中國有色金屬有限公司*

China Nonferrous Metals Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8306

FIRST QUARTERLY REPORT 2010

* for identification only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the "Directors") of China Nonferrous Metals Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Achieved a turnover of approximately RMB42.8 million for the three months ended 31 March 2010, representing an approximately 428% increase as compared with that of the corresponding period in 2009.

- Net profit of the Group attributable to owners of the Company for the three months ended 31 March 2010 amounted to approximately RMB12.9 million, as compared to a loss of approximately RMB17.5 million reported in the corresponding period last year.

- The Directors do not recommend an interim dividend for the three months ended 31 March 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

The board of directors of China Nonferrous Metals Company Limited (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2010, together with the comparative figures, which have been represented, for the corresponding period in 2009 as follows:

		Three months ended 31 March	
	Notes	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited) (represented)
Continuing operations			
Revenue	3	42,812	8,109
Cost of sales		(37,972)	(7,615)
Gross profit		4,840	494
Other income		226	46
Change in fair value of derivative financial instruments		31,380	–
Gain on disposal of subsidiaries		2,659	–
Selling and distribution costs		(37)	(750)
Administrative expenses		(10,377)	(6,208)
Equity-settled share options expenses		(2,822)	–
Profit/(Loss) from operation		25,869	(6,418)
Finance costs		(13,836)	(13,205)
Profit/(Loss) before income tax		12,033	(19,623)
Income tax credit/(expense)	4	1,992	–
Profit/(Loss) for the period from continuing operation		14,025	(19,623)
Discontinued operation			
(Loss)/Profit for the period from a discontinued operation		(2,072)	1,586
Profit/(Loss) for the period		11,953	(18,037)

	Notes	Three months ended 31 March 2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited) (represented)
Attributable to:			
Owners of the Company		12,850	(17,532)
Non-controlling interests		(897)	(505)
Profit/(Loss) for the period		11,953	(18,037)
Continuing operations			
Attributable to:			
Owners of the Company		14,201	(18,557)
Non-controlling interests		(176)	(1,066)
Profit/(Loss) for the period		14,025	(19,623)
Discontinued operation			
Attributable to:			
Owners of the Company		(1,351)	1,025
Non-controlling interests		(721)	561
(Loss)/Profit for the period		(2,072)	1,586
Dividends	5	–	–
Earnings/(Loss) per share	6		
Basic			
– For profit/(loss) from continuing and discontinued operations		0.39 cent	(0.67) cent
– For profit/(loss) from continuing operations		0.44 cent	(0.71) cent
Diluted			
– For profit/(loss) from continuing and discontinued operations		0.36 cent	(0.65) cent
– For profit/(loss) from continuing operations		0.38 cent	(0.69) cent

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2010

	Three months ended 31 March	
	2010	2009
	RMB'000	*RMB'000*
	(unaudited)	(unaudited) (represented)
Profit/(Loss) for the period	11,953	(18,037)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	185	(758)
Total other comprehensive income for the period	185	(758)
Total comprehensive income for the period attributable to owners of the Company	12,138	(18,795)
Attributable to:		
Owners of the Company	13,035	(18,290)
Non-controlling interests	(897)	(505)
	12,138	(18,795)

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in Bermuda on 14 April 2004 as an exempted company under the Companies Act 1981 of Bermuda (as amended). Its shares are listed on the GEM of the Stock Exchange with effect from 28 February 2005 (the "Listing Date").

The unaudited consolidated results are presented in Renminbi ("RMB"), which is the functional currency of the Company.

The Company is an investment holding company. Its principal subsidiaries are engaged in the mining and processing of mineral resources.

The unaudited consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretation issued by the International Accounting Standards Board. The unaudited consolidated results also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 31 March 2010 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009. The consolidated results for the three months ended 31 March 2009 are unaudited but have been reviewed by the Company's audit committee.

