China Nonferrous Mining Corporation Limited
中國有色礦業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1258)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

Financial Highlights of the Group

In the first half of 2012, the Group recorded revenue of US$717.6 million, representing an increase of 17.6% from US$610.0 million in the first half of 2011.

In the first half of 2012, the Group recorded net profit of US$92.0 million, representing an increase of 80.5% from US$51.0 million in the first half of 2011.

In the first half of 2012, the Group recorded profit attributable to owners of the Company of US$55.4 million, representing an increase of 55.7% from US$35.6 million in the first half of 2011.

In the first half of 2012, basic earning per share attributable to owners of the Company was approximately US¢2.12, representing an increase of 54.7% from US¢1.37 in the first half of 2011.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012.

UNAUDITED INTERIM RESULTS

The board of directors ("Board") of China Nonferrous Mining Corporation Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2012, which have been reviewed by the external auditors.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2012	2011
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**717,623**	609,976
Cost of sales		**(570,255)**	(508,776)
Gross profit		**147,368**	101,200
Other income		**2,272**	1,753
Distribution and selling expenses		**(17,741)**	(9,995)
Administrative expenses		**(20,660)**	(17,057)
Finance costs	6	**(2,298)**	(4,600)
Gain arising on change in fair value of derivatives		**374**	1,689
Other expenses	7	**(9,352)**	(8,582)
Profit before tax		**99,963**	64,408
Income tax expense	8	**(7,921)**	(13,426)
Profit for the period	9	**92,042**	50,982
Profit and total comprehensive income attributable to:			
Owners of the Company		**55,444**	35,620
Non-controlling interests		**36,598**	15,362
		92,042	50,982
Earnings per share, in US¢	11		
Basic		**2.12**	1.37
Diluted		**2.12**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2012 US$'000 (Unaudited)	At 31 December 2011 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**976,080**	875,833
Interest in an associate		**2,143**	—
Restricted bank balances		**9,975**	9,978
Other assets		**14,445**	14,414
Finance lease receivables		**31,568**	23,351
Deferred tax assets		**1,701**	2,149
		1,035,912	925,725
CURRENT ASSETS			
Inventories		**206,216**	164,281
Finance lease receivables		**8,883**	6,483
Trade receivables	13	**21,805**	95,786
Prepayments and other receivables		**56,621**	56,084
Derivatives, at fair value		**455**	—
Restricted bank balances		**3,675**	7,557
Bank balances and cash		**498,979**	217,303
		796,634	547,494
CURRENT LIABILITIES			
Trade payables	14	**108,839**	107,364
Other payables and accrued expenses		**157,717**	57,116
Income tax payable		**483**	87
Bank and other borrowings			
— due within one year	15	**228,729**	199,000
Derivatives, at fair value		**—**	775
		495,768	364,342

	Notes	At 30 June 2012 US$'000 (Unaudited)	At 31 December 2011 US$'000 (Audited)
NET CURRENT ASSETS		**300,866**	183,152
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,336,778**	1,108,877
CAPITAL AND RESERVES			
Share capital	16	**445,447**	333,333
Share premium		**162,241**	35,256
Retained profits		**59,159**	3,715
Equity attributable to owners of the Company		**666,847**	372,304
Non-controlling interests		**153,644**	117,046
TOTAL EQUITY		**820,491**	489,350
NON-CURRENT LIABILITIES			
Bank and other borrowings — due after one year	15	**403,450**	512,179
Deferred revenue		**11,458**	11,458
Provision for restoration, rehabilitation and environmental costs		**15,973**	17,452
Deferred tax liabilities		**85,406**	78,438
		516,287	619,527
		1,336,778	1,108,877

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share Capital	**Share premium**	**Other reserves***	**Retained profit**	**Sub-total**	**Non-controlling interests**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 June 2011							
At 1 January 2011(audited)	15,652	—	130,253	172,798	318,703	86,357	405,060
Profit and total comprehensive income for the period	—	—	—	35,620	35,620	15,362	50,982
Dividend recognised as distribution	—	—	—	(16,413)	(16,413)	(6,337)	(22,750)
At 30 June 2011(unaudited)	15,652	—	130,253	192,005	337,910	95,382	433,292
Six months ended 30 June 2012							
At 1 January 2012(audited)	333,333	35,256	—	3,715	372,304	117,046	489,350
Shares issued	112,114	134,535	—	—	246,649	—	246,649
Share issue expenses	—	(7,550)	—	—	(7,550)	—	(7,550)
Profit and total comprehensive income for the period	—	—	—	55,444	55,444	36,598	92,042
At 30 June 2012(unaudited)	445,447	162,241	—	59,159	666,847	153,644	820,491

* Other reserves as of 1 January 2011 and 30 June 2011 mainly comprise share premium of group entities and investment cost paid by China Nonferrous Metal Mining (Group) Co., Ltd., the ultimate holding company, prior to the reorganisation becoming effective on 2 December 2011 (see note 1).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**242,642**	34,938
NET CASH USED IN INVESTING ACTIVITIES	**(115,699)**	(126,003)
NET CASH FROM FINANCING ACTIVITIES	**155,043**	96,008
NET INCREASE IN CASH AND CASH EQUIVALENTS	**281,986**	4,943
Cash and cash equivalents at beginning of period	**217,303**	336,789
Effect of foreign exchange rate changes	**(310)**	(92)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD represented by bank balances and cash	**498,979**	341,640

Notes:

1. GENERAL INFORMATION

China Nonferrous Mining Corporation Limited (the "Company") was incorporated in Hong Kong on 18 July 2011 with limited liability. Its parent and ultimate holding company are China Nonferrous Mining Development Limited ("CNMD"), incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd. ("CNMC"), incorporated in the People's Republic of China (the "PRC"), respectively.

On 28 June 2012, the Company completed its global offering of 870,000,000 ordinary shares of the Company with nominal value of HK$1.0 each at an offer price of HK$2.2 per ordinary share of the Company (the "Global Offering") and its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with effect from 29 June 2012.

Pursuant to a group reorganisation (the "Reorganisation"), as more fully explained in the section headed "Our History and Reorganisation" in the prospectus of the Company dated 20 June 2012 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 2 December 2011.

The Company and its subsidiaries (collectively referred to as the "Group") is under the control of CNMC prior to and after the Reorganisation (other than the acquisition of CNMC Luanshya Copper Mines PLC ("Luanshya") in 2009 which is accounted for under the acquisition method in accordance with HKFRS 3 *Business Combinations* and the Group is therefore regarded as a continuing entity. Accordingly, for the purpose of the preparation of these condensed consolidated financial statements of the Group, the Company was regarded as the holding company of the companies now comprising the Group throughout the period up to completion of the Reorganisation (other than the acquisition of Luanshya in 2009).

The condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2011 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout that period (other than the acquistion of Luanshya).

The functional currency of companies comprising the Group is United States dollars ("US$") and these condensed consolidated financial statements have been presented in US$.

The principal activity of the Company is investment holding. The Group's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and sulfuric acid.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as 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 "Listing Rules").

3. 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 values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2011 underlying the accountants' report included in the Prospectus of the Company dated 20 June 2012.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed financial statements and/or disclosures set out in these condensed consolidated financial statements.

In the current interim period, the Group has also adopted the following accounting policy.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 *Financial Instruments: Presentation and Measurements* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's condensed consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

4. REVENUE

An analysis of the Group's revenue from sale of goods for the period is as follows:

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Blister copper	**653,029**	567,140
Copper cathodes	**27,470**	30,358
Sulfuric acid	**37,124**	12,478
	717,623	609,976

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods produced.

Specifically, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

- Mining — Exploration and mining of copper and production of copper concentrate;
- Leaching — Production and sale of copper cathodes which are produced using the solvent extraction-electrowinning technology; and
- Smelting — Production and sale of blister copper and sulfuric acid which are produced using ISA smelting technology.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Mining	Leaching	Smelting	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2012				
Revenue from external customers	**—**	**27,470**	**690,153**	**717,623**
Inter-segment sales	**143,609**	**—**	**—**	**143,609**
Total segment revenue	**143,609**	**27,470**	**690,153**	**861,232**
Elimination*	**(143,609)**			**(143,609)**
Revenue for the period				**717,623**
Segment profit	**14,008**	**8,091**	**78,428**	**100,527**
Elimination				**(2,621)**
Unallocated expenses**				**(5,864)**
Profit for the period				**92,042**

	Mining	Leaching	Smelting	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2011				
Revenue from external customers	—	30,358	579,618	609,976
Inter-segment sales	150,930	—	—	150,930
Total segment revenue	150,930	30,358	579,618	760,906
Elimination*	(150,930)			(150,930)
Revenue for the period				609,976
Segment profit	26,646	15,840	14,254	56,740
Elimination				(3,477)
Unallocated expenses **				(2,281)
Profit for the period				50,982

* Inter-company sales were conducted at terms mutually agreed among the companies comprising the Group.

** The unallocated expenses mainly represent listing expenses of the Company.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit for the period earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	At 30 June 2012 US$'000 (Unaudited)	At 31 December 2011 US$'000 (Audited)
Segment assets		
— Mining	**588,431**	596,030
— Leaching	**464,361**	386,689
— Smelting	**591,319**	523,450
Total segment assets	**1,644,111**	1,506,169
Unallocated*	**242,273**	1,719
Elimination	**(53,838)**	(34,669)
Consolidated total assets	**1,832,546**	1,473,219
Segment liabilities		
— Mining	**698,136**	652,257
— Leaching	**8,924**	6,399
— Smelting	**340,129**	350,558
Total segment liabilities	**1,047,189**	1,009,214
Unallocated*	**11,319**	4,000
Elimination	**(46,453)**	(29,345)
Consolidated total liabilities	**1,012,055**	983,869

* The unallocated assets and liabilities represent those of the Company. The unallocated assets as at 30 June 2012 and 31 December 2011 represent bank balances of the Company from the listing proceeds and prepaid listing expenses, respectively. The unallocated liabilities as at 30 June 2012 and 31 December 2011 represent the Company's amount due to CNMC.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities, except for the Company, are allocated to operating segments.

6. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings:		
— wholly repayable within five years	**2,561**	4,502
— wholly repayable beyond five years	**5,093**	1,694
Total borrowing costs	**7,654**	6,196
Unwinding of discount	**97**	98
Less: Borrowing costs capitalised in construction in progress	**(5,453)**	(1,694)
	2,298	4,600
The weighted average capitalisation rate on funds borrowed, generally *(per annum)*	**2.74%**	2.08%

7. OTHER EXPENSES

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Foreign exchange losses, net	**949**	2,491
Gain on disposal of property, plant and equipment, net	**(89)**	(17)
Loss on operating hospitals, schools and recreational facilities	**692**	1,644
Impairment loss recognised on trade and other receivables, net	**814**	444
Listing expenses	**5,864**	2,281
Others	**1,122**	1,739
	9,352	8,582

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax — Zambia Income Tax	**505**	26
Deferred tax	**7,416**	13,400
Total income tax expense	**7,921**	13,426

No provision for Hong Kong profits tax has been made as there was no assessable profit arising in, or derived from, Hong Kong during both periods.

Income tax in Zambia is calculated at 35% on the assessable income, except for that arising from mining activities which is 30% on the relevant assessable income.

For both periods, the Group enjoyed the following income tax incentives:

- On 3 April 2009, Chambishi Copper Smelter Limited ("CCS"), a 60% owned subsidiary of the Group, was granted ten-year income tax incentives for zero rate of income tax for the first five profitable years; 50% of income tax relief for the next three years thereafter; and 25% of income tax relief for the remaining 2 years. The first profitable year of CCS, for Income Tax purpose, is 2010.

- On 10 June 2011, Sino-Metals Leach Zambia Limited ("SML") a 67.75% owned subsidiary of the Group was granted ten-year income tax incentives for zero rate of income tax for the first five profitable years; 50% of income tax relief for the next three years thereafter; and 25% of income tax relief for the remaining 2 years. The first profitable year of SML, for Income Tax purpose, is 2008.

The tax charge for the period can be reconciled to the profit per the condensed consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit before tax	**99,963**	64,408
Tax at Profits Tax rate in Hong Kong		
— for operations at 16.5%	**(968)**	—
Tax at Income Tax rate in Zambia		
— for operations at 30%	**5,726**	10,367
— for operations at 35%	**30,380**	10,448
	35,138	20,815
Tax effect of expenses not deductible for tax purpose	**1,916**	4,284
Tax losses not recognised	**968**	—
Effect of tax incentives granted to the Group	**(30,101)**	(11,673)
Income tax expense for the period	**7,921**	13,426
Effective tax rate	**7.9%**	20.8%

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**31,362**	25,693
Staff costs:		
Salaries, wages and welfare (including directors' remuneration)	**36,929**	29,304
Retirement benefit schemes contributions	**6,768**	4,723
Total staff costs	**43,697**	34,027
Less: Amounts included in construction in progress	**(3,485)**	(1,462)
	40,212	32,565
Cost of inventories recognised as an expense	**570,255**	508,776
Minimum lease payments in respect of		
— Land and buildings	**3,420**	1,931
— Machinery and equipment	**8**	236

10. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2012.

