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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "**Board**") of China Molybdenum Co., Ltd.* (the "**Company**") hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
		2011	2010
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**3,141,723**	2,067,270
Cost of sales		**(2,135,067)**	(1,372,424)
Gross profit		**1,006,656**	694,846
Other income and gains	4	**29,702**	46,086
Gain on disposal of a subsidiary		**—**	8,010
Selling and distribution expenses		**(12,063)**	(6,742)
Administrative expenses		**(208,314)**	(108,417)
Other expenses and losses		**(3,865)**	(11,697)
Finance costs	5	**(36,471)**	(21,326)
Share of results of associates		**41,551**	16,392
Share of results of jointly controlled entities		**(995)**	(3,377)
Profit before taxation		**816,201**	613,775
Taxation	6	**(195,032)**	(168,458)
Profit for the period	7	**621,169**	445,317
Other comprehensive (expense) income:			
Exchange differences arising on translation of foreign operations		**(659)**	1,250
Total comprehensive income for the period		**620,510**	446,567

	Note		
Profit for the period attributable to:			
Owners of the Company		**586,052**	418,467
Non-controlling interests		**35,117**	26,850
		621,169	445,317
Total comprehensive income attributable to:			
Owners of the Company		**585,393**	419,717
Non-controlling interests		**35,117**	26,850
		620,510	446,567
Earnings per share - Basic	9	**RMB0.120**	RMB0.086

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	NOTES	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**4,432,765**	4,547,601
Land use rights - non-current portion		**662,449**	550,408
Mining rights		**330,729**	347,507
Exploration right		**1,065,053**	—
Trademarks		**498**	635
Interests in associates		**80,091**	78,541
Interests in jointly controlled entities	10	**1,532,658**	1,533,653
Investments in debt securities		**30,560**	83,072
Available-for-sale investments		**2,300**	2,300
Deferred tax assets		**110,068**	125,070
Long term deposits paid		**126,550**	534,271
		8,373,721	7,803,058

Current assets			
Inventories		**1,348,990**	1,442,875
Trade and other receivables	11	**2,563,455**	1,755,892
Amounts due from associates		**115,315**	47,936
Amount due from a shareholder		**29**	—
Amounts due from jointly controlled entities		**17,200**	45,936
Land use rights - current portion		**13,568**	8,437
Investments in debt securities		**146,623**	89,793
Held-for-trading investments		**69,198**	64,099
Restricted bank deposits		**82,257**	23,947
Bank balances and cash		**1,956,622**	2,839,449
		6,313,257	6,318,364
Current liabilities			
Trade and other payables	12	**(911,802)**	(1,101,820)
Amount due to a jointly controlled entity		**(58,903)**	—
Short-term financing bonds		**(2,000,000)**	—
Dividend payables		**(44,861)**	(103,644)
Tax payable		**(19,003)**	(62,975)
Bank borrowings - due within one year		**(285,838)**	(786,650)
		(3,320,407)	(2,055,089)
Net current assets		**2,992,850**	4,263,275
Total assets less current liabilities		**11,366,571**	12,066,333

	NOTES	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Non-current liabilities			
Bank borrowings - due after one year		**(28,000)**	(10,000)
Provision		**(43,680)**	(42,615)
Deferred income		**(23,530)**	(24,879)
Long term payable		**(246,000)**	—
		(341,210)	(77,494)
		11,025,361	11,988,839
Capital and reserves			
Share capital		**975,234**	975,234
Reserves		**9,184,142**	10,568,722
Equity attributable to owners of the Company		**10,159,376**	11,543,956
Non-controlling interests		**865,985**	444,883
Total equity		**11,025,361**	11,988,839

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listed Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. In addition, the Group applied the following accounting policy for the exploration right acquired during the current period.

Exploration rights

Exploration rights are recognised at cost on initial recognition. Subsequent to initial recognition, exploration rights are stated at cost less any accumulated impairment losses. Exploration rights include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration rights are reclassified as mining rights or property, plant and equipment. These assets are assessed for impairment before reclassifications.

Impairment of exploration rights

The carrying amount of the exploration rights is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive).

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

- Sufficient data exist to indicate that, through a development in the specific area is likely to proceed, the carrying amount of the exploration rights is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of the exploration rights exceeds its recoverable amount.

The application of the new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements.

The Group has not early applied the following new and revised standards or amendments that have been issued but are not yet effective.