2. ADOPTION OF NEW AND AMENDED IFRSs

In the current period, the Company and its subsidiaries (the "Group") has applied for the first time the following new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the Group's financial statements for the period beginning on 1 January 2010:

IFRS 1 (Amendments)	First-time Adoption of International Financial Reporting Standards – Amendment Relating to Oil and Gas Assets and Determining whether an Arrangement Contains a Lease
IFRS 2 (Amendments)	Share-based Payment – Amendment Relating to Group Cash-settled Share-based Payment Transactions
Various	Annual Improvements to IFRSs 2008

The adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Annual Improvements to IFRSs 2008

In October 2008, the IASB issued its first Annual Improvement to IFRSs which set out amendments to a number of IFRSs. These are separate transitional provisions for each standard.

At the date of authorisation of these financial statements, the following new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IAS 24 (Revised)	Related Party Disclosures – Revised Definition of Related Parties[6]
IAS 27 (Amendments)	Consolidated and Separate Financial Statements – Consequential Amendments Arising from Amendments to IFRS 3[1]
IAS 28 (Amendments)	Investments in Associates – Consequential Amendments Arising from Amendments to IFRS 3[1]
IAS 31 (Amendments)	Interests in Joint Ventures – Consequential Amendments Arising from Amendments to IFRS 3[1]
IAS 32 (Amendments)	Financial Instruments: Presentation – Amendments Relating to Classification of Rights Issue[4]
IAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Amendments for Eligible Hedged Items[1]
IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards –Revised and Restructured[1]
IFRS 3 (Revised)	Business Combinations – Comprehensive Revision on Applying the Acquisition Method[1]
IFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvement to IFRSs[1]
IFRS 9	Financial Instruments – Classification and Measurement[7]
IFRIC – INT 14 (Amendments)	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendment with Respect to Voluntary Prepaid Contributions)[6]
IFRIC – INT 17	Distributions of Non-cash Assets to Owners[1]
IFRIC – INT 18	Transfers of Assets from Customers[2]
IFRIC – INT 19	Extinguishing Financial Liabilities with Equity Instruments[6]
Various	Annual Improvements to IFRS 2009[3]

Notes:

1 Effective for annual periods beginning on or after 1 July 2009
2 Transfers received on or after 1 July 2009
3 Generally effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 unless otherwise stated in the specific IFRSs
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain new and amended IFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

IFRS 3 (Revised) Business Combinations

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable asset and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

IFRS 9 Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's result and financial position in the first year of application.

IAS 27 (Revised) Consolidated and Separate Financial Statements

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual Improvements to IFRSs 2009

The IASB has issued Improvement to International Financial Reporting Standards 2009. Most of the amendments become effective for annual period beginning on or after 1 January 2010. The Group expects the amendment to IAS 17 "Leases" to be relevant to the Group's accounting policies. Prior to the amendment, IAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in IAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. REVENUE

The Group is engaged in the mining and processing of mineral resources. Revenue recognised during the three months ended 31 March 2010 are as follows:

	Continuing operations Three months ended 31 March		Discontinued operation Three months ended 31 March		Consolidated Three months ended 31 March	
	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited)	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited)	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited)
Sale and distribution of organic potash fertilisers	–	–	7,079	20,643	7,079	20,643
Mining and processing of mineral resources	42,812	8,109	–	–	42,812	8,109
	42,812	8,109	7,079	20,643	49,891	28,752

4. INCOME TAX (CREDIT) EXPENSE

(a) Income tax (credit) expense in the income statement represents:

	Continuing operations Three months ended 31 March		Discontinued operation Three months ended 31 March		Consolidated Three months ended 31 March	
	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited)	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited)	2010 *RMB'000* (unaudited)	2009 *RMB'000* (unaudited)
Current						
– Hong Kong	–	–	–	–	–	–
– Overseas taxation	(1,928)	–	–	283	(1,928)	283
	(1,928)	–	–	283	(1,928)	283
Deferred taxation	(64)	–	–	–	(64)	–
Total tax (credit) charge for the period	(1,992)	–	–	283	(1,992)	283

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the periods presented. Income tax expense for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the EIT law passed in the Tenth National People's Congress on 16 March 2007, the new EIT rate for domestic and foreign enterprises were unified at 25% and became effective from 1 January 2008. Subsequent to 16 March 2007, the implementation measure on transitional policy of preferential tax rate was announced and the Group's entitlement to certain tax concessions is still applicable.