The dividends recognised as distribution for the six months ended 30 June 2011 represented the dividends paid by the following subsidiaries to their then shareholders:

	US$'000
	(Unaudited)
NFC Africa Mining PLC ("NFCA")	10,000
SML	15,000
	25,000
Less: Dividends of SML declared to NFCA eliminated at consolidation	(2,250)
	22,750

11. EARNINGS PER SHARE

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share *(in US$'000)*	**55,444**	35,620
Weighted average number of shares for the purposes of basic and diluted earnings per share *('000)*	**2,614,341**	2,600,000

The weighted average number of ordinary shares for the purposes of basic earnings per share has been calculated assuming the Reorganisation had been effective on 1 January 2011.

During the six months ended 30 June 2012, the effect of the over allotment option on diluted earnings per share is insignificant.

During the six months ended 30 June 2011, there was no potential ordinary share outstanding.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment and incurred construction costs amounting to approximately US$133,257,000 (six months ended 30 June 2011: US$144,422,000).

13. TRADE RECEIVABLES

The following is an aged analysis of trade receivables, presented based on the invoice date, net of allowance for doubtful debts:

	At 30 June 2012	At 31 December 2011
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 1 month	**20,012**	84,913
More than 1 month, but less than 3 months	**756**	9,712
More than 3 months, but less than 6 months	**948**	82
More than 6 months, but less than 12 months	**89**	874
Over 1 year	**—**	205
	21,805	95,786

The Group normally requires prepayments from customers before goods dispatch with the remainder to be settled not exceeding one month upon issuance of sales invoice.

14. TRADE PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date:

	At 30 June 2012	At 31 December 2011
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 1 month	**69,938**	56,363
More than 1 month, but less than 3 months	**36,422**	33,872
More than 3 months, but less than 6 months	**1,873**	732
More than 6 months, but less than 12 months	**256**	3,725
Over 1 year	**350**	12,672
	108,839	107,364

15. BANK AND OTHER BORROWINGS

	At 30 June 2012 US$'000 (Unaudited)	At 31 December 2011 US$'000 (Audited)
Bank borrowings		
— secured	**170,000**	170,000
— unsecured	**364,450**	435,450
Loans from CNMC, unsecured	**82,068**	82,068
Loans from a non-controlling shareholder of a subsidiary, unsecured	**15,661**	23,661
	632,179	711,179
Carrying amount repayable:		
Within one year	**228,729**	199,000
More than one year, but not exceeding two years	**11,000**	19,000
More than two year, but not exceeding five years	**115,000**	149,661
More than five years	**277,450**	343,518
	632,179	711,179
Less: Amounts shown under current liabilities	**(228,729)**	(199,000)
	403,450	512,179

The bank loans as at 30 June 2012 and 31 December 2011 bore interest at rates varied based on London Interbank Offered Rate ("LIBOR"), ranging from 1.2% to 2.6% per annum.

The loans from CNMC as at 30 June 2012 and 31 December 2011 bore interest at rates varied based on LIBOR or RMB benchmark loan rate published by the People's Bank of China, ranging from 2.5% to 7.1% per annum, and are repayable from 20 November 2014 to 17 November 2018 according to the relevant loan agreements. Nevertheless, the Group has committed to repay these loans within six months after the listing of the Company's shares on the Hong Kong Stock Exchange (the "Listing") on 29 June 2012 and, therefore, they have been classified as current liabilities.

The loans from a non-controlling shareholder of a subsidiary as at 30 June 2012 and 31 December 2011 bore interest at rates varied based on LIBOR, ranging from 2.0% to 2.1% per annum, and are repayable from 10 January 2013 to 30 June 2014. Nevertheless, the Group intends to repay these loans within six months after the Listing on 29 June 2012 and, therefore, they have been classified as current liabilities.

16. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2012	31 December 2011	**30 June 2012**	31 December 2011
	('000)	*('000)*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Ordinary shares of HK$1.00 each				
Authorised:				
At date of incorporation on 18 July 2011/beginning of the period	**5,000,000**	100	**5,000,000**	100
Increase on 6 October 2011	**—**	4,999,900	**—**	4,999,900
At end of the period	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Issued and fully paid:				
At date of incorporation on 18 July 2011/beginning of the period	**2,600,000**	—	**2,600,000**	—
Issued pursuant to the Reorganisation	**—**	2,600,000	**—**	2,600,000
Issued pursuant to the Global Offering	**870,000**	—	**870,000**	—
At end of the period	**3,470,000**	2,600,000	**3,470,000**	2,600,000

	At 30 June 2012	At 31 December 2011
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Presented in the condensed consolidated financial statements as	**445,447**	333,333

17. COMMITMENTS

(A) CAPITAL COMMITMENTS

	At 30 June 2012 *US$'000* **(Unaudited)**	At 31 December 2011 *US$'000* (Audited)
Capital expenditure contracted for but not provided for in respect of:		
— acquisition of property, plant and equipment	**232,697**	284,159
Capital expenditure authorised but not contracted for in respect of:		
— acquisition of property, plant and equipment	**1,061,171**	1,057,213

In addition to the above, as at 31 December 2011, the Group had commitment to invest in an associate amounting to US$2,143,000 pursuant to the relevant joint venture agreement of that associate. In February 2012, the Group had fulfilled such commitment to invest in this associate.

(B) LEASE COMMITMENTS — THE GROUP AS LESSEE

As at 30 June 2012 and 31 December 2011, the Group had commitments for future minimum lease payments under a non-cancellable operating lease in respect of buildings and properties of CNMC and a fellow subsidiary in the PRC and Zambia for general and ancillary purposes which fall due as follows:

	At 30 June 2012 *US$'000* **(Unaudited)**	At 31 December 2011 *US$'000* (Audited)
Within one year	**6,290**	6,567
In the second to fifth years inclusive	**6,105**	9,453
	12,395	16,020

18. RELATED PARTY TRANSACTIONS

Other than the transactions and balances with related parties disclosed elsewhere in these condensed consolidated financial statements during the period, the Group had the following significant transactions with related parties:

