

To Accelerate Company's Development by Implementing the Five Strategies

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Distinguished guests, Ladies and gentlemen,

It's my great honor to be here with you to discuss the development of copper industry on the back of global economy adjustment.

Key points

- Ø Global financial crisis and the five strategies
- Ø Details of the five strategies
- Ø Suggestion

Global financial crisis and the five strategies

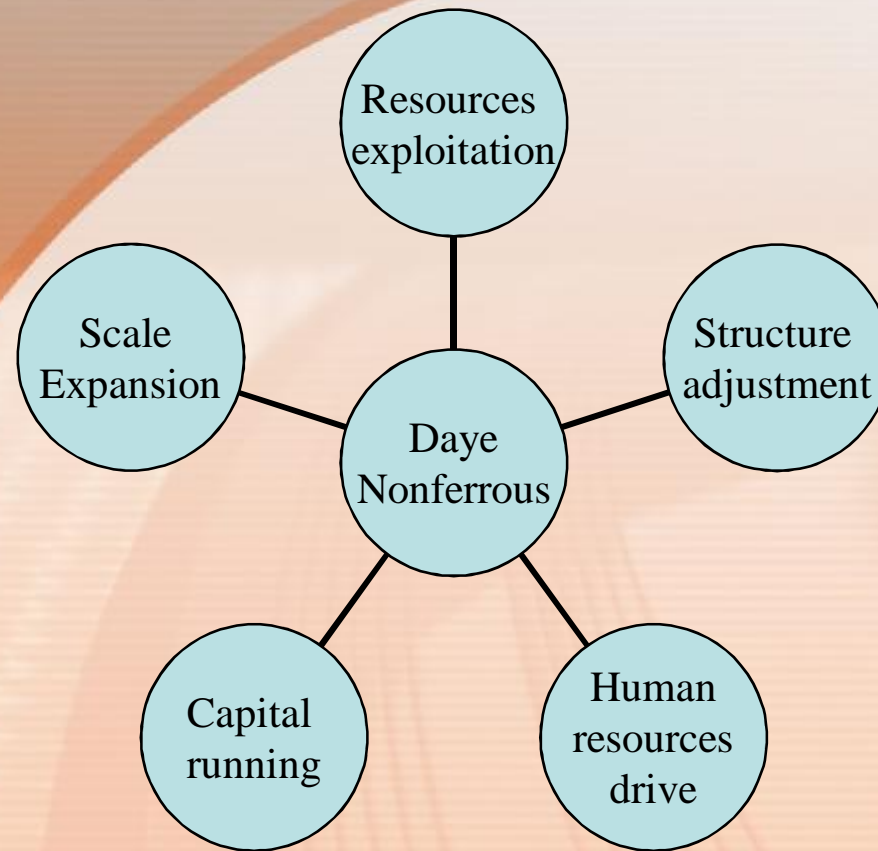


Financial Crisis

Chinese copper industry was hit by the financial crisis unprecedentedly. With the breaking-out of the financial crisis in October last year, cathode copper price imploded over 60% in less than one month. At the same time, prices of gold, silver and sulfuric acid, the main by-products of copper smelting, fell alarmingly.

The five strategies

Earlier in 2006, according to the industry's development trend and the specific conditions of Daye, we have formulated five strategies- Resources exploitation, Scale Expansion, Structure adjustment, Capital running, Human resources drive.



Resources exploitation

Resource is the premise of copper industry development. Actually, Daye's resource is inferior to other companies in the same line. Daye is highly depending on buying copper concentrate, which give high pressure to us. We consider resources exploitation as the first priority aiming to occupy more resources, to lift the efficiency.

First, to consolidate and deep explore resources already has, and to construct the consecutive mining facilities in mines in order to lift our mines' concentrate output.

Second, to better control resources around our company, to bought a certain proportion of stakes in some mines and to actively appeal for governments' support.

Third, to pursuit the sustainable development of resource: risk exploration and jointly mining.