5. DIVIDENDS

No dividend has been paid, proposed, or declared by the Group for the three months ended 31 March 2010 (2009: nil).

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share are based on:

	Three months ended 31 March	
	2010	2009
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings/(Loss)		
Profit/(Loss) attributable to owners of the Company	12,850	(17,532)
Less: (Loss)/profit from discontinued operation	(2,072)	1,586
Result from discontinued operation attributable to non-controlling interests	721	(561)
(Loss)/profit attributable to owners of the Company from the discontinued operation	(1,351)	1,025
Profit/(Loss) attributable to owners of the Company from the continuing operations	14,201	(18,557)

The calculation of the basic earning per share is based on the profit for the period attributable to the owners of the Company of RMB12,850,000 (2009: loss of RMB17,532,000) and on the weighted average of 3,254,473,000 (2009 (represented): 2,623,750,000) ordinary shares in issue during the period. For the period ended 31 March 2010, the calculation of basic earnings per share for profit attributable to owners of the Company from the continuing operations is based on the profit for the period attributable to owners of the Company from the continuing operations of RMB14,201,000 (2009: Loss of RMB18,557,000) and on the weighted average of 3,254,473,000 (2009 (represented): 2,623,750,000) ordinary shares in issue during the year.

The calculation of the diluted earning per share is based on the profit for the period ended 31 March 2010 attributable to the owners of the Company of RMB22,425,000, which is profit for the period attributable to owners of the Company of RMB12,850,000 adjusted to reflect the effect of deemed exercise or conversion of convertible bonds of RMB9,575,000, and on the weighted average of 6,182,450,000 ordinary shares outstanding during the year, being the weighted average number of ordinary shares of 3,254,473,000 used in basic earnings per share calculation and adjusted for the effect of deemed exercise or conversion of share options and convertible bonds existing during the year of 121,947,000 and 2,806,030,000 shares respectively.

In the calculation of diluted loss per share attributable to the owners of the Company for the period ended 31 March 2009, the Company's convertible bonds were not taken into account as they had an anti-dilutive effect. Therefore, the calculation of diluted loss per share is based on the loss for the period attributable to owners of the Company from the continuing operations of RMB17,532,000 and on the weighted average of 2,694,549,000 (as represented) ordinary shares outstanding during the period, being the weighted average number of ordinary shares of 2,623,750,000 (as represented) used in basic loss per share calculation and adjusted for the effect of share options existing during the period of 70,799,000 (as represented).

The calculation of diluted earnings per share attributable to the owners of the Company from the continuing operations for the period ended 31 March 2010, is based on adjusted earnings of RMB23,776,000, which is profit for the period attributable to owners of the Company from the continuing operations of RMB14,201,000 adjusted to reflect the effect of deemed exercise or conversion of convertible bonds of RMB9,575,000 and on the weighted average of 6,182,450,000 ordinary shares outstanding during the period, being the weighted average number of ordinary shares of 3,254,473,000 used in basic earnings per share calculation and adjusted for the effect of deemed exercise or conversion of share options and convertible bonds existing during the period of 121,947,000 and 2,806,030,000 shares respectively.

In the calculation of diluted loss per share attributable to the owners of the Company from the continuing operations for the period ended 31 March 2009, the Company's convertible bonds were not taken into account as they had an anti-dilutive effect. Therefore, the calculation of diluted loss per share is based on the loss for the year attributable to owners of the Company from the continuing operations of RMB18,557,000 and on the weighted average of 2,694,549,000 (as represented) ordinary shares outstanding during the period, being the weighted average number of ordinary shares of 2,623,750,000 (as represented) used in basic loss per share calculation and adjusted for the effect of share options existing during the period of 70,799,000 (as represented).

