

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd.*

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

(Stock Code: 03993)

**QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

The board (the “**Board**”) of directors (the “**Directors**”) of China Molybdenum Co., Ltd.* (the “**Company**”) is to announce the audited financial results prepared under the GAAP of the People’s Republic of China (the “**PRC**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2011.

This announcement is made by the Company on a voluntary basis. The audited financial results of the Group for the three months ended 31 March 2011 were prepared for the proposed allotment and issue of ordinary shares of the Company to be subscribed for in Renminbi (“A Shares Issue”). The Company will make further announcements to keep the shareholders and prospective investors informed of the progress of the proposed A Shares Issue.

I. FINANCIAL HIGHLIGHTS

1. Consolidated Balance Sheet

Items	As at 31 March 2011 (RMB)	As at 31 December 2010 (RMB)
Current Assets:		
Bank balances and cash	2,643,480,760.90	2,863,396,255.97
Held-for-trading investments	64,908,475.15	64,099,083.56
Entrusted loans	—	—
Bills receivable	961,982,662.66	851,478,708.24
Receivable accounts	853,438,499.65	583,758,816.18
Prepayments	273,009,722.43	119,730,847.60
Receivable interests	15,506,035.15	11,224,930.03
Other receivables	145,208,409.41	144,035,926.51
Inventories	1,286,745,977.72	1,471,856,835.50
Other current assets	96,173,924.19	96,484,638.67
Total current assets	6,340,454,467.26	6,206,066,042.26
Non-current assets:		
Held-to-maturity investment	83,348,669.44	83,072,069.44
Long-term equity investment	1,629,615,564.12	1,614,498,354.05
Fixed assets	3,986,902,821.06	4,027,702,174.98
Construction in progress	209,935,864.87	157,623,417.76
Intangible assets	1,879,264,155.78	907,638,839.12
Long-term deferred expenses	84,929,075.94	34,273,824.97
Deferred income tax assets	142,559,201.56	144,493,816.81
Other non-current assets	184,271,355.00	534,271,355.00
Total non-current assets	8,200,826,707.77	7,503,573,852.13
Total assets	14,541,281,175.03	13,709,639,894.39

Current liabilities:

Short-term borrowings	680,695,500.00	761,650,000.00
Bills payable	75,870,000.00	100,000,000.00
Accounts payables	399,261,724.88	414,760,632.41
Funds received in advance	82,023,376.86	50,078,263.19
Staff remuneration payable	71,953,129.11	75,036,202.14
Tax payable	44,769,144.91	(33,564,300.62)
Dividend payable	103,643,783.73	103,643,783.73
Other payables	327,549,668.33	393,162,300.54
Non-current liabilities due within one year	25,000,000.00	25,000,000.00
Other current liabilities	26,515,236.89	41,989,319.88

Total current liabilities

1,837,281,564.71 **1,931,756,201.27**

Non-current liabilities:

Long-term borrowings	10,000,000.00	10,000,000.00
Projected liabilities	43,147,729.39	42,615,041.37
Deferred income tax liabilities	—	—
Other non-current liabilities	269,656,502.05	24,878,266.70

Total non-current liabilities

322,804,231.44 **77,493,308.07**

Total liabilities

2,160,085,796.15 **2,009,249,509.34**

Shareholders' equity:

Share capital	975,234,105.00	975,234,105.00
Capital reserve	7,584,830,422.21	7,584,830,422.21
Special reserve	104,144,402.66	94,392,237.14
Surplus reserve	594,576,602.00	594,576,602.00
Retained earnings	2,276,988,502.83	2,010,215,040.41
Foreign currency translation differences	(4,088,802.63)	(3,740,780.32)
Total equity attributable to the shareholders of the parent company	11,531,685,232.07	11,255,507,626.44
Minority interests	849,510,146.81	444,882,758.61
Total shareholders' equity	12,381,195,378.88	11,700,390,385.05