	Related parties	**Six months ended 30 June**	
		2012	2011
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
Sales of:			
— Blister copper	A fellow subsidiary	**396,356**	332,253
	A subsidiary of a non-controlling shareholder of a subsidiary	**176,789**	71,893
— Copper cathodes	CNMC and fellow subsidiaries	**1,119**	14,270
— Other materials	A fellow subsidiary	**108**	1,061
Services income	A fellow subsidiary	**—**	14
Finance income earned under finance leases	A fellow subsidiary	**930**	—
Purchases of:			
— Plant and equipment	CNMC and fellow subsidiaries	**26,045**	4,056
— Materials	CNMC and fellow subsidiaries	**14,741**	32,277
	An associate	**3,987**	—
— Electricity	A fellow subsidiary	**—**	3,454
— Services	Fellow subsidiaries	**27,741**	48,962
— Freight and transportation	A fellow subsidiary	**608**	5,138
Rental expenses	CNMC and a fellow subsidiary	**3,598**	2,115
Interest expenses	CNMC	**2,416**	911
	A non-controlling shareholder of a subsidiary	**194**	377
Guarantee fee	CNMC	**669**	1,413

In addition to the above, during the period, the Group also had the following transactions with the related parties:

(i) During the period, CNMC provided guarantees to banks, at nil consideration, for granting unsecured loans to the Group of US$284.5 million as at 30 June 2012 (31 December 2011: US$355.5 million). In addition, CNMC and a non-controlling shareholder of a subsidiary had provided a joint-guarantee to a bank at nil consideration for granting an unsecured loan to a subsidiary of US$80.0 million as at 30 June 2012 (31 December 2011: US$80.0 million).

(ii) The details of remuneration of key management personnel, represents emoluments of directors of the Company, paid during the period are set out below:

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salary, bonus and other allowance	**298**	241
Retirement benefit schemes contributions	**18**	5
	316	246

(iii) On 1 July 2009, CCS entered into an agreement with Fifteen MCC Africa Construction & Trade Ltd. ("Fifteen MCC Africa"), a fellow subsidiary, (the "Fifteen MCC Africa Agreement") pursuant to which that CCS agreed to provide certain living quarters to Fifteen MCC Africa on a free of charge basis. Fifteen MCC Africa shall pay for the use of water and electricity and other expenses such as repair and any applicable tax in Zambia. The Fifteen MCC Africa Agreement shall remain for as long as CCS is in existence. As Fifteen MCC Africa provides construction as well as equipment repair and maintenance services to CCS on an ongoing basis, it requires accommodation for its staff based in Zambia.

19. CONTINGENT LIABILITIES

As at the date of approval of these condensed consolidated financial statement, the Group was the defendant for various claims involving alleged unfair/unlawful termination or breach of employment contracts, wrongful calculation of wages/benefits, compensation for injuries and false imprisonment and defamation.

As at 30 June 2012, the Group has made relevant provision for the potential liabilities of US$300,000 (31 December 2011: US$300,000) which the directors of the Company opined is adequate based on the present assessments by the Group's legal advisers.

20. EVENT AFTER THE END OF THE REPORTING PERIOD

On 25 July 2012, the Company issued an additional 19,036,000 ordinary shares of the Company with nominal value of HK$1.0 each at an issue price of HK$2.2 each pursuant to the over-allotment option granted to the international underwriters pursuant to the Global Offering.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2012, despite the adverse impact from market fluctuations, the Group maintained a strong growth momentum in business development with results of operations amounting to new highs.

During the reporting period, the Group saw a further increase in its production and sales volume and achieved revenue of US$717.6 million, representing an increase of 17.6% over the same period in the previous year. The profit attributable to owners of the Company amounted to US$55.4 million, representing a significant growth of 55.7% over the same period in the previous year.

Meanwhile, the Congo Huachin Leach Project and the Muliashi Project of the Group officially commenced production and trial operation respectively during the reporting period, propping up the Group's competitiveness with significantly enhanced production capacities. The other construction projects of the Group, including Phase II of the Expansion Project of CCS and the Integrating Exploration and Construction Project of the Chambishi Southeast Mine were also under smooth progress, underpinning the Group's business growth in the future.

On 29 June 2012, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange and proceeds raised from the global offering will be used by the Group for the operations in Zambia such as exploration and development of mines, construction of smelting plants, repayment of bank loans and replenishment of working capital.

Business Review

The Group is a leading, fast growing and vertically integrated copper producer, focusing on the mining, ore processing, leaching, smelting and sales of copper, based in Zambia. The Group also produces sulfuric acid, a by-product generated during the blister copper smelting process.

The businesses of the Group are carried out through its four subsidiaries in Zambia: NFC Africa Mining PLC ("NFCA"), CNMC Luanshya Copper Mines PLC ("Luanshya"), Chambishi Copper Smelter Limited ("CCS") and Sino-Metals Leach Zambia Limited ("SML").

From 1 January 2012 to 30 June 2012, blister copper and copper cathode produced by the Group amounted to 85,384 tonnes and 7,156 tonnes respectively, representing significant increases of 44.1% and 143.1% respectively, over the same period in the previous year; and the sulfuric acid generated increased remarkably by 52.2% over the same period in the previous year to 209,875 tonnes. These production growths have spurred a growth of 17.6% in revenue of the Group from US$610.0 million for the first half of 2011 to US$717.6 million for the first half of 2012.

Production overview

NFCA

NFCA mainly operates two mines, namely the Chambishi Main Mine and Chambishi West Mine, as well as the ancillary processing plant.

From January 2012 to June 2012, copper contained in concentrate produced by the Chambishi Main Mine and Chambishi West Mine amounted to 12,604 tonnes, representing an increase of 22.8% over the same period in the previous year. Such increase in production volume was primarily attributable to the efforts of NFCA in in-depth exploration and supplement of the Chambishi Main Mine, improvement of the production system of the Chambishi West Mine, orebody dredging and drainage, testing of optimized mining methods as well as the convergence of production procedures, against adverse factors such as the shrinkage of the -700-meter-level-above recovery area in the Chambishi Main Mine and the sliming of ores of the Chambishi West Mine.

Luanshya

Luanshya operates two copper mines under production, namely the Baluba Center Mine and Muliashi North Mine, as well as the Muliashi Leach Plant.

Copper contained in concentrate produced by the Baluba Center Mine for the first half of 2012 amounted to 8,695 tonnes, representing a moderate decrease of 65 tonnes or 0.7% over the same period in the previous year. The major reason is that Luanshya, despite of complexities in the orebody of the Baluba Center Mine and a decrease in ore grade compares to the same period in the previous year, maintained a steady production volume by adopting optimized mining methods.

The Muliashi Project, with a designed production capacity of copper cathode of 40,000 tonnes per annum. At present, the leach plant has a newly-established agitation leaching system which had completed the infrastructure construction in the first half of 2012. It produced 2,198 tonnes of copper cathode. A heap leaching system to be established within the second half of the year. Upon the commencement of full-capacity production, such project is expected to underpin the expansion of the production capacity of copper cathode of the Group.