IFRS 7 (Amendments)	Disclosures - Transfers of financial assets[1]
IFRS 9	Financial instruments[3]
IFRS 10	Consolidated financial statements[3]
IFRS 11	Joint arrangements[3]
IFRS 12	Disclosure of interests in other entities[3]
IFRS 13	Fair value measurement[3]
IAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
IAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[2]
IAS 19 (Revised 2011)	Employee benefits[3]
IAS 27 (Revised 2011)	Separate financial statements[3]
IAS 28 (Revised 2011)	Investments in associates and joint ventures[3]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2012.

3 Effective for annual periods beginning on or after 1 January 2013.

4 Effective for annual periods beginning on or after 1 July 2012.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios, including cases where an investor may control an investee with less than majority of voting rights. Overall, the application of IFRS 10 requires extensive use of judgement.

The directors of the Company anticipate that the application of the above new and revised standards or amendments will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors that are used to make strategic decisions.

The Group's operating businesses are structured and managed separately according to the nature of the operations and products. Each of the Group's operating segments represents a strategic unit that offers products which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Molybdenum related products - domestic

(b) Molybdenum related products - international

(c) Processed molybdenum and tungsten products - domestic

(d) Processed molybdenum and tungsten products - international

(e) Tungsten products

(f) Gold, silver and relevant products

(g) Electrolytic lead

In addition, other unreportable segments (sulfuric acid and other by-products) are aggregated and presented as "Others".

Electrolytic lead segment is a new operation of the Group for the period end 30 June 2011.

The following is an analysis of the Group's revenue and results by operating segments for the period ended 30 June 2011 and 2010.

For the six months ended 30 June 2011

	Molybdenum related products		Processed molybdenum and tungsten products								
	Domestic	International	Domestic	International	Tungsten products	Gold, silver and relevant products	Electrolytic lead	Segment total	Others	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE											
Sales to external customers	1,840,313	47,391	94,239	5,386	246,057	349,096	192,430	2,774,912	366,811	—	3,141,723
Intersegment sales	58,659	—	8,119	—	—	—	—	66,778	—	(66,778)	—
Total	1,898,972	47,391	102,358	5,386	246,057	349,096	192,430	2,841,690	366,811	(66,778)	3,141,723
Segment result	662,350	28,630	3,489	(1,165)	187,353	118,726	(6,834)	992,549	14,107	—	1,006,656
Other income and gains											29,702
Unallocated expenses											(260,713)
Share of results of associates											41,551
Share of results of jointly controlled entities											(995)
Profit before taxation											816,201

For the six months ended 30 June 2010

	Molybdenum related products		Processed molybdenum and tungsten products		Tungsten products	Gold, silver and relevant products	Electrolytic lead	Segment total	Others	Elimination	Consolidated
	Domestic	International	Domestic	International							
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE											
Sales to external customers	1,450,119	216,917	42,219	25,996	110,982	85,936	—	1,932,169	135,101	—	2,067,270
Intersegment sales	1,296,077	—	20,963	—	—	—	—	1,317,040	—	(1,317,040)	—
Total	2,746,196	216,917	63,182	25,996	110,982	85,936	—	3,249,209	135,101	(1,317,040)	2,067,270
Segment result	525,226	81,537	1,521	796	63,804	18,691	—	691,575	3,271	—	694,846
Other income and gains											46,086
Gain on disposal of a subsidiary											8,010
Unallocated expenses											(148,182)
Share of results of associates											16,392
Share of results of jointly controlled entities											(3,377)
Profit before taxation											613,775

Segment results represent the gross profit for the period in each operating segment. This is the measure reported to the Group's Executive Directors for the purpose of resources allocation and assessment of segment performance. Segment results exclude finance costs, selling and distribution expenses, other income and gains, gain on disposal of a subsidiary and unallocated corporate expenses such as administrative and other expenses.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income		
— bank deposits	**17,401**	14,749
— debentures classified as held for trading investments	**2,699**	1,494
— investments in debt securities	**4,324**	23,707
Total interest income	**24,424**	39,950
Dividend from equity securities	**192**	1,485
Net gain on sales of scrap materials	**283**	—
Government grants recognised	**215**	100
Gain on disposal of property, plant and equipment	**4**	135
Others	**4,584**	4,416
	29,702	46,086

5. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interests on bank borrowings wholly repayable within five years	**21,039**	4,248
Interests on bills discounted with recourse	**324**	18,864
Interest on short-term financing bonds	**7,035**	—
Financing charges on short-term financing bonds	**7,008**	—
Other interest expenses - unwinding discounts on provision	**1,065**	1,014
Less: Amount included in the cost of qualifying assets	**—**	(2,800)
	36,471	21,326

6. TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
The charge comprises the People's Republic of China ("PRC") Enterprise Income Tax:		
Current taxation		
— current period	**174,939**	163,961
— underprovision in prior years	**5,091**	6,575
	180,030	170,536
Deferred taxation		
— current period	**15,002**	(2,078)
	195,032	168,458

The Group is subject to PRC Enterprise Income Tax levied at a rate of 25% (six months ended 30 June 2010: 25%) of taxable income determined in accordance with the relevant laws and regulations in the PRC.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	**2,080,848**	1,333,718
Depreciation of property, plant and equipment	**193,042**	146,567
Amortisation of land use rights (included in administrative expenses)	**7,351**	4,698
Amortisation of mining rights (included in cost of sales)	**16,778**	13,611
Amortisation of trademarks (included in cost of sales)	**137**	95
Allowance for doubtful debts	**659**	—
Share of tax of associates (included in share of results of associates)	**13,968**	5,492
Resources compensation fee *(Note)*	**37,304**	25,000

Note: Resources compensation fee is calculated on the basis of a ratio of the sales income of mineral products during the period by reference to the compensation fee rate and coefficient of mining recovery rate and included in cost of sales.

8. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period:		
Final - for year 2010 of RMB0.404 (30.6.2010: for year 2009 of RMB0.08) per share	**1,969,973**	390,094

During the six months ended 30 June 2011, dividend of RMB0.404 per share totalling RMB1,969,973,000 was paid to shareholders as final dividend for 2010.

On 6 June 2010, dividend of RMB0.08 per share totalling RMB390,094,000 was paid to shareholders as final dividend for 2009.

The Board resolved not to distribute an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

9. EARNINGS PER SHARE - BASIC

The calculation of the basic earnings per share for the period is based on the following data:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share *(RMB'000)*	**586,052**	418,467
Number of shares for the purpose of basic earnings per share	**4,876,170,525**	4,876,170,525

There are no diluted earnings per share presented for both periods as there are no potential ordinary shares during respective periods.

10. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cost of unlisted investments in jointly controlled entities	**1,540,395**	1,540,395
Share of post-acquisition losses	**(7,737)**	(6,742)
	1,532,658	1,533,653

As at 30 June 2011, the Group had interests in the following significant jointly controlled entities and their subsidiary:

Name of company	Date of establishment	Place of establishment and operation	Registered capital	Proportion of equity held by the Group	Principal activity
Xuzhou Huanyu Molybdenum Co., Ltd. ("Xuzhou Huanyu") (徐州環宇鉬業有限公司)	19 June 1995	PRC	RMB50,446,614	50%	Investment holding
Luoyang Fuchuan Mining Co., Ltd. ("Luoyang Fuchuan") (洛陽富川礦業有限公司)	29 September 2003	PRC	RMB50,000,000	55% *(Note 1)*	Holding of mining right and related assets
Luoyang High-Tech Metals Co., Ltd. ("Luoyang High-Tech") (洛陽高科鉬鎢材料有限公司)	11 May 2010	PRC	RMB265,000,000	50% *(Note 2)*	Manufacturing of molybdenum powder, tungsten powder and related products

Notes:

(1) The Company acquired 100% equity interest of Luoyang Construction Investment and Mining Co., Ltd. (洛陽建設礦業有限公司) ("Luoyang Construction") and Luanchuan Huqi Mining Company Limited (欒川縣滬七礦業有限公司) ("Huqi Mining") during the year ended 2010. Luoyang Construction holds 50% equity interest of Xuzhou Huanyu. Xuzhou Huanyu holds 90% equity interest in Luoyang Fuchuan. The remaining 10% equity interest in Luoyang Fuchuan was held by Huqi Mining. After the acquisitions, the Group's attributable interest in Luoyang Fuchuan is 55%. Luoyang Fuchuan is a non-wholly owned subsidiary of Xuzhou Huanyu.

(2) Formerly known as Luoyang High Tech Molybdenum & Tungsten Co., Ltd. The company was a former subsidiary and became a jointly controlled entity upon disposal in the year ended 2010. Luoyang High-Tech was transformed into a sino-foreign equity joint venture on 11 May 2010.