The weighted average number of shares for the purpose of calculating basic and diluted loss per share for the period ended 31 March 2009 has been represented to reflect the share subdivision during the year ended 31 December 2009.

7. SHARE CAPITAL AND RESERVES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2010

	Share capital	Share premium	Treasury shares	Capital redemption reserve	Capital reserve	Statutory reserve	Translation reserve	Special reserve	Specific reserve	Other reserve	Share option reserve	Convertible bonds equity reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2008 (audited)	1,069	266,436	(440)	1	6,782	9,144	(2,530)	(129)	–	–	3,410	230,864	30,929	545,536	351,689	897,225
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	(758)	–	–	–	–	–	–	(758)	–	(758)
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	(17,532)	(17,532)	(505)	(18,037)
At 31 March 2009 (unaudited)	**1,069**	**266,436**	**(440)**	**1**	**6,782**	**9,144**	**(3,288)**	**(129)**	**–**	**–**	**3,410**	**230,864**	**13,397**	**527,246**	**351,184**	**878,430**
At 31 December 2009 (audited)	1,224	345,610	–	6	6,782	9,336	(2,973)	(129)	5,343	6,964	9,279	193,067	89,305	663,814	348,066	1,011,880
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	12,850	12,850	(897)	11,953
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	185	–	–	–	–	–	–	185	–	185
Total comprehensive income for the period	–	–	–	–	–	–	185	–	–	–	–	–	12,850	13,035	(897)	12,138
Placing and subscription of new shares	102	63,248	–	–	–	–	–	–	–	–	–	–	–	63,350	–	63,350
Share issue expenses	–	(1,161)	–	–	–	–	–	–	–	–	–	–	–	(1,161)	–	(1,161)
Convertible bonds exercised	8	4,390	–	–	–	–	–	–	–	–	–	(1,279)	–	3,119	–	3,119
Share options exercised	1	1,113	–	–	–	–	–	–	–	–	(354)	–	–	760	–	760
Equity-settled share option arrangements	–	–	–	–	–	–	–	–	–	–	2,826	–	–	2,826	–	2,826
Additional interest in subsidiaries acquired by the Group	–	–	–	–	–	–	–	–	–	11	–	–	–	11	(11)	–
Disposal of subsidiaries	–	–	–	–	(6,782)	(9,336)	(1,471)	17,661	–	–	–	–	–	72	(49,836)	(49,764)
At 31 March 2010 (unaudited)	**1,335**	**413,200**	**–**	**6**	**–**	**–**	**(4,259)**	**17,532**	**5,343**	**6,975**	**11,751**	**191,788**	**102,155**	**745,826**	**297,322**	**1,043,148**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Market review

Lead

Total global supply of lead for the first two months of this year stood at 1.38 million tons whilst total consumption for the same period was only 1.37 million tons, representing a supply surplus of 10,000 tons. There was a 51,000 tons cut in supply surplus of 61,000 tons recorded for the same period last year. During the first ten months of 2009, global lead supply was 7.35 million tons and consumption was 7.299 million tons, representing a supply surplus of 51,000 tons.

World refined lead supply and usage

January-February	2010	2009
Metal production (ton)	1,387,000	1,338,000
Metal usage (ton)	1,377,000	1,277,000
Surplus/(deficit) (ton)	10,000	61,000

Source: International Lead and Zinc Study Group ("ILZSG")

Although we are still witnessing a supply surplus for the first two months of this year, the size of the surplus has been reduced substantially from 61,000 tons for the same period last year. It is expected that the surplus will be reduced further as global economy continues to improve and by the persistent improvement on demand created by the automobile industry in China. The outlook for lead is that surplus supply will eventually be turned into a deficit and China may turn from a net lead export to a net import country gradually.

Zinc

Total global supply of zinc was 1,991,000 tons for the first two months of this year whilst total consumption was 1,884,000, representing a surplus of 107,000 tons. When compared to the supply surplus of 199,000 tons for the same period last year, there was a reduction of 92,000 tons. During the first ten months in 2009, global supply was 9.234 million tons and consumption was 8.831 million tons, representing a supply surplus of 40,300 tons.

