin Kwong (Chairman), Mr. Xiao Zuhe and Mr. Zhao Enguang. The Audit and Risk Management Committee has reviewed the unaudited results for the three months ended 31 March 2011.

#### **PUBLICATION OF THE RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (<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, 11 May 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. Mak Kin Kwong, Mr. Zhao Enguang, Mr. Xiao Zuhe and Mr. Yang Yicheng.*