11. TRADE AND OTHER RECEIVABLES

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables (net of allowances)	**690,399**	535,823
Bills receivable	**1,255,668**	851,479
	1,946,067	1,387,302
Advances to suppliers	**278,305**	123,507
Other tax recoverable	**112,331**	125,827
Other receivables and prepayments	**226,752**	119,256
	2,563,455	1,755,892
Breakdown of advances to suppliers		
Third parties	**218,039**	45,842
Advance to a jointly controlled entity	**60,266**	77,665
	278,305	123,507

The Group normally allows credit period of no longer than 90 days to its trade customers, a longer credit period may be allowed for major customers. The aged analysis of trade receivables (presented based on the invoice date) and bills receivable (presented based on the issuance date of the relevant bills) is as follows:

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 - 90 days	**1,881,542**	984,077
91 - 180 days	**31,703**	383,391
181 - 365 days	**31,532**	18,878
1 - 2 years	**1,290**	956
	1,946,067	1,387,302

12. TRADE AND OTHER PAYABLES

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**331,529**	414,760
Bills payable	**45,594**	100,000
	377,123	514,760
Other payables and accruals	**534,679**	587,060
	911,802	1,101,820

The aged analysis of trade and bills payables by invoice date (bills issued date for bills payable) is as follows:

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 - 90 days	**329,580**	371,607
91 - 180 days	**17,878**	129,396
181 - 365 days	**13,849**	8,012
1 - 2 years	**8,461**	2,270
Over 2 years	**7,355**	3,475
	377,123	514,760

MARKET REVIEW

(The relevant commodity prices stated below include value-added tax)

In the first half of 2011, the average price of domestic molybdenum concentrates was approximately RMB2,130/metric tonne unit, which reached its trough at approximately RMB2,020/metric tonne unit to RMB2,050/metric tonne unit at the beginning of the year and at the end of June, respectively. In particular, molybdenum price fell closer to a low of RMB2,000/metric tonne unit by the end of June. On the other hand, molybdenum price posted a half year high at RMB2,220/metric tonne unit in mid-February this year, followed by a second, longer peak period, most notably from mid-April to the end of April, hitting a record high of RMB2,180/metric tonne unit.

In the first half of 2011, the average price of molybdenum oxide lingered at approximately US$17/lb Mo, peaked at US$17.8/lb Mo to US$18.1/lb Mo from mid-February to the end of February, and returned to sustainably high levels from mid-April to the end of April. The price of molybdenum oxide stood at above US$17/lb Mo and bounced back to US$17.3, its highest for the period. In the first half of 2011, some of the lowest levels of the international molybdenum price could be seen at the beginning of the year, late March and late June respectively. It first hit the trough at US$16.5/lb Mo at the beginning of the year, then plummeted to nearly US$16.5/lb Mo at the end of March. The slump deepened as the price dropped to less than US$16/lb Mo at the end of June, shortly fell below US$15/lb and bottomed at US$14.85/lb Mo.

As regards the tungsten market, the domestic tungsten price first rose then declined. Given the efforts to govern and straighten out environmental protection measures and continuous tension in power supply, the price of tungsten concentrates rose sharply for the first five months to a high of RMB158,000/tonne. As at the end of June, the price of tungsten concentrates undergone a proper downward adjustment to RMB130,000/tonne after a sell-off by some speculative enterprises. In general, the prices of other domestic tungsten products were in line with the ore price, with APT reaching as high as RMB246,000/ tonne and the price of tungsten carbide hitting a record high of RMB375/kg to RMB380/kg. By the end of June, the prices returned to RMB214,000/tonne and RMB343/kg to RMB348/kg, respectively. For the international market, under the dual impact of the domestic market and export quotas, the price fluctuations of APT in Europe slightly lagged behind. The price of tungsten reached its highest at US$460/metric tonne unit to US$485/metric tonne unit in mid-June, then began to fall following the commencement of summer break to US$452/metric tonne unit to US$470/metric tonne unit by the end of June.

DOMESTIC INDUSTRY POLICIES

Export Quota

On 28 December 2010 and 7 July 2011, the Ministry of Commerce of the PRC promulgated two notifications on export quota (first batch and second batch for 2011) of ordinary trading industrial commodities respectively. Under the notifications, the Company was entitled to export 5,423 tonnes and 3,612 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 68 tonnes and 41 tonnes of molybdenum chemical products and 83 tonnes and 55 tonnes of molybdenum products respectively.

BUSINESS REVIEW

During the first half of 2011, capitalizing on its abundant resources, scale of production and an integrated production chain, the Group maintained the production volume of its major products or increased the production volume to various degree as compared with the same period last year. From January to June, the Group's production of molybdenum concentrates (including 45% Mo) amounted to approximately 17,130 tonnes, representing an increase of 2.68% as compared with the same period last year. The production of scheelite concentrates (including 65% W) amounted to approximately 5,827 tonnes (including 2,422 tonnes from Luoyang Yulu Mining Co., Ltd.* (洛陽豫鷺礦業有限責任公司), "Yulu Company"), representing an increase of 45.5% as compared to the same period last year. The Group produced approximately 17,167.26 tonnes of sulphuric acid (98% concentration), 511 kg of gold and 5,848 kg of silver. Under the market condition in the first half of the year, the Group concentrated its sales in the domestic market. The top ten clients of the Company accounted for 39.94% of its domestic sales volume.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2011, profit attributable to owners of the Company was RMB586.1 million, representing an increase of RMB167.6 million or 40.0% from RMB418.5 million for the six months ended 30 June 2010.