Fourth, we also made some progress on exploring resources abroad.

Scale Expansion



The reason why Daye is developing at a slow pace is because its smelting scale is small i.e. less than 300ktpa. Coupled with its relatively backward facilities, Daye finds hard to shore up economic scale and benefits.

Measures: to reduce emission and save energy and to expand production scale

Target: to raise the cathode copper production to 500kt in around 2015 from presently 250ktpy

To implemented by: adopting technics from Ausmelt company, to replace and upgrade the existing smelting capacity to 200-300ktpa, and on this base, Daye planned to expand and upgrade its refining system.

Structure adjustment



Daye is a SOE with long history. Situations, that product portfolio is not diverse, the main business is not distinguished and the secondary businesses are not strong, have been long existed. Accordingly, we mapped out the structure adjustment strategy:

1. to enhance comprehensive utilization, to raise the productions of by-products and to complete industrial chain:
 - a. Establishes precious and minor metals recovering plant in 2007
 - b. Developed new products such as nickel sulfate, selenium dioxide, platinum and palladium etc.
 - c. Launched three copper products manufacturing plants in Guangdong and Jiangsu.
2. To separate and develop the non-copper businesses
Introduced Changjiang electricity investment and auxiliary facilities such as land and water transportation, electricity and water supply and rear service etc.



Capital running

Daye has not floated to the market, and therefore, there is inadequate source of financing. Accordingly, we are paying great attention to introduce strategic investment, widen the company's financing sources in order to fund the implementation of the five strategies.

1. In June 2008, Daye inked strategic cooperation with China Yangtze Power Co., Ltd. to introduce over 1bn yuan of capital fund. Currently, Daye is pressing on incorporate Daye Nonferrous Metals Inc., aiming to get better preparation for listing on Chinese A stock market.
2. Besides the introduction of strategic investors and realization of restructuring, Daye's Capital running strategy also includes other kinds of inviting investments. Our parterres include SOEs, private companies and individuals. And Daye has good cooperation with its parterres.

Human resources drive



The rapid development of a company requires more human resources and with higher qualities. In order to ensure the supply of human resources to maintain the development of Daye, we formulated the human resources drive strategy. We recruit a lot of undergraduates, postgraduates and doctors. In order to encourage the staff, Daye lifted their salary and conducted contractual salary system and gave special allowance to those prominent ones.

Achievement of the five strategies



Daye acquired more resources. Copper concentrate output from its mines of itself climbed

Copper, gold and silver output increased alarmingly. The company's cathode copper and silver have registered on LME, gold registered on SHFE

Extended the business into copper semis

Fully developed the non-copper businesses

The sales revenue approaches 20bln yuan per year, ranking No. 290 in Chinese 500strength companies

Suggestions



Resources

Enhances the support on depleted mines for finding replacement resources and the miners for exploring deposit in deep and adjacent areas

The exploitation of fresh proven reserves should be operated by big sized SOEs or bidding in qualified SOEs, therefore preventing the waste, disaster and accident risks from illegal exploitation

The mine land transfer fee and mining license disposal charge should be reduced seriously to lower the mining cost of SOEs

The government should establish national foreign resources exploitation fund support the enterprises develop abroad

The government should encourage the utilization of recycled resources to enrich the raw materials supply

Smelting

Lowering the power price or providing direct power supply to more smelters

Raising the rebate of tariff on copper ores import and imposing consistent taxes on exported cathode copper and imported copper concentrate

Creating conveniences to the enterprises' actions on both domestic and overseas markets

Copper processing

Enhancing the release of industrial information and guiding the investment

Lifting the qualification of entering the sector and preventing the repeated construction low end projects

Spending great effort to support the high technique and value added and high precision copper semis production and export

Providing favorable tariff on the high end copper semis facilities import and products export, reducing the fabricators' operation cost, raising the return for the investment, promoting the fast development of the enterprises

Thank you!