CCS

CCS mainly operates the Chambishi Smelting Plant (謙比希火法冶煉廠).

For the first half of 2012, blister copper and sulfuric acid produced by CCS amounted to 85,384 tonnes and 209,875 tonnes, respectively, representing increases of 44.1% and 52.2%, respectively, over the same period in the previous year. The increase of production volume was attributable to the one-month suspension of operation of the ISA furnace for routine maintenance by CCS in the first half of 2011 which reduced the production volume of the period. Meanwhile, the Group managed to increase the production volume of blister copper by enhancing internal management and technological renovation, thereby increasing the production volume of sulfuric acid, a by-product generated during the production of blister copper.

SML

SML mainly operates the Chambishi Leach Plant, and also operates the Congo Huachin Leach Project through Huachin Metals Leach SPRL.

Copper cathode produced by SML in the first half of 2012 increased by 68.4% to 4,958 tonnes from the same period in the previous year. In particular, copper cathode produced by the Chambishi Leach Plant decreased to 2,629 tonnes, primarily due to the repair and maintenance for electrolytic cells, which was more than offset by the production volume of 2,329 tonnes of copper cathode attributable to the Congo Huachin Leach Project since its commencement of production in February 2012, which increased the production volume of SML.

Meanwhile, SML Chambishi Processing Plant also commenced production as scheduled and recorded a production volume of 494 tonnes of copper contained in concentrate in the first half of 2012.

The table below sets forth the production volume of the products of the Group and the period-to-period growth for the periods indicated.

	Production volume for the first half of 2012 [1] ***(Tonnes)***	Production volume for the first half of 2011[1] *(Tonnes)*	Period-to-period growth *(%)*
Copper concentrate	**21,793**	19,027	14.5
Blister copper	**85,384**	59,246	44.1
Copper cathode	**7,156**[2]	2,944	143.1
Sulfuric acid	**209,875**	137,899	52.2

Notes: (1) The production volumes of all the products are on a contained-copper basis, except for sulfuric acid.

(2) The production volume of copper cathode also includes a production volume of 2,198 tonnes of the Muliashi Project for the first half of 2012.

Projects under progress

Phase II of the Expansion Project of CCS

The Group is forging ahead with the construction of Phase II of the Expansion Project of CCS with designed production capacities of 250,000 tonnes of blister copper and 600,000 tonnes of sulfuric acid per annum upon completion. Hitherto the slag flotation system has been established and commenced production, which enables the Group to recover copper from smelting slag; a series of renovation and expansion projects of concentrate sheds and oxygen stations have completed construction and delivery; and the second series of the sulfuric acid system have commenced installation.

The CCS Bismuth Extraction Project has entered into the final phase of installation and is expected to commence trial operation and trial production within this year.

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project under development is one of the key development mine projects of the Company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in concentrate of approximately 63,000 tonnes per annum. Such project is expected to commence production in 2016.

The 20,000-tonne Mabende Leach Project of Huachin Metals in the Democratic Republic of the Congo

With an adjusted total investment of US$148 million for further optimization, the Mabende Project improved its reliability and degree of automation. With the preliminary design and the quotation inquiry for principal equipment under progress, the project is expected to officially commence construction in the second half of 2012.

The 3,000-tonne Kakoso Tailings Development Leach Project

Upon the completion of the environmental impact assessment, the Kakoso Tailings Development Leach Project is currently in the process of applying for land use certificate.

In addition, the Group is currently pressing ahead with exploration and application for the mining right of the Mwambashi Mine, the preparation for recycling cobalt from smelting slag and projects such as Luanshya's recycling of cobalt from copper concentrate, as well as the development of additional reserve projects for securing a continuous growth of the Company.

Financial Review

Results of Operations

The following table sets forth sales volume, average selling price, revenue and percentage contribution to total revenue of the products of the Group during the periods indicated.

	For the six months ended 30 June							
	2012				2011			
	Sales Volume [1]	**Average Selling Price**	**Revenue**	**% of Total Revenue**	Sales Volume [1]	Average Selling Price	Revenue	% of Total Revenue
	(Tonnes)	***(US$ per tonne)***	***(US$'000)***	***(%)***	*(Tonnes)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper	**82,163**	**7,948**	**653,029**	**91.0**	61,994	9,148	567,140	93.0
Copper cathode	**3,708**	**7,408**	**27,470**	**3.8**	3,307	9,180	30,358	5.0
Sulfuric acid	**195,497**	**190**	**37,124**	**5.2**	135,462	92	12,478	2.0
Total	**281,368**		**717,623**	**100.0**	200,763		609,976	100.0

Note: (1) The production volumes of all the products are on a contained-copper basis, except for sulfuric acid.

Revenue

The revenue of the Group increased by 17.6% from US$610.0 million in the first half of 2011 to US$717.6 million in the first half of 2012, primarily attributable to the growth in the sales volume of blister copper of CCS, partially offset by the decline amidst fluctuations in international copper prices since the second half of 2011. In the first half of 2012, the Group's revenue from blister copper, copper cathode and sulfuric acid accounted for 91.0%, 3.8% and 5.2%, respectively, of the total revenue.

The revenue from blister copper increased by 15.1% from US$567.1 million in the first half of 2011 to US$653.0 million in the first half of 2012. The sales volume of blister copper of CCS in the first half of 2012 amounted to 82,163 tonnes, representing an increase of 32.5% over the same period of 2011, mainly because the Group managed to increase the production volume of blister copper through enhanced internal management and technological renovation in the first half of 2012, and the one-month suspension of operation of the ISA furnace for routine maintenance by CCS in June 2011 reduced the production volume in the first half of 2011. Meanwhile, due to the decline in international copper prices, the average selling price of blister copper decreased by 13.1% from US$9,148 per tonne in the first half of 2011 to US$7,948 per tonne in the first half of 2012, partially offsetting the revenue growth attributable to the increase in sales volume.

The revenue from copper cathode decreased by 9.5% from US$30.4 million in the first half of 2011 to US$27.5 million in the first half of 2012. The sales volume of copper cathode increased by 12.1% from 3,307 tonnes in the first half of 2011 to 3,708 tonnes in the first half of 2012 while the average selling price of copper cathode, due to the decline in international copper prices, decreased by 19.3% from US$9,180 per tonne in the first half of 2011 to US$7,408 per tonne in the first half of 2012, offsetting the revenue growth attributable to the increase in sales volume. In addition, the Congo Huachin Leach Project and the Muliashi Project commenced production and trial operation respectively during the first half of 2012, further bolstering the growth potential of the Group's production capacity of copper cathode in the future.