The comparative analysis for the six months ended 30 June 2011 and the six months ended 30 June 2010 is as follows:

OPERATING RESULTS

For the six months ended 30 June 2011, the Group recorded a turnover of RMB3,141.7 million, representing an increase of RMB1,074.4 million or 52.0% from RMB2,067.3 million for the six months ended 30 June 2010. For the six months ended 30 June 2011, the Group achieved a gross profit of RMB1,006.7 million, representing an increase of RMB311.9 million or 44.9% from RMB694.8 million in the same period last year.

OPERATING RESULTS, OPERATING COST, GROSS PROFIT AND GROSS PROFIT MARGIN BY PRODUCTS

The table below sets out the turnover, operating cost, gross profit and gross profit margin of our products in the first half of 2011 and in the first half of 2010:

Product Name	First half of 2011 Turnover *(RMB million)*	First half of 2011 Operating cost *(RMB million)*	First half of 2011 Gross profit *(RMB million)*	First half of 2011 Gross profit margin *(%)*	First half of 2010 Turnover *(RMB million)*	First half of 2010 Operating cost *(RMB million)*	First half of 2010 Gross profit *(RMB million)*	First half of 2010 Gross profit margin *(%)*
Domestic market								
— Molybdenum additive materials	**1,840.3**	**1,177.9**	**662.4**	**36.0%**	1,450.1	924.9	525.2	36.3%
— Tungsten concentrate (65% Wo_3)	**246.1**	**58.7**	**187.4**	**76.1%**	111.0	47.2	63.8	57.5%
— Processed tungsten & molybdenum products	**94.2**	**90.8**	**3.4**	**3.6%**	42.2	40.7	1.5	3.6%
— Gold, silver and relevant products	**349.1**	**230.4**	**118.7**	**34.0%**	85.9	67.2	18.7	21.8%
— Electrolytic lead	**192.4**	**199.3**	**–6.9**	**–3.6%**	—	—	—	—
— Other	**366.8**	**352.7**	**14.1**	**3.8%**	135.1	131.8	3.3	2.4%
Sub-total	**3,088.9**	**2,109.8**	**979.1**	**31.7%**	1,824.4	1,211.8	612.5	33.6%
International market								
— Molybdenum additive materials	**47.4**	**18.8**	**28.6**	**60.3%**	216.9	135.4	81.5	37.6%
— Processed tungsten & molybdenum products	**5.4**	**6.5**	**-1.1**	**-20.4%**	26.0	25.2	0.8	3.1%
Sub-total	**52.8**	**25.3**	**27.5**	**52.1%**	242.9	160.6	82.3	33.9%
Total	**3,141.7**	**2,135.1**	**1,006.6**	**32.0%**	2,067.3	1,372.4	694.8	33.6%

Turnover increased by RMB1,074.4 million or 52.0% to RMB3,141.7 million in the same period of 2011 from RMB2,067.3 million in the first half of 2010, mainly attributable to 1) the Group's efforts in proactively tapping into the sale market through strengthened sales initiatives in the first half of the year, which cleared the old inventory and resulted in an increase in the sales of ferromolybdenum and tungsten concentrates, our principal products, as compared with the same period last year; 2) a year-on-year increase of RMB426.0 million in the Group's turnover as a result of the commencement of production of Yongning Gold & Lead; 3) a rise in trading gains of the Group in the first half of the year, resulting in additional turnover of RMB208.9 million to the Group; 4) a 118% increase in the turnover of tungsten products as a result of a growth of over 70% in the price of tungsten products for this year as compared with the same period last year and a further increase in production volume.

For the six months ended 30 June 2011, the operating cost of the Group amounted to RMB2,135.1 million, representing an increase of RMB762.7 million or 55.6% from RMB1,372.4 million in the same period last year, mainly attributable to: 1) the various increases in the Group's sales volume of ferromolybdenum and tungsten concentrate, our principal products, during the year as compared with the same period last year; 2) the inclusion of products such as electrolytic lead, pig iron and nickel plate into the sales of the Group during the year; 3) the increase in the cost of ancillary materials and labor during the year which resulted in a rise in the cost of molybdenum related products of the Group as compared with same period last year.