World refined Zinc supply and usage

January-February	2010	2009
Metal production (ton)	1,991,000	1,646,000
Metal usage (ton)	1,884,000	1,447,000
Surplus/(deficit) (ton)	107,000	199,000

Source: ILZSG

The zinc market is still being over supplied despite the fact that surpluses have narrowed in the first two months of this year when compared to the same period last year. Production is estimated to increase disproportionately to consumption implying that the supply surplus may be here to stay for some time.

Business review

Affected by the stimulus program in China and the steady recovery of the global economy, metal prices have recovered significantly from its low in 2008. The Company was unable to benefit fully from this surge in metal prices during 2009 as production at the mine located in Inner Mongolia was temporarily suspended by the testing of the new processing facilities. However, production has now returned to normal and the Company expects there should be a significant improvement in financial performance in 2010 if metal prices remain stable.

Outlook

The Company is optimistic about future metal prices despite the slowdown in China's stimulus program and the prevailing financial uncertainties of some member states of the European Union. Although zinc and lead prices may fluctuate in 2010, the Company is confident that overall average prices for our products will not be affected adversely. Improvements in turnover and profit are expected in 2010 due to the increased production capacity of the mine in Inner Mongolia as well as contributions expected from the zinc and lead mine located in Naimanqi, Inner Mongolia (which will soon be formally acquired by the Group).

Financial Review

Completion of the disposal of the 100% equity interest in Sungreen Investment Limited, a wholly owned subsidiary of the Company whose principal business is the manufacture and distribution of organic potash fertilizers, took place on 31 March 2010. Consequently, the result of the fertilizer's business for the quarter ended 31 March 2010 had been reclassified and comparative figures represented accordingly.

During the quarter ended 31 March 2010, profit after tax was approximately RMB12.0 million, representing an increase of RMB30 million as compared with the net loss of approximately RMB18.0 million for the period ended 31 March 2009. The profit attributable to the equity holders of the Company was approximately RMB12.9 million, representing an increase of approximately RMB30.4 million compared to the loss recorded for the same period last year.

The following is a comparison of financial results between the three months ended 31 March 2009 and 2010:

Turnover and gross margins

Turnover for the quarter ended 31 March 2010 was approximately RMB42.8 million, representing an increase of approximately RMB34.7 million or approximately 428% as compared to the turnover recorded for the quarter ended 31 March 2009. The increase in turnover for the current quarter was substantially due to 1) increased production of our mining operations located in Inner Mongolia, 2) Favorable metal prices for our mining products. After a long period of testing and calibration for the new 600,000 tpa separation plant during which the production activities were temporarily suspended for over two months in the first quarter of 2009, production of the mine located in Inner Mongolia has eventually returned to normal towards the latter part of 2009. Consequently, significant improvement on production volume has been made to the current quarter when compared with the first quarter of 2009. Metal prices have recovered substantially in the current quarter from its low in the first quarter of 2009 which has made significant improvement on the average selling prices of our mining products in the first quarter of this year. Gross profit has increased by 880%, from RMB0.5 million for the period ended 31 March 2009 to RMB4.8 million for the period ended 31 March 2010. Gross profit margin has increased by approximately 5%, from 6% for the period ended 31 March 2009 to approximately 11% for the period ended 31 March 2010 due to improved selling prices.

The following are the sales volume and average selling prices for each of our mining products in respect of the quarters ended 31 March 2010 and 2009:

	Q.E. 31 March 2010			Q.E. 31 March 2009		
	Sales volume (ton)	Selling price (RMB/ton)	Total Revenue (RMB'000)	Sales volume (ton)	Selling price (RMB/ton)	Total Revenue (RMB'000)
Zinc concentrates	1,498	11,045	16,546	379	6,354	2,408
Lead concentrates and crude lead	1,647	11,403	18,780	766	7,443	5,701
Silver	1.825	2,909,041	5,309			
Gold (gram)	2,315	215	497			
Iron concentrates	1,611	607	978			
Sulphuric acid	3,276	214	702			
Total Revenue			42,812			8,109

Other income

Other income for the period increased by approximately RMB0.18 million from RMB0.05 million recorded during the three months ended 31 March 2009. The increase represents primarily additional miscellaneous income received during the period.