The revenue from sulfuric acid increased by 197.5% from US$12.5 million in the first half of 2011 to US$37.1 million in the same period of 2012, primarily attributable to (1) the increase in the production volume of blister copper in the first half of 2012 as compared with that in the first half of 2011, which in turn increased the sales volume of sulfuric acid, a by-product generated during the production of blister copper, by 44.3% from 135,462 tonnes in the first half of 2011 to 195,497 tonnes in the first half of 2012; and (2) an increase of 106.5% in average selling price of sulfuric acid of the Group from US$92 per tonne in the first half of 2011 to US$190 per tonne in the first half of 2012 in line with the increase in the market price of sulfuric acid in Zambia.

The following table sets forth the cost of sales, unit cost of sales, gross profits and gross profit margins of the products of the Group during the periods indicated.

	For the six months ended 30 June							
	2012				2011			
	Cost of Sales *(US'000)*	**Unit Cost of Sales** *(US$ per tonne)*	**Gross Profit** *(US'000)*	**Gross Profit Margin** *(%)*	Cost of Sales *(US'000)*	Unit Cost of Sales *(US$ per tonne)*	Gross Profit *(US'000)*	Gross Profit Margin *(%)*
Blister copper	**551,992**	**6,718**	**101,037**	**15.5**	491,628	7,930	75,512	13.3
Copper cathode	**14,328**	**3,864**	**13,142**	**47.8**	12,849	3,885	17,509	57.7
Sulfuric acid	**3,935**	**20**	**33,189**	**89.4**	4,299	32	8,179	65.5
Total	**570,255**		**147,368**	**20.5**	**508,776**		**101,200**	**16.6**

Cost of sales

The cost of sales in the first half of 2012 increased by 12.1% from US$508.8 million in the same period of 2011 to US$570.3 million, primarily due to the increased total costs as a result of the growth in sales volume of blister copper, partially offset by the decrease in international copper prices.

The cost of sales of blister copper increased by 12.3% from US$491.6 million in the first half of 2011 to US$552.0 million in the first half of 2012, primarily due to the increase in the sales volume of blister copper of CCS, partially offset by a decrease of 15.3% in unit cost of sales of blister copper from US$7,930 per tonne in the first half of 2011 to US$6,718 per tonne in the first half of 2012 as a result of the lower price of copper concentrate purchased from external suppliers attributable to the decrease in international copper prices in the first half of 2012.

The cost of sales of copper cathode increased by 11.5% from US$12.8 million in the first half of 2011 to US$14.3 million in the first half of 2012, primarily due to an increase of 12.1% in the sales volume of copper cathode, partially offset by a decrease in the unit cost of sales of copper cathode from US$3,885 per tonne in the first half of 2011 to US$3,864 per tonne in the first half of 2012.

The cost of sales of sulfuric acid decreased by 8.5% from US$4.3 million in the first half of 2011 to US$3.9 million in the first half of 2012, primarily due to a decrease of 37.5% in unit cost of sales from US$32 per tonne in the first half of 2011 to US$20 per tonne in the same period of 2012 partially offset by an increase of 44.3% in sales volume of sulfuric acid.

Gross profit and gross profit margin

As a result of the foregoing, the Group recorded a gross profit of US$147.4 million in the first half of 2012, representing an increase of 45.6% from US$101.2 million in the same period of 2011. The gross profit margin increased by 3.9% from 16.6% in the first half of 2011 to 20.5% in the first half of 2012.

The gross profit margin of blister copper increased from 13.3% in the first half of 2011 to 15.5% in the first half of 2012, primarily attributable to the following: (1) relatively small impact on the blister copper smelting business by the copper price fluctuations; (2) the lowered fixed costs per unit due to the enhanced economy of scale in the production of blister copper as a result of the increase in the production volume of blister copper, which lowered the unit cost of production of blister copper; and (3) the increased proportion of the blister copper sold by the Group to 中色國際貿易有限公司(CNMC International Trade Ltd*) ("CNMC International Trade") and 雲南銅業集團有限公司(Yunnan Copper Industry (Group) Co., Ltd*) ("Yunnan Copper Group") to the total sales of blister copper, partially offset by the decrease in the average selling price of blister copper in line with the decline in international copper prices which decreased the gross profit margin of the copper sales of the Group's own mines. The terms of the sales contracts the Group entered into with CNMC International Trade and Yunnan Copper Group determined that the selling prices to these two parties, inclusive of cost, insurance and freight expenses, were higher than the average selling prices to other customers of the Group determined on an Ex Works (EXW) basis.

The gross profit margin of copper cathode decreased by 9.9% from 57.7% in the first half of 2011 to 47.8% in the first half of 2012, primarily due to the decline in international copper prices.

The gross profit margin of sulfuric acid increased significantly from 65.5% in the first half of 2011 to 89.4% in the first half of 2012, primarily attributable to a sharp increase of 106.5% in average selling price, partially offset by a decrease of 37.5% in unit cost of sales of sulfuric acid.

* Translation of English names for reference purposes only

Distribution and selling expenses

The distribution and selling expenses of the Group increased by 77.5% from US$10.0 million in the first half of 2011 to US$17.7 million in the first half of 2012, primarily due to an increase in transportation and freight expenses as well as insurance expenses as a result of the increase in blister copper sold to CNMC International Trade and Yunnan Copper Group in the first half of 2012 as compared with that in the first half of 2011.

Administrative expenses

The administrative expenses increased by 21.1% from US$17.1 million in the first half of 2011 to US$20.7 million in the first half of 2012, primarily due to the increase in salary expenses as a result of increased headcount relating to the expansion of operations as well as the increase in average compensation.

Finance costs

The finance costs of the Group decreased by 50% from US$4.6 million in the first half of 2011 to US$2.3 million in the first half of 2012, primarily due to an increased proportion of the balance of project loans to the total loans of the Group and a decreased proportion of current borrowings, which led to the increase in interest expenses being capitalised during the reporting period.

Gain/Loss arising on change in fair value of derivatives

The gain arising on change in fair value of derivatives decreased by 77.9% from US$1.7 million in the first half of 2011 to US$0.4 million in the same period of 2012. The Group entered into copper futures contracts to hedge its net exposure to the copper price fluctuations due to the timing difference between when it expects to procure copper concentrate from external suppliers and when it expects to sell blister copper to external customers. In the first half of 2012, the copper price fluctuations were less volatile than those in the first half of 2011, which led to a smaller gain on change in fair value of derivatives.