For the six months ended 30 June 2011, the average gross profit margin of the Group was 32.0%, representing a decrease of 1.6% as compared with 33.6% in the same period last year, mainly attributable to the increase in trade sales during the period as well as decline in overall gross profit margin of the Group as a result of a relative low gross profit margin recorded in products sales of Yongning Gold & Lead.

OTHER INCOME

For the six months ended 30 June 2011, other income of the Group amounted to RMB29.7 million, representing a decrease of RMB16.4 million or 35.6% from RMB46.1 million in the same period last year. Such decrease was mainly attributable to the drop in its principal amount for debt security investment during the year, resulting in a decrease in interest income.

SELLING AND DISTRIBUTION EXPENSES

For the six months ended 30 June 2011, the selling and distribution expenses of the Group amounted to RMB12.1 million, representing an increase of RMB5.4 million or 80.6% from RMB6.7 million in the same period last year. Such increase was mainly attributable to a year-on-year increase in the sales volume of the Group's products during the period.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2011, the administrative expenses of the Group amounted to RMB208.3 million, representing an increase of RMB99.9 million or 92.2% from RMB108.4 million in the same period last year. Such increase was mainly attributable to 1) an increase in expenses of research and development of the Group as compared with the same period last year; 2) the increase in fixed assets depreciation as well as intangible assets amortization; and 3) a year-on-year increase in the labor cost of the Group.

OTHER EXPENSES

For the six months ended 30 June 2011, other expenses of the Group amounted to RMB3.9 million, representing a decrease of RMB7.8 million or 66.7% from RMB11.7 million in the same period last year. Such decrease was mainly attributable to a year-on-year decrease in net exchange loss.

FINANCE COSTS

For the six months ended 30 June 2011, the finance costs of the Group amounted to RMB36.5 million, representing an increase of RMB15.2 million or 71.4% from RMB21.3 million in the same period last year. Such increase was mainly attributable to an increase in bank borrowings.

SHARE OF RESULTS OF ASSOCIATES

For the six months ended 30 June 2011, the results of associated companies attributable to the Group amounted to RMB41.6 million, representing an increase of RMB25.2 million or 153.7% from RMB16.4 million in the same period last year. Such increase was mainly attributable to the significant increase in results of the associated company Yulu Company for the year as compared with the same period last year.

INCOME TAX EXPENSE

For the six months ended 30 June 2011, the income tax expense of the Group amounted to RMB195.0 million, representing an increase of RMB26.5 million or 15.7% from RMB168.5 million in the same period last year. Such increase was mainly attributable to the increase in profits during the period.

NON-CONTROLLING INTERESTS

For the six months ended 30 June 2011, the non-controlling interests of the Group amounted to RMB35.1 million, representing an increase of RMB8.2 million or 30.5% from RMB26.9 million in the same period last year. Such increase was mainly attributable to the substantial increase in profits from the three holding subsidiaries of the Group, namely Luanchuan County Jiuyang Mining Co., Ltd* (欒川縣九揚礦業有限公司) ("Jiuyang Company"), Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd* (欒川縣三強鉬鎢有限公司) ("Sanqiang Company") and Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd* (欒川縣大東坡鎢鉬礦業有限公司) ("Dadongpo Company") during the period.

PROFIT OR LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2011, the net profit attributable to owners of the Company amounted to RMB586.1 million, representing an increase of RMB167.6million or 40.0% from RMB418.5 million for the six months ended 30 June 2010, mainly due to the increase in profit for the period.

FINANCIAL POSITION

For the six months ended 30 June 2011, the total assets of the Group amounted to approximately RMB14,687.0 million, comprising non-current assets of approximately RMB8,373.7 million and current assets of approximately RMB6,313.3 million. Equity attributable to owners of the Company for the six months ended 30 June 2011 decreased by RMB1,384.6 million or 12.0% to RMB10,159.4 million from RMB11,544.0 million for the year ended 31 December 2010. Such increase was mainly due to: 1) an increase of RMB586.1 million in profit or loss attributable to owners of the Company during the period and 2) a payment of RMB1,970.0 million of dividend for 2010.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2011, property, plant and equipment decreased by RMB114.8 million or 2.5% to RMB4,432.8 million from RMB4,547.6 million for the year ended 31 December 2010. The decrease was mainly attributable to the increase in accumulated depreciation for the period.

DEBT TO TOTAL ASSETS RATIO

The debt to total assets ratio of the Group rose from 15.1% as of 31 December 2010 to 24.9% as of 30 June 2011. The increase was mainly attributable to an increase in total liabilities for the period as a result of the issue of short-term financing bills of RMB2,000 million during the period.

