



## **The report on Jinduicheng Molybdenum Industry Co., Ltd.**

### **social responsibilities fulfillment in 2010**

The Board of Directors of the Company and the Directors make sure that the content of this announcement does not contain any false records, misleading statements or material omissions, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness.

This report is the second copy, which is prepared to fulfill corporate social responsibility report by Jinduicheng Molybdenum Industry Co., Ltd. (hereinafter short for the "gold molybdenum shares" or "Company"). It aims to reflect the company's corporate social responsibility in 2010, and the report major data is limited to 2010, other narrative or involving the company in the past or always practice. Expect to take to further enrich the communication with the majority of investors and related parties, and also welcome your feedback to the company, to promote the company to fulfill its corporate social responsibility better and better. The corporate social responsibility is that the enterprises undertake the responsibility of the interests of the natural environment and resources, the state and society as well as shareholders, creditors, employees, customers, suppliers, communities and other stakeholders initiatively in order to achieve harmony and sustainable development as the goal in the development process, Since its establishment, in the beginning, the company pursues the basic values of "a contribution for the country to benefit the people, sustainable and harmonious development" , positively undertake the corporate social responsibility, effectively implement the corporate social mission, make due contribution to implementation of the scientific development concept and building a harmonious society .

#### **1. Adhere to the protective mining, improve resource utilization**

The company uses 《Mineral Resources Law》, 《Environmental Protection Law》 and 《Shaanxi Province Mineral Resources Management Regulations 》as the guide and adheres to principles of resource development and utilization of "In the development, protection, development in the protection" adopts the scientific mining program, and establish a comprehensive mine production organization, supervision and management system and more perfect production job management system for sampling, laboratory, analysis, operating procedures, the original geological data catalog reserves are measured and mining dilution management are strictly according to the system running; prepared according to year, season stripping production plan, monthly plan implementation, follow-up examination, regular analysis of the reserves protected. Mining operations adhere to peel first, the rich and the poor, adopting both the balanced and rational organization to ore, lean ore grade below cutoff grade underutilized. 2010 total with about 67,400 tons digest lean ore; 2010 annuity Jinduicheng Molybdenum ore dilution rate index was 0.65%; ore loss rate of 0.

In order to improve the efficiency of resource use, the company continued to extend the molybdenum industry chain downstream, increase the production of molybdenum deep processing products, research and development and marketing, molybdenum metal materials industrial park has been basically completed, molybdenum metal processing capacity doubling, close to the company molybdenum products(metal content) of the third. Improve the efficiency of resource use of molybdenum at the same time, the company attaches great importance to the comprehensive utilization of resources associated sulfur ore processing operations "Priority molybdenum, the molybdenum the End Select sulfur" process 400,000 tons of annual production of sulfur concentrate (sulfur content 35%) or more. An annual output of 400,000 tons of sulfuric acid production line has been built, extending the

sulfur product chain, so the company molybdenum concentrate production process byproduct sulfur concentrate underutilized.

The Jinduicheng Molybdenum Ruyang LLC Donggou molybdenum ore proven molybdenum reserves of 689,000 tons is extra large molybdenum deposit have been discovered in recent years. Still advancing into the construction of the scale of the mine, its development and construction draw Jinduicheng Molybdenum Mine mature experience, multi-party design and mining technology achievements to attract the world's most advanced mine development resources to ensure comprehensive and efficient utilization.

## **2. Pay attention to environmental protection effectively and continue to promote energy conservation**

The company has established the Management of Environmental Protection Environmental assessment methods "source of pollution abatement assessment and reward do Act radioisotope-ray device assessment and management approach energy management statistical reporting system "more comprehensive environmental protection and energy management system of. Passed the ISO14001 environmental management system certification, the system is strictly run in the day-to-day work, and by the year 2010 audit. To all levels of production units, there is specialized agency responsible for environmental protection and energy management systems and organizations to ensure effective work.