Other expenses

Other expenses of the Group increased by 9.0% from US$8.6 million in the first half of 2011 to US$9.4 million in the first half of 2012, primarily due to an increase of 156.5% in expenses related to the Listing from US$2.3 million in the first half of 2011 to US$5.9 million for the reporting period as a result of the completion of Listing of the Company in the first half of 2012, partially offset by a decrease of US$1.5 million in exchange loss.

Income tax expense

The income tax expense of the Group decreased by 41.0% from US$13.4 million in the first half of 2011 to US$7.9 million in the first half of 2012. The effective tax rate decreased by 12.9% from 20.8% in the first half of 2011 to 7.9% in the first half of 2012, primarily because the profit before tax of CCS, which accounted for an increased proportion of the total profit before tax of the Group in the first half of 2012 than the same period in 2011, was exempt from income tax during the income tax exemption period granted by the government of Zambia.

Profit and net profit margin attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company increased by 55.7% from US$35.6 million in the first half of 2011 to US$55.4 million in the first half of 2012. Net profit margins attributable to owners of the Company (being the profit attributable to the owners of the Company as a percentage of revenue) were 5.8% in the first half of 2011 and 7.7% in the first half of 2012.

Liquidity and capital resources

Cash flows

The following table sets forth certain information regarding the condensed consolidated statements of cash flows of the Group for the periods indicated:

	For the six months ended 30 June	
	2012	2011
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**242,642**	34,938
Net cash used in investing activities	**(115,699)**	(126,003)
Net cash from financing activities	**155,043**	96,008
Net increase in cash and cash equivalents	**281,986**	4,943
Cash and cash equivalent at beginning of the period	**217,303**	336,789
Effect of foreign exchange rate changes	**(310)**	(92)
Cash and cash equivalent at the end of the period	**498,979**	341,640

Net cash flows from operating activities

Cash inflows from operating activities are primarily attributable to the sales revenue of copper products and cash outflows are primarily attributable to various operating expenses. Net cash flows generated from the operating activities of the Group increased substantially by 594.5% from US$34.9 million in the first half of 2011 to US$242.6 million in the same period of 2012, primarily attributable to (1) an increase of 55.2% in the total profit before tax of the Company from US$64.4 million in the first half of 2011 to US$100.0 million in the first half of 2012; and (2) an increase of US$77.7 million in accrued expenses, accounts payable and other accounts payable in the first half of 2012 in contrast with a decrease of US$84.0 million in those items in the first half of 2011, which was primarily due to an increase in advances from customers as a result of the increased proportion of the blister copper sold by the Group to CNMC International Trade and Yunnan Copper Group as a percentage of the Group's total sales of blister copper; partially offset by the larger increase in inventories in the first half of 2012.

Net cash flows used in investing activities

Cash outflows used in investing activities are mainly for the acquisition of properties, plants and equipment for copper production. The net cash flows used in investing activities of the Group decreased by 8.2% from US$126.0 million in the first half of 2011 to US$115.7 million in the same period of 2012, primarily due to relatively large-scale investment in the in-depth exploration project of the Chambishi Main Mine in the first half of 2011. In addition, after the completion of investments in the Congo Huachin Leach Project, the Muliashi Project and the Baluba Center Mine Project, investments in the reporting period declined comparatively. However, given that a number of the Group's projects are still under construction, the cash investments in fixed assets are expected to remain at a high level. The Group plans to continuously increase the investments in fixed assets, thus underpinning the long-term growth in the results of the Group.

Net cash flows from financing activities

The cash inflows from financing activities primarily consist of new bank and other borrowings as well as proceeds from increase in capital. The cash outflows from financing activities primarily consist of repayments for bank and other borrowings, dividend payments and interest payment. The net cash flows generated from financing activities of the Group for the first half of 2012 were US$155.0 million. The increase in cash flows generated from financing activities was primarily attributable to the proceeds raised from the Company's global offering, while parts of the loans have been repaid.

Bank balances and cash

The Group's bank balances and cash (including cash, time deposits and demand deposits) increased by US$281.7 million from US$217.3 million as at 31 December 2011 to US$499.0 million as at 30 June 2012. The increase in cash was primarily derived from the proceeds raised from the global offering of the Company and the operating cash flows of the Group.

Trade receivables

The trade receivables of the Group decreased by US$74.0 million from US$95.8 million as at 31 December 2011 to US$21.8 million as at 30 June 2012, primarily attributable to the enhanced management of the Group over trade receivables and higher proportion of prepayments by CNMC International Trade and Yunnan Copper Group in the first half of 2012 than those in the end of 2011 as a result of the Group's increased sales to them.

Inventories

The inventories held by the Group increased by US$41.9 million from US$164.3 million as at 31 December 2011 to US$206.2 million as at 30 June 2012, primarily due to (1) an increase of US$17.6 million in the inventories of finished products of the Group as at 30 June 2012 compared to that as at 31 December 2011, which was attributable to the substantial growth in the production volume of blister copper of CCS; (2) an increase of US$18.7 million in the inventories of raw materials of the Group as at 30 June 2012 compared to that as at 31 December 2011 due to changes in the production plan and the market trend.

Trade payables

The trade payables of the Group increased by US$1.5 million from US$107.4 million as at 31 December 2011 to US$108.8 million as at 30 June 2012.

Capital expenditure

	For the six months ended 30 June	
	2012	2011
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at NFCA	**12,810**	41,945
Mining and ore processing facilities at Luanshya (Baluba Center Mine)	**7,687**	9,707
Smelting facilities at CCS	**30,028**	5,203
Leaching facilities at SML	**7,063**	10,568
Mining and leaching facilities at Luanshya (Muliashi Project)	**75,699**	78,360
Total	**133,287**	145,783

The total capital expenditure of the Group decreased from US$145.8 million for the first half of 2011 to US$133.3 million for the first half of 2012. During the reporting period, the capital expenditure of the Group was primarily used in the Muliashi Project and Phase II of the Expansion Project of CCS.

Market Risk Disclosure

In the normal course of business, the Group's market risks mainly comprise commodity price risk, foreign exchange risk and interest rate risk.

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the market price of copper which affect the prices of the major commodities purchased, produced and sold by the Group. To mitigate this risk, the Group has entered into copper futures contracts and provisional price arrangement to manage its exposure in relation to forecasted sales of copper products, forecasted purchase of copper concentrate, inventories and the Group's commitment to sell its copper products.

Foreign currency exchange risk

The Group operates business in Zambia and most of its sales and purchases in the past were denominated in US dollar, its functional currency, while certain sales and purchases were settled in currencies other than its functional currency (mainly Zambia Kwacha, or ZMK, and Reminbi, or RMB), which exposed the Group to foreign currency risk. In addition, according to the latest policies of Zambian government, all sales and purchases in the country are required to be quoted and paid in ZMK, which could affect the Group's business operation in the future.