CASH FLOW

For the six months ended 30 June 2011, the Group had cash and cash equivalents of RMB1,956.6 million, representing a decrease of RMB882.8 million or 31.1% from RMB2,839.4 million for the year ended 31 December 2010, which was primarily attributable to: 1) an increase in cash flow resulting from the issuance of one-year term short-term financing bills of RMB2,000 million; 2) payment of 2010 dividend of RMB2,028.8 million and 3) repayment of bank borrowings of RMB565 million.

For the six months ended 30 June 2011, net cash inflow generated from operating activities was RMB29.8 million; net cash used in investment activities was RMB420.5 million and net cash used in financing activities was RMB492.1 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

The Group conducts its operations in the PRC. As the production capacity of the Group increases along with the expansion of market and recovery of the overseas molybdenum market, export sales to different countries by the Group or its subsidiary established in Hong Kong are expected to increase. We mainly settle transactions of export sales in US dollars. Due to periodicity in calculating the amount of export income, the foreign currency risks of the Group are primarily generated from the sales of products in foreign currencies.

Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

EXPOSURE TO THE PRICE FLUCTUATION OF PRODUCTS

As the trading price of the Group's molybdenum products, tungsten products, precious metals and lead metal (the "relevant products") are calculated based on international and domestic prices, the Group has been exposed to the price fluctuations of the relevant products. In the long run, the international and domestic prices of the relevant products mainly depend on market demand and supply. These factors are beyond our control. Further, the prices of the relevant products are also susceptible to the global and PRC economic cycles, taxation policies as well as variations in the global currency market. The Group has not entered into any trading contracts and has not made any pricing arrangement to hedge against the risk arising from fluctuations in the price of nonferrous products.

EXPOSURE TO INTEREST RATE

The exposure to interest rate of the Group is mainly related to our short-term and long-term borrowings and deposits. The interest rate of outstanding liabilities of the Group is calculated based on the base rate amended by The People's Bank of China and the Hong Kong inter-bank market from time to time. As of to date, the Group has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

USE OF PROCEEDS

As at 30 June 2011, the Company applied an aggregate of approximately RMB7,539 million of the proceeds raised from our initial public offering in April 2007, mainly as follows:

- approximately RMB781 million to repay various short-term bank borrowings and interest;

- approximately RMB826 million to repay current liabilities and supplement general working capital;

- approximately RMB361 million to prepay the remaining consideration in respect of the mining rights of the Sandaozhuang Mine;

- approximately RMB338 million to construct auxiliary facilities of ores;
- approximately RMB552 million for the expansion of Mining Branches, Sanqiang Company and construction of scheelite recovery plant;
- approximately RMB1,586 million for the construction of the smelting plant of Yongning Gold & Lead and merger and acquisition project of precious metals;
- approximately RMB744 million to construct a smelting plant of molybdenum with a capacity of 40,000 tonnes per year;
- approximately RMB58 million for technological improvement at Luoyang High-Tech Metals Co., Ltd.* (洛陽高科鉬鎢材料有限公司) ("Luoyang High-Tech");
- approximately RMB1,481 million for the acquisition of Shangfanggou Mine;
- approximately RMB431 million for carrying out preliminary exploitation in the mine located in Hami, Xinjiang;
- approximately RMB105 million for the extension construction of tailing storage;
- approximately RMB150 million for financing the plants selection, technological improvement and research and development for the purpose of mining; and
- approximately RMB126 million for the construction of Tungsten and Molybdenum High-tech Industrial Park (鎢鉬高新技術工業園).

PROSPECTS FOR THE SECOND HALF OF 2011

In respect of the supply in the molybdenum market in the second half of 2011, in light of the situation of domestic mining operations, suspension, partial suspension of operations and production below full capacity will virtually remain a general phenomenon among domestic and overseas mines. Not least a lower production capacity utilization rate as compared to the same period last year, the supply capacity of molybdenum raw materials in China is therefore yet to be fully utilized. As the molybdenum market slumped in June and a number of domestic mines suspended production, the supply of molybdenum raw material will hardly see a sudden surge in the short run. As for production, overseas molybdenum mines shared almost the same fate as their counterparts in China. A handful of construction projects are still being suspended in the hope of resumption of construction under a better international molybdenum market sentiment. Hence, a sharp increase in raw materials supply is unlikely either. In respect of demand, the iron and steel industry has a greater influence over the molybdenum industry. Stimulated by strong demand from China and other emerging economies, the global demand for iron and steel is expected to grow within a range from 6.5% to 7% in 2011, up to 1,500 million tonnes. While the demand for iron and steel is expected to sustain a momentum of more than 7% this year, whereas the demand for iron and steel in the United States, the European Union and other developed economies will continue to recover steadily. Beset by sustainably high levels of iron and steel production, a decelerating growth in iron and steel demand as well as a dampened international market, the market prices of steel products will remain volatile in the future. Taking advantage of the robust domestic market consumption of steel products in China and on the back of the construction of affordable housings, railways and farmland irrigation facilities, a stronger domestic market demand for steel is on the horizon. In view of the above situations, the demand of molybdenum in the second half of the year is expected to be stronger than last year.