Gain on disposal of subsidiaries

Completion of the sale and purchase agreement executed on 16 December 2009 took place on 31 March 2010 after all conditions for completion were fulfilled in respect of the sale of the entire equity interest in Sungreen Investment Limited and accordingly, a gain of approximately RMB2.7 million was recognized.

Administrative expenses

Administrative expenses for the quarter ended 31 March 2010 amounted to approximately RMB10.4 million (2009: RMB6.2 million), representing an increase of approximately RMB4.2 million or 67% compared with the quarter ended 31 March 2009. The increase was due to additional payroll expenses incurred for newly recruited staff and staff bonuses.

Finance costs

Finance costs for the quarter ended 31 March 2010 amounted to approximately RMB13.8 million and is in line with the finance costs for quarter ended 31 March 2009 which amounted to approximately RMB13.2 million.

Profit/(Loss) for the period attributable to equity owners

Profit attributable to the equity owners of the Company for the three months ended 31 March 2010 was approximately RMB12.9 million as compared to a loss of approximately RMB17.5 million recorded for the quarter ended 31 March 2009.

Profit from continuing operations attributable to equity owners for the quarter ended 31 March 2010 was approximately RMB14.2 million as compared to a loss of approximately RMB18.6 million recorded for the same period last year.

Loss from discontinuing operations attributable to equity owners for the quarter ended 31 March 2010 amounted to RMB1.4 million as compared to a profit of approximately RMB1.03 million recorded for the same period last year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2010, the interests and short positions of the directors and the chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of the Hong Kong Special Administrative Region (the "SFO")), which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in the shares of the Company (the "Shares")

(a) Ordinary shares of HK$0.0004 each of the Company

Name of director	Capacity	Number of Shares	Percentage of shareholding *(%)*
Zhuo Ze Fan	Held by controlled corporation (Note)	768,144,014	22.74

Note: Mr. Zhuo Ze Fan, being the Chairman of the Board and an executive Director, holds the entire issued shares of Callaway Group Limited, which in turn is interested in 758,144,014 Shares. Mr. Zhuo Ze Fan also holds 10,000,000 share options in his personal name. Accordingly, Mr. Zhuo is interested in 768,144,014 Shares under the Securities and Futures Ordinance ("SFO"). His spouse, Ms. Cui Yan Wen, is deemed to be interested in 768,144,014 Shares under the SFO.

(b) Share options

The following Directors have been granted options under the share option scheme of the Company which are as follows:

Name of Directors	Capacity	No. of options outstanding	Approx. % of interests	Date granted	Period during which options exercisable	Exercise price per Share
Zhuo Ze Fan	Beneficial owner	10,000,000	0.30%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK$0.26
Ng Tang	Beneficial owner	3,000,000	0.09%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK$0.26
Kang Hongbo	Beneficial owner	1,500,000	0.04%	20 May 09	20 Mar 2010 to 19 May 2014	HK$0.234
	Beneficial owner	10,000,000	0.30%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK$0.26
	Subtotal:	11,500,000				
Xu Bing	Beneficial owner	1,500,000	0.04%	20 May 09	20 Mar 2010 to 19 May 2014	HK$0.234
Han Qiong	Beneficial owner	4,000,000	0.12%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK$0.26

Save as disclosed herein, as at 31 March 2010, none of directors and chief executive of the Company had any interests and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, so far as the Directors were aware, the following persons or companies (other than the directors or chief executive of the Company) had an interest or short position in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