Total liabilities and shareholders' equity

14,541,281,175.03 **13,709,639,894.39**

2. Consolidated Income Statement

Items	For the period from 1 January to 31 March 2011 <i>RMB'000</i>	For the period from 1 January to 31 December 2010 <i>RMB'000</i>
1. Total operating revenue	1,463,289.92	4,496,966.55
2. Total operating costs	1,110,447.94	3,175,811.54
Including: Operating cost	988,027.66	2,643,702.27
Business taxes and surcharges	53,100.69	189,262.35
Selling expenses	4,341.11	15,105.02
Administrative expenses	67,236.38	334,990.18
Finance costs	(1,699.27)	(6,737.31)
Asset impairment losses	(558.63)	(510.97)
Add: Gains (losses) from changes in fair value	370.89	(4,561.09)
Gains (losses) from investments	18,934.21	97,983.67
Including: Gains from investments in associates and joint ventures	15,117.21	25,831.57
3. Operating profits (losses)	372,147.08	1,414,577.59
Add: Non-operating income	2,317.87	16,009.81
Less: Non-operating expenses	1,788.91	15,886.85
Including: Losses from disposal of non-current assets	—	713.26
4. Total profits (losses)	372,676.05	1,414,700.56
Less: Income tax expenses	91,275.19	357,865.75
5. Net profits (net losses)	281,400.85	1,056,834.81
Net profit attributable to owners of the parent company	266,773.46	1,020,691.89
Minority interests	14,627.39	36,142.92
6. Earnings per share:		
Basic earnings per share	0.05	0.21
7. Other comprehensive income	(348.02)	(2,001.32)
8. Total comprehensive income	281,052.83	1,054,833.48
Total comprehensive income attributable to owners of the parent company	266,425.44	1,018,690.57
Total comprehensive income attributable to minority interests	14,627.39	36,142.92

3. Consolidated Cash Flow Statement

Items	For the period from 1 January to 31 March 2011 (RMB)	For the period from 1 January to 31 December 2010 (RMB)
1. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	1,661,169,217.26	5,587,913,215.62
Tax rebates	—	—
Other cash received from activities relating to operations	5,886,915.43	69,697,627.65
Sub-total of cash inflows from operating activities	1,667,056,132.69	5,657,610,843.27
Cash paid for goods purchased and service received	1,244,149,192.60	4,101,925,888.22
Cash paid to and on behalf of employees	152,476,861.46	472,822,996.12
Taxes paid	212,969,606.98	875,789,100.20
Other cash paid for activities relating to operations	45,358,926.26	146,472,909.37
Sub-total of cash outflow from operating activities	1,654,954,587.30	5,597,010,893.91
Net cash flows from operating activities	12,101,545.39	60,599,949.36
2. Cash flow from investment activities:		
Cash received from disposal of investment	4,016,261,494.51	5,318,726,610.19
Cash received from gains in investment	3,817,000.42	77,248,362.20
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	34,807.69	1,805,900.19
Net cash received from disposal of subsidiaries and other operating entities	—	95,346,727.58
Other cash received relating to investment activities	—	42,000,000.00
Sub-total of cash inflows from investment activities	4,020,113,302.62	5,535,127,600.16
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	252,558,157.91	1,247,821,416.27
Cash paid for investments	4,018,389,100.00	4,153,254,628.03