On tungsten market supply, environmental protection policy and ongoing power shortage has continued to affect the rate of capacity utilization of tungsten enterprises this year, which led to a decline in production of tungsten concentrates and affected its supply. In addition, mine reserves in many regions such as Guangdong and Hunan provinces have currently been exhausted. Resource depletion and more stringent regulatory measures over environmental protection are further tightening the supply of tungsten concentrates, thus hindering the substantial growth of tungsten concentrate supply. In respect of demand, China's macro economy enjoys stable and rapid development, which will continue to drive the development of industries such as machinery processing, mining, iron and steel, automobile and chemical engineering which in turn boost consumption of tungsten. In light of the decrease in the supply of tungsten concentrates and steady growth in the underlying demand, supply shortage will exacerbate, leaving more room for the price of tungsten concentrates to move up.

In the second half of 2011, the production volume of major products will remain virtually the same as that in the first half of 2011.

In the second half of 2011, the management of the Company will grasp the opportunities in molybdenum and tungsten market, further enhancing production and operation to fully meet the targets set for the year. In addition, the Company will seek to implement new projects to capture new economic growth and to promote listing of A shares in the PRC. Through vigorous resource integration and overseas acquisitions in strict adherence to our corporate development strategies, we expect to enhance our comprehensive strengths and profitability for better returns to shareholders.

DIRECTORS' INTEREST

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at 30 June 2011, none of the directors and supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the same period.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2011, none of the directors, chief executives, supervisors or their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time as at 30 June 2011 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors, supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

DIVIDENDS

At the Board meeting held on 20 August 2011, the Board resolved not to distribute an interim dividend for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company's H shares were listed on the Stock Exchange on 26 April 2007. The Company and its subsidiaries had not purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2011, in the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

The Board of the Company consists of 11 directors, namely 5 executive directors, 2 non-executive directors and 4 independent non-executive directors. For the six months ended 30 June 2011, the Board convened five meetings (with an attendance rate of 99%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board, directors and members of the senior management; and to prevent them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened one meeting during the six months ended 30 June 2011 (with an attendance rate of 100%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors of the Company. Having made specific enquiries, the Board confirmed that all the directors complied with the required standard set out in the Model Code for the period ended 30 June 2011.

AUDIT COMMITTEE

The terms of reference of the audit committee based on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The audit committee provides an important link between the Board and the Company's auditors in matters falling within the scope of the audit of the Company and the Group. The audit committee will review the effectiveness of the external audit and of internal controls, evaluate risks and will provide advice and guidance to the Board. The audit committee comprises two independent non-executive directors and one non-executive director, namely, Mr. Ng Ming Wah, Charles, Mr. Zeng Shaojin and Mr. Zhang Yufeng. The audit committee has reviewed the unaudited financial results of the Company for the six months ended 30 June 2011 and considered that the results complied with relevant accounting standards and that the Company has made appropriate disclosure.

NON-COMPETITION AGREEMENT

As disclosed in the Prospectus of the Company dated 13 April 2007, an annual review would be conducted by our independent non-executive directors on such decisions to exercise or not to exercise the option and the right of first refusal to acquire retained businesses and products of retained business which constitute competition in accordance with the Non-competition Agreement. The Non-competition Agreement took effect on 26 April 2007.

PUBLICATION OF DETAILED RESULTS ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.chinamoly.com.

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

Xinjiang, the People's Republic of China, 20 August 2011

As at the date of this announcement, the executive Directors are Mr. DUAN Yuxian, Mr. LI Chaochun, Mr. WU Wenjun, Mr. LI Faben and Mr. WANG Qinxi; the non-executive Directors are Mr. SHU Hedong and Mr. ZHANG Yufeng; and the independent non-executive Directors are Mr. GAO Dezhu, Mr. ZENG Shaojin, Mr. GU Desheng and Mr. NG Ming Wah, Charles.

* *For identification purposes only*