Although the Group is exposed to foreign currency risk as a result of certain sales and purchase that are settled in ZMK and RMB, such exposure is not expected to have any significant impact on the Group's businesses, financial condition and results of operation in the foreseeable future since the majority of its assets, liabilities, revenues and expenses are denominated in US dollar. Therefore, during the reporting period, the Group did not engage in any foreign currency hedging activities.

Interest rate risk

The Group is exposed to interest rate risk of cash flow under the impact of interest rates changes of interest-bearing financial assets and liabilities which mainly include interest-bearing restricted bank balances, bank balances and bank and other borrowings at variable interest rates. The Group currently does not have any interest rate hedging policy. However, the Directors of the Group will consider hedging significant interest rate risk should the need arise.

Employee information

As of 30 June 2012, the Group employed a total of 6,194 employees (as of 30 June 2011: 5,137), which comprised 379 Chinese and 5,815 Zambians. The total cost of employees reflected in the condensed consolidated statement of comprehensive income amounted to US$40.2 million (as of 30 June 2011: US$32.6 million). The increase in the cost of employees was attributable to the increase in the number of employees due to expansion of production scale and the growth in average salaries.

Future Prospects

In the first half of 2012, the global nonferrous industry was affected by the slowdown of macro-economic growth, which weakened the market demand and drove prices to decrease as compared to the same period last year. Although the Group achieved a growth in results during the reporting period through streamlined management and tightened control on costs and expenses, a weakened copper price still posed significant pressure on the mining operation and leaching operation of the Group. Looking forward to the second half of 2012, for overseas operations, owing to the uncertainties in the Eurozone economy and the European debt crisis, it may take time for the crisis to be resolved. The mixed results of the U.S. economy implies that recovery is to falter, while China's economy is facing a potential slowdown in growth. As the result of the austere control over the real estate industry affect the possibility of effectively eliminating mid- to long-term economic risks, it is unlikely for the PRC government to ease short-term policies to a large extent. Therefore, it is difficult to see significant improvements in the fundamentals of the nonferrous metal industry in the short term. From a long-term perspective, however, the global copper demand is expected to continue to grow rapidly and the fundamental of prolonged and restrained growth in the future will remain intact for a certain period of time. Backed by such strong fundamentals, the long-term copper price prospect is still optimistic.

In response to the abovementioned circumstances, the Group will continue to enhance copper and cobalt reserves and resources through further exploration and development. It also plans to further expand its capacities in mining, as well as copper smelting and leaching operation. In adherence to the core strategy of tapping into the advantage of vertical integration in operations, it also plans to intensify cost control and improve its management so as to secure its profitability.

1. Continue to promote the construction of projects under construction

With a focus on the development of Muliashi Project, the Group plans to continuously strengthen the operation management of open-pit mines and ensure the stability of ore grade and volume by better ore mix and supply. In the mean time, the Group formulates network plans, reverse constructions in chronological order and strive to complete the construction of its heap leaching system in order to ensure the commencement of production within the second half of the year. It plans to prefect the process and optimize parameters in order to achieve the production targets of agitation systems. The Group plans to accelerate the construction of Mabende Project in order to further expand the production capacity of hydro copper (濕法銅). To tap into its economy of scales and increase the contribution of smelting operations in stabilizing profits, the Group plans to complete the expansion project of Phase II of Chambishi Copper Smelter. It also plans to speed up the exploration and development of the ore body of Chambishi Southeast Mine and Mwambashi Mine, endeavoring to increase the copper and cobalt reserves and resources of the Group.

2. Enhancing the management and technology research and development, lowering the costs while increasing the production volume of existing projects

The Group will enhance the capacity of its self-produced copper concentrate by means of continuously perfecting its mining in NFCA and the Baluba Center Mine in the second half of the year. The Group plans to adopt measures including optimization of its production processes, energy saving and consumption reduction, strengthening of employees' training and on-site management, aspiring to lower the unit cost of its mining business and leaching operations. Meanwhile, the Group plans to increase its efforts in improving its capability of handling low grade ores, strengthening its research of bioleaching technologies and speeding up the research of the technology of recovering cobalt from wastes in the smelting process. With these measures, it strives to boost the production volume of its existing projects and increase revenue in the second half of the year.

Directors' and chief executive's interests and short position in shares and underlying shares

As of 30 June 2012, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (the "SFO")) which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange ") pursuant to Division 7 and 8 at the Part XV of the SFO; or interest and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as stipulated in the Listing Rules.

Directors' rights to acquire shares

At no time during the period were rights to acquire benefits by means of the acquisition of shares of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholders' and other persons' Interests and short positions in shares and underlying shares

As of 30 June 2012, interests and short positions which would fall to be disclosed to the Company and Stock Exchange pursuant to Division 2 and 3 at the Part XV of the SFO, or shareholders who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group is as follows:

Long position in shares:

Substantial shareholder	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholder
CNMD*	Registered owner	2,600,000,000	74.93%
CNMC	Interest in a controlled corporation	2,600,000,000	74.93%

* CNMD is deemed to be a wholly-owned subsidiary of CNMC and therefore, according the SFO, CNMC is deemed or taken to be interested in all the shares which are owned by CNMD.

Save as disclosed above, as at 30 June 2012, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors of the company had engaged in any business or had interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group throughout the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the period from the listing date to 30 June 2012.

AUDIT COMMITTEE

The Company has an Audit Committee which was established with written terms of reference in compliance with Rules 3.22 of the Listing Rules and Corporate Governance Code and paragraph C3 of Corporate Governance Report at Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control system of the Group. The Audit Committee consists of members being Mr. Tao Luo, Mr. Jingwei Liu and Mr. Shuang Chen. The Group's unaudited financial statements for the six months ended 30 June 2012 have been reviewed by the committee, who were of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers at the Appendix 10 of the Listing Rules. The Company also had made specific enquiry to all directors and confirmed that all of them complied with the Mode Code throughout the period from the listing date to 30 June 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities throughout the period from the listing date to 30 June 2012.

By Order of the Board
China Nonferrous Mining Corporation Limited
Tao LUO
Chairman

Beijing, the PRC, 27 August 2012

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xinghu Tao, Mr. Chunlai Wang, Mr. Xingeng Luo, Mr. Xinguo Yang, Mr. Kaishou Xie, as executive Directors; Mr. Tao Luo as non-executive Director; Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Shuang Chen as independent non-executive Directors.