Name of Shareholders	Type of interests	Position	Number of Shares	Approximate percentage
Callaway Group Limited (Note 1)	Beneficial owner	Long	758,144,014	22.45%
Cui Yan Wen (Note 1)	Interest of spouse	Long	768,144,014	22.74%
Ruffy Investments Limited (Note 2)	Beneficial owner	Long	874,031,059	25.88%
Mr. Mei Wei (Note 2)	Held by controlled corporation	Long	874,031,059	25.88%
	Beneficial owner	Long	61,050,000	1.81%
			935,081,059	27.69%
Merry Intake Limited (Note 3)	Person having a security interest	Long	2,193,290,913	64.93%

Notes:

1. Mr. Zhuo Ze Fan, being the Chairman of the Board and an executive Director, holds the entire issued shares of Callaway Group Limited, which in turn is interested in 758,144,014 Shares. Mr. Zhuo Ze Fan also holds 10,000,000 share options in his personal name. Accordingly Mr. Zhuo is interested in 768,144,014 Shares under the SFO. His spouse, Ms. Cui Yan Wen, is deemed to be interested in 768,144,014 Shares under the SFO.

2. These Shares were held by Ruffy Investments Limited, which is wholly-owned by Mr. Mei Wei. Mr. Mei was deemed to be interested in these Shares under the SFO.

3. Merry Intake Limited acquired the interest in the Shares as a result of being the chargee of certain securities of the Company and is not directly holding any securities of the Company. Merry Intake Limited is a wholly-owned subsidiary of the CCB International Group Holdings Limited ("CCBI"), which in turn is wholly-owned by China Construction Bank Corporation ("CCB"). The largest single shareholder of CCB is Central Huijin Investments Limited (which holds more than 30% of the CCB). Pursuant to the SFO, each of CCB, CCBI and Central Huijin Investments Limited is deemed to be interested in the Shares to the same extent as Merry Intake Limited.

Save as disclosed herein, so far as known to any director or chief executive of the Company, no other person (other than the directors and chief executive of the Company) had any interest and short positions in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register required to be kept under Section 336 of the SFO as at 31 March 2010.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interests in companies that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group.

MATERIAL ACQUISITION AND DISPOSAL

Save for completion of the disposal of Sungreen Investments Limited on 31 March 2010, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the three months ended 31 March 2010.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed above and elsewhere in the financial statements, no Director had a material interests, whether 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 fellow subsidiaries and subsidiaries was a party subsisted at the end of the period or at any time during the period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee on 16 February 2005 with written terms of reference in compliance with the GEM Listing Rules. The authority and duties of the audit committee are based on the guidelines set out in "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides a link between the Board of Directors and the Company's auditors in matter coming within the scope of the Group audit. It also reviews and supervises the financial reporting process (including review of the first quarterly results for the three months ended 31 March 2010) and internal control procedures of the Group. The members of the audit committee comprises three independent non-executive directors, namely Mr. Zhao Shou Guo, Mr. Chau Kam Wing, Donald and Mr. Chen Mingxian.

The Group's unaudited consolidated results for the three months ended 31 March 2010 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

PUBLIC FLOAT

For the three-month period ended 31 March 2010, the Company has maintained the public float requirement as stipulated by GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has complied throughout the three months ended 31 March 2010 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules with certain deviations in respect of the distinctive roles of chairman and chief executive officer as described in the 2009 annual report. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board continues to believe that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Zhuo Ze Fan, and believes that his appointment to the posts of Chairman and General Manager is beneficial to the business prospects of the Company. Also, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding directors' securities transactions.

On behalf of the Board
China Nonferrous Metals Company Limited
Zhuo Ze Fan
Chairman

Suites 1704-1705, 17/F, Dah Sing Financial Centre,
108 Gloucester Road, Wanchai, Hong Kong, 14 May 2010

As at the date of this report, the Board consists of seven executive Directors, namely Mr. Zhuo Ze Fan, Ms. Xie Yi Ping, Dr. Yu Heng Xiang, Mr. Ng Tang, Mr. Xu Bing, Mr. Kang Hongbo and Ms. Han Qiong and three independent non-executive Directors, namely Mr. Zhao Shou Guo, Mr. Chau Kam Wing, Donald and Mr. Chen Mingxian.