Production and Construction follows a comprehensive plan, step-by-step implementation of prevention and governance combined with integrated management "principle, adhere to the strict implementation of resource development and new, change, expansion project environmental impact assessment system, environmental protection measures, production and management, and project construction of "simultaneous planning, simultaneous implementation of the

simultaneous development of" three simultaneous "system to ensure that pollution control facilities, the main production projects at the same time design, construction at the same time, put into use at the same time, the implementation of the" three simultaneous "rate of 100%. In 2010, the company completed the comprehensive utilization of low concentration SO<sub>2</sub> acid project completion and acceptance of the trial production of molybdenum metal material industrial park construction project environmental approval procedures; completion of 10,000 tons / year of molybdenum iron change expansion, ray apparatus and radioisotopes and other projects environmental impact assessment approval work; being handled heat rotary kiln, South Africa and expanded open pit mining, the new pilot production of 20 million tons / year of sulfuric acid production line project environmental procedures. Meanwhile, the company's new 200,000 tons / year of sulfuric acid production lines of seven projects active in environmental supervision, to ensure full implementation of the Environmental Protection files. The company has invested heavily in the implementation of the chestnut West tailings Beigou waste field road ditch slope ecological reclamation of waste discharge field and comprehensive management to build a sulfuric acid plant sewage treatment facilities, molybdenum chemical branch of 8000 t / year high pure molybdenum trioxide production line ammonia treatment facilities has been transformed. Recycling molybdenum roasting process produces low concentration SO<sub>2</sub> sulfuric acid production line the molybdenum roasting production fundamentally improve the level of environmental protection, more than 6,000 tons of sulfur dioxide emissions in 2010. 2010 pollutants comprehensive emissions compliance rate reached 82%, to eliminate larger than pollution incidents; production life of the boiler flue gas dust removal and desulfurization facilities and the main equipment synchronous operation rate of 100%, a utilization rate of 82% of the water cycle, fully met by the beginning of the year determine the control objectives.

The development of low-carbon economy, increasing energy conservation is an important measure to protect the environment. The company will promote energy saving as a long-term special job; build a perfect four energy management network, and energy saving evaluation system into the company, a clear indicator of solid measures. The full energy-saving and energy-saving combination of, on the one hand, to strengthen publicity and education and institution building, to carry out full comprehensive energy conservation, from the start to carry out the work and the life of the energy-saving; On the other hand, saving energy and technological transformation. The company actively uses sulfuric acid production line waste heat power generation company, the amount of waste heat power generation in 2010 reached 37.8 million KWH; molybdenum factory heating molybdenum concentrate drying pretreatment using waste heat, through technical transformation. 1393.17 tons of standard coal in energy savings in 2010, 107% of the annual energy efficiency indicators.

Company goes on taking efforts in energy conservation, environmental protection work, which effectively protect the mine geological environment and ensure that the industrial waste water, waste gas, solid waste discharge standards, recycling, keeping Jinduicheng "mountains, clear water and blue sky" natural style and become the beautiful home of the vast majority of workers and local people to live and work in peace and contentment, and won several national and provincial Environmental Protection advanced units of Honor.

### **3. Loyal and trustworthy, and safeguarding the interests of shareholders and creditors**

In order to ensure the interests of all shareholders and creditors, the company actively promotes corporate governance, strengthening internal control construction. Prudent to continue as a going concern, and a reasonable distribution of profits, and

conscientiously fulfill the obligation of information disclosure in accordance with the law, and enhance investor relations management, constantly improve standardized operation level.

In May 2010, the company implemented a distribution of profits; on 31, December, 2009, the total share capital of 3,226,604,400 shares as the base, sent to all shareholders a cash dividend of 2.5 Yuan (the tax included) for every 10 shares, a total of 807 million Yuan to distribute cash dividends.

Since its establishment, the cumulative net profit is 7.163 billion Yuan, the three profit distribution, the total of a cash dividend of 2.789 billion Yuan. On 31, December, 2010, the net asset attributable to shareholders of the Company was 13.412 billion Yuan.

Company focuses not only on shareholders' equity maintenance, and also attaches great importance to protect the legitimate rights and interests of the creditors, the concept of "business integrity, friendship and cooperation" to establish relationships with creditors, strictly fulfill the contracts signed with creditors to fully protect the legitimate rights and interests of the creditors on time payment, restitution maturity loans and fees and taxes, and timely information about material information related to the interests of creditors, and forming a good relationship of cooperation, has been fully affirmed the company's credit.