Net cash paid for acquiring subsidiaries and other operating entities	—	278,604,268.32
Cash paid relating to other investment activities	—	52,000,000.00
Sub-total of cash outflow from investment activities	4,270,947,257.91	5,731,680,312.62
Net cash flow from investment activities	(250,833,955.29)	(196,552,712.46)
3. Cash flow from financing activities:		
Proceeds received from investments	—	180,480,000.00
Including: Proceeds received by subsidiaries from minority shareholder's investment	—	180,480,000.00
Cash received from borrowings	465,695,500.00	1,661,650,000.00
Sub-total of cash inflow from financing activities	465,695,500.00	1,842,130,000.00
Cash repayments of borrowings	546,650,000.00	1,199,404,623.56
Cash payments for dividend, profit distribution or interest repayment	4,937,234.13	490,072,904.82
Including: Dividend or profit paid by subsidiaries to minority shareholders	—	50,300,888.26
Sub-total of cash outflow from financing activities	551,587,234.13	1,689,477,528.38
Net cash flow from financing activities	(85,891,734.13)	152,652,471.62
4. Effect on cash and cash equivalents due to changes in foreign exchange rates	(348,022.31)	(2,001,322.58)
5. Net increase (decrease) in cash and cash equivalents	(324,972,166.34)	14,698,385.94
Add: Balance of cash and cash equivalents at the beginning of the year	2,839,448,966.57	2,824,750,580.63
6. Balance of cash and cash equivalents at the end of the year	2,514,476,800.23	2,839,448,966.57

II. SEGMENT RESULTS AND REVENUE

Product Name	1st Quarter 2011				2010			
	Turnover (RMB million)	Operating		Gross profit	Turnover (RMB million)	Operating		Gross profit
		cost (RMB million)	Gross profit (RMB million)	margin (%)		cost (RMB million)	Gross profit (RMB million)	margin (%)
Domestic market								
— Molybdenum additive materials	901.48	556.30	345.18	38.29%	3,119.40	1,702.79	1,416.61	45.41%
— Tungsten concentrate (containing 65% W03)	138.96	50.12	88.84	63.93%	304.67	120.61	184.06	60.41%
— Processed Tungsten & Molybdenum products	60.33	57.84	2.49	4.13%	124.86	115.19	9.67	7.74%
— Gold and silver	61.83	44.13	17.70	28.63%	224.55	165.15	59.40	26.45%
— Other	252.75	251.67	1.08	0.43%	334.52	302.30	32.22	9.63%
Sub-total	<u>1,415.35</u>	<u>960.06</u>	<u>455.29</u>	<u>32.17%</u>	<u>4,108.00</u>	<u>2,406.04</u>	<u>1,701.96</u>	<u>41.43%</u>
International market								
— Molybdenum additive materials	47.95	27.99	19.96	41.63%	356.40	206.70	149.70	42.00%
— Processed Tungsten & Molybdenum products	—	—	—	—	32.60	31.00	1.60	4.91%
Sub-total	<u>47.95</u>	<u>27.99</u>	<u>19.96</u>	<u>41.63%</u>	<u>389.00</u>	<u>237.70</u>	<u>151.30</u>	<u>38.89%</u>
Total	<u><u>1,463.30</u></u>	<u><u>988.05</u></u>	<u><u>475.25</u></u>	<u><u>32.48%</u></u>	<u><u>4,497.00</u></u>	<u><u>2,643.74</u></u>	<u><u>1,853.26</u></u>	<u><u>41.21%</u></u>

III. PRODUCTION VOLUME OF MAJOR PRODUCTS

The production volume of molybdenum concentrates (including 47% Mo), molybdenum oxides (including 51% Mo), ferromolybdenum (including 60% Mo), tungsten concentrates (including 65% WO₃) as well as gold and silver of the Group (including Yulu Mining Co., Ltd., “**Yulu Company**”) for the first quarter of 2011 amounted to 7,560 tonnes, 7,206 tonnes, 6,809 tonnes, 2,173 tonnes, 179kg and 3,000kg respectively.

By Order of the Board
China Molybdenum Co., Ltd.*
Duan Yuxian
Chairman

Luoyang, the People’s Republic of China
22 May 2011

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Duan Yuxian, Mr. Li Chaochun, Mr. Wu Wenjun, Mr. Li Faben, Mr. Wang Qinxi

Non-executive Directors:

Mr. Shu Hedong, Mr. Zhang Yufeng

Independent Non-executive Directors:

Mr. Gao Dezhu, Mr. Zeng Shaojin, Mr. Gu Desheng, Mr. Ng Ming Wah, Charles

* *For identification purposes only*