#### **4. Safeguard the interests of employees, and actively build a harmonious enterprise**

Company is in accordance with the <<Labor Law>>,<< Labor Contract Law>>,<<the Companies Act and related laws and regulations>>, the full implementation of the labor contract system, in accordance with the law to protect the rights of employees should enjoy; implementation of the relevant social security system for employees paid in full all statutory social insurance and welfare, including



the basic pension insurance, basic medical insurance, unemployment insurance, industrial injury insurance and housing accumulation fund. Management system, in employment, labor safety, occupational health, work schedule arrangements are in line with the relevant national and local regulations and standards.

The company constantly improve the pay system to ensure reasonable growth in employees' income; implementation of the technology leaders in special allowance system and project allowance system, to improve the cohesion and enthusiasm for the work of the technical team; pay staff overtime costs in accordance with the relevant regulations, to ensure that employees enjoy home leave, marriage leave, maternity leave etc.; organization shuttle employees to work, for the convenience of employees; health examination for employees on a regular basis, the establishment of employee health records; condolences to insist on difficult employees, to help the poor to counter poverty; attention to improving the staff's working and living environment, the establishment of the staff canteen, bathroom, cultural activities

The movable chamber and other infrastructure often carry out a variety of cultural and sports activities, rich amateur staff living; actively carry out the collection of Employee Suggestion activities, promoting democracy, and promote the development of corporate reform.

The Company conscientiously implement the Production Safety Law Occupational Disease Prevention Law and the State on production safety guidelines, policies, combined with the production of practical establish complete production safety and occupational health management system and organization system, as well as the major security emergency rescue system strictly run OHSAS18001 management system, safety and occupational health management system, all kinds of operating procedures covering all production and business activities of the Company. Company and its sub-subsidiaries and factories and mines have safety

production management institutions, the implementation of the responsibility system of production safety and occupational health, the safety of construction projects, "three simultaneous" system, ongoing security standardization work, to regular production safety and occupational health special events, persistence. The emphasis on engineering and technological transformation of the security measures, the job site the "6S" management, time and labor protection supplies, creating hardware environment to ensure safety and occupational health. Achieved good results in the company to ensure staff safety and occupational health, 2010, the company staff positions during the job zero fatal accidents, employees poisoning, heat stroke, accidents, zero illnesses, accidents and occupational hazards, employee health examination rate of 100%, the vocational healthy rate of 90%, the detection rate of toxic and hazardous workplaces 100% pass rate of 85% or more, the radioactive mistaken irradiation and ultra-dose irradiation accident is zero, the effective protection of employee occupational health.

The company has always adhered to the common development of employees and enterprises, building human resources support system "people, efficiency, loyalty, team" concept, through multi-channel, multi-channel Recruitment, training and exercise talents, construction, technology, management, operating three support personnel, to meet the needs of enterprise development, and promote the enterprises to speed up development, but also the majority of employees to their overall quality, level of business continue to be raised, the individual value is embodied. Specific measures include: the research company personnel configuration status, and actively hiring talent from the talent market and university graduates, while providing employment opportunities, but also to meet the corporate demand for talent; fully carry out all kinds of positions pre-service training activities, the positions newcomers adapt quickly to work to improve the skill level; ongoing job skills training, skills certification and technical competition, to learn skills practice arts

classroom and show to the stage for the majority of skilled workers; encourage employees to use their spare time to participate in serving academic education, academic staff to obtain subsidize a certain percentage of tuition; plans to adhere to carry out a variety of special training, seminars, exchanges and broaden their horizons, to enhance the concept. By the end of 2010, the total number of employees 4956 people, college degree or more employees in 1495, accounted for 30% of the total number of employees, the various professional early 1056 the title of senior staff, accounting for 21% of the total number of employees, the majority of employees exercise growth in enterprise development, promoted by blending personal development and enterprise development together.

5. Adhere to the principle of mutual benefit, protection of our customers, suppliers and other related Fangli Yi company principle of "operate in accordance with the law, mutual benefit and common development", with customers, suppliers and other stakeholders into Line of business cooperation, work together to create wealth, to share the fruits of development.

#### **(A) The interests of customers' maintenance**

The Company strictly fulfill the product ordering contract signed with customers to deliver products in accordance with the agreed period and quality specifications. File management, customer implementation of customer information through the collection, analysis, and communication with customers on a regular basis, survey customer satisfaction to determine the suitability and effectiveness of the products, services, processes, and constantly improve the quality of service, improve internal management, to meet customer requirements enhance customer satisfaction. The company attaches great importance to customer feedback, develop customer complaints process management approach "to implement "first asking responsibility" system and 24-hour reply system, form an effective customer feedback mechanism to ensure that the opinions of management scientific and



institutionalized procedures, sincere and safeguard the interests of customers.

The company adhere to the "quality of survival, quality and development, continue to meet customer demand, provide the community with China's leading world-class molybdenum products, depending on the quality of corporate life" as the concept of product quality work. The company's quality policy: integrity specifications, quality and efficiency, casting brand, customer first; quality objectives are: contract compliance rate of 100%, the research and development of product identification pass rate is more than 95%, the delivered product qualification rate reached 100% customer satisfaction rate more than 95%. The company implemented a comprehensive quality control and strictly run ISO9000 quality management system and PACD cycle, product production, testing, packaging, storage and transportation, and sale of various aspects of quality in a controlled state. Company's production process in strict accordance with the supply and marketing contracts, process documents, product standards and quality management system standards organizations from people (operating employees), machine (device configuration), materials (raw materials standard), French (process control file system), rings (six omni control environmental control), measured (process monitoring); quality inspection and packaging, storage and transportation of products manufactured before the standards and control procedures are strictly enforced. The quality of the company's products in the molybdenum industry leading product quality inspection certificate issued by the General Administration of Quality Supervision, Inspection, "JDC" brand molybdenum products, the main products "JDC card molybdenum oxide assessed by the General Administration of Quality Supervision, Inspection ammonium molybdate, molybdenum disulfide,  $\Phi$ 17 alloy molybdenum rod Shaanxi Provincial People's Government assessed as "Shaanxi Province Famous Brand", "China Famous Brand", molybdenum concentrate, molybdenum, iron,

molybdenum concentrate roasting, and a variety of molybdenum products The world-renowned quality certification.

### **(B) The interests of the suppliers' maintenance**

The company follows, in accordance with law, and trustworthy, cooperation and win-win principle of market mechanisms, vendor management, and constantly improve the procurement process and mechanisms to implement the open tender and the sun procurement, and suppliers to create a fair, just a healthy competitive environment; selection, procurement of raw materials, equipment spare parts, priority select state-of-the-art technology, green products, do not use the products and technologies of the national phase-out of outdated equipment, energy saving and environmental protection in order to ensure that the company's production process, while promoting the supplier to fulfill the social responsibility of energy saving. In the process of strengthening business cooperation with suppliers, and actively carry out the exchange of technical experience, to assist suppliers to solve technical problems, improve product quality, and help suppliers grow. Strictly abide by and fulfill the contract, friendly consultation to resolve disputes, to ensure a reasonable and legitimate interest of the supplier. Strictly implement material procurement, tender management approach". And the ICAC performance monitoring prevents commercial bribery.

### **6. The emotional ties to people in the disaster areas, fulfill the social obligation**

The company adheres to the law to operate actively fulfill their taxpayer obligations, support and drive around economic development. In 2010 the company net profit is 836 million Yuan, 671 million Yuan to pay taxes; accumulated since the founding of the company to achieve a net profit of 7.163 billion Yuan, 5.622 billion Yuan to pay taxes, and contributed to the national fiscal and local economic

development.

The Company actively promotes "a difficult one, P Plus support" in society, the love put into practical action. April 14, 2010, 7.1-magnitude earthquake in Yushu County, causing heavy losses to the people's lives and property. The company organizations at all levels to launch the majority of employees clothing and quilts money and goods to the disaster area, and donated 442,958 Yuan. In July 2010, gold heap floods, the Company against all odds to do a good job in the production and management, and actively participate in the relief work of the local people, organized the employees to donate clothes and donated 475,177 Yuan.

## **7. Strengthen research and development, leading the industry development**

Company based on actual, focused on the future, adhered to "mainly in new products, new technologies, new processes, new materials, application development, to expand the application of basic research; molybdenum industries, to expand the field of other refractory metals scientific and technological work direction, innovative science and technology management system and operational mechanism, increase investment in science and technology, strengthen the construction of scientific and technical personnel, and the efficient allocation of scientific and technological resources, and strive to play the biggest role of talent and capital, building efficient, open, high level of technology R & D support system, the establishment of China's largest production and research integration molybdenum metal materials Industrial Park and the only professional molybdenum refractory metals research and development and related state-level enterprise technical centers, Shaanxi Province, was identified as the first provincial molybdenum materials engineering Research Center, to achieve a new leap forward in technological innovation platform.

2010, the company the special specifications molybdenum powder, molybdenum sputtering targets, high-grade molybdenum electrodes, of doped octamolybdate

preparation and processing performance, industrial molybdenum oxide preparation heptamolybdate, molybdenum, tungsten alloy and its products and production product development research and process a success. Declare entertained patent 22, six patents authorized an outcome was in 2010 the third prize of Science and Technology of Shaanxi Province, two results of the 2010 China Nonferrous Metals Industry Science and Technology Award, 9 achievements have been awarded the 2010 Shaanxi Nonferrous Metals Science and Technology Award, a product development projects included in the major scientific and technological innovation projects in Shaanxi Province. Postdoctoral research station was named National Outstanding workstation.

#### **8. Play their own advantage; promote the development of the industry healthily.**

The company complies with relevant state laws and regulations, business law, maintain trade order, have made unremitting efforts to promote the healthy development of China Molybdenum Industry. Companies to actively participate in a variety of industry conferences Molybdenum Branch of China Nonferrous Metals Industry Association, as well as the molybdenum site organizations molybdenum industry annual meeting, the tungsten molybdenum vanadium meeting of the China Business Network organization, Antaike organization tungsten-molybdenum high-level forum, billion browse network organized tungsten and molybdenum alum Market Forum, organized by the Ministry of Commerce steel website Special Ferroalloy Conference, organized by the International Molybdenum Association International Conference activities with member companies and related institutions on macroeconomic and the molybdenum market situation, industry policy, new technology achievements, response to discuss exchanges and promote the sharing of information, industry self-regulation and health development.

The company is based on the maintenance of the molybdenum industry overall and

long-term interests, active the molybdenum industry related policy recommendations Nonferrous Metals Association, and the relevant state ministries. Meanwhile, in the relevant state ministries and commissions under the leadership of the company presided over and participated in the formulation of molybdenum products national standards and industry standards. Presided over the formulation and revision of national and industry standards: the molybdenum disulfide GB / T 23271-2009, the "roasted molybdenum concentrate GB / T 24482-2009, the" molybdenum concentrate YS / T 235-2007 "pure molybdenum trioxide YS / T 639-2007 "molybdenum concentrate chemical analysis method (11 parts) YS / T 555-2009," Powder Metallurgy alloy molybdenum mandrels YS / T 245; involved in the formulation and revision of national and industry Standard: "ammonium molybdate GB / T 3460-2007," the molybdenum iron sample taken and preparation method GB / T 24484-2009, the molybdenum emission spectrometry YS / T 558-2009, for the country strengthen the molybdenum industry management, enhance the level of development of the industry have made achievements.

## **9. Future Prospects**

Back in 2010, the company adhered to the concept of social responsibility, the pursuit of their own development and social parties' stakeholders to develop harmonious and win-win, to overcome all kinds of difficulties, take concrete actions to the effective implementation of corporate social responsibility, to create social value, also won wide acclaim. This is not only affirmed the achievements of the company, but also spur on to work. Companies will redouble their efforts to summarize the successful experience, find shortcomings continue to thoroughly implement the scientific concept of development, and increase the work innovation, adhere to a resource-saving and environment-friendly development path to contribute to socio-economic development, through the sustained and steady growth in industry to play a leading role model; continue to strengthen fulfill the important



role of social responsibility in the company's development strategy to strengthen the planning, organization and implementation of the fulfillment of social responsibility, and establish a good corporate citizen through solid work and continuous improvement of the image, through the economic growth, technological innovation, environmental protection, resource conservation, and to serve the community and return to shareholders, employees and related parties, such as the continuing efforts practicing promote national industrial development of molybdenum and the purpose of the enterprise to contribute to society.

Jinduicheng Molybdenum Industry Co., Ltd.

March 25, 2011