



2012

First Quarterly Report



中國有色金屬有限公司*
China Nonferrous Metals Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8306

* for identification only

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

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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, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Achieved a turnover of approximately RMB67.2 million for the three months ended 31 March 2012, representing an approximately 39.9% increase as compared with that of the corresponding period in 2011.
- Net profit of the Group attributable to owners of the Company for the three months ended 31 March 2012 amounted to approximately RMB11.7 million, representing an approximately 6.7% decrease as compared with that of the corresponding period in 2011.
- The Directors do not recommend dividend for the three months ended 31 March 2012.

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 2012, together with the comparative figures for the corresponding period in 2011 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2012

		Three months ended	
		31 March	
	<i>Notes</i>	2012	2011
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	67,179	48,025
Cost of sales		(51,067)	(31,701)
		<hr/>	<hr/>
Gross profit		16,112	16,324
Other income		2,235	4,627
Change in fair value of derivative financial instruments		12,139	16,070
Selling and distribution costs		(865)	(677)
Administrative expenses		(7,158)	(7,857)
Equity-settled share options expenses		(803)	(1,354)
		<hr/>	<hr/>
Profit from operation		21,660	27,133
Finance costs		(7,565)	(7,814)
		<hr/>	<hr/>
Profit before income tax		14,095	19,319
Income tax expense	4	(1,429)	(5,150)
		<hr/>	<hr/>
Profit for the period		12,666	14,169
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		11,658	12,492
Non-controlling interests		1,008	1,677
		<hr/>	<hr/>
Profit for the period		12,666	14,169
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	6		
Basic		RMB0.23 cent	RMB0.25 cent
Diluted		N/A	RMB0.25 cent
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2012

	Three months ended	
	31 March	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	12,666	14,169
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(11)	(2,270)
Total other comprehensive income for the period	(11)	(2,270)
Total comprehensive income for the period attributable to owners of the Company	12,655	11,899
Attributable to:		
Owners of the Company	11,647	10,222
Non-controlling interests	1,008	1,677
	12,655	11,899

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 functional currency of the Company is Hong Kong dollars (“HK\$”). The consolidated financial statements are presented in Renminbi (“RMB”) since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

The Company is an investment holding company. Its principal subsidiaries are engaged in the mining, processing and trading of mineral resources through its self-operated mines and transactions in the spot and futures markets.

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 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 2012 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011. The consolidated results for the three months ended 31 March 2012 are unaudited but have been reviewed by the Company’s audit committee.

2. ADOPTION OF NEW AND AMENDED IFRSs

In the current period, the Group has applied for the first time the 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 2012.

The adoption of the new IFRSs did not change the Group’s accounting policies as followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011. The Directors of the Company anticipate that the application of the new IFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

The Group is engaged in the mining, processing and trading of mineral resources. Revenue recognised during the three months ended 31 March 2012 are as follows:

	Three months ended	
	31 March	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mining, processing and trading of mineral resources	67,179	48,025

4. INCOME TAX EXPENSE

Income tax expense in the income statement represents:

	Three months ended	
	31 March	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current		
– PRC	1,894	5,302
Deferred taxation	(465)	(152)
Total tax expense charge for the period	1,429	5,150

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 2012 (2011: Nil).

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	Three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company	11,658	12,492

	Three months ended 31 March	
	2012	2011
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	5,006,540	4,979,585
Effect of dilutive potential ordinary shares in respect of share options	–	383
Weighted average number of ordinary shares for the purposes of diluted earnings per share	5,006,540	4,979,968

In the calculation of the diluted earnings per share attributable to the owners of the Company for the three months ended 31 March 2012, the potential shares arising from the conversion of the Company's warrants, share options and convertible bonds had not been taken into account as it had an anti-dilutive effect.

7. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2012

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Warrant reserve RMB'000	Capital redemption reserve RMB'000	Translation reserve RMB'000	Specific reserve RMB'000	Other reserve RMB'000	Share option reserve RMB'000	Convertible bonds equity reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 31 December 2011 and 1 January 2012 (audited)	1,901	731,718	5,314	6	(12,806)	4,264	(20,560)	50,027	119,345	205,844	1,085,053	92,653	1,177,706
Redemption of convertible bonds	-	-	-	-	-	-	-	-	(672)	672	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	-	-	803	-	-	803	-	803
Transactions with owners	-	-	-	-	-	-	-	803	(672)	672	803	-	803
Profit for the period	-	-	-	-	-	-	-	-	-	11,658	11,658	1,008	12,666
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation	-	-	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Total comprehensive income for the period	-	-	-	-	(11)	-	-	-	-	11,658	11,647	1,008	12,655
Utilisation of specific reserve	-	-	-	-	-	(142)	-	-	-	-	(142)	-	(142)
At 31 March 2012 (unaudited)	<u>1,901</u>	<u>731,718</u>	<u>5,314</u>	<u>6</u>	<u>(12,817)</u>	<u>4,122</u>	<u>(20,560)</u>	<u>50,830</u>	<u>118,673</u>	<u>218,174</u>	<u>1,097,361</u>	<u>93,661</u>	<u>1,191,022</u>
For the three months ended 31 March 2011													
Balance at 31 December 2010 and 1 January 2011 (audited)	1,828	693,192	5,314	6	(9,140)	4,737	6,964	45,605	120,271	178,173	1,046,950	303,466	1,350,416
Placing and subscription of new shares	68	37,573	-	-	-	-	-	-	-	-	37,641	-	37,641
Share issue expenses	-	(1,907)	-	-	-	-	-	-	-	-	(1,907)	-	(1,907)
Convertible bonds exercised	5	2,860	-	-	-	-	-	-	(926)	-	1,939	-	1,939
Equity-settled share option arrangements	-	-	-	-	-	-	-	1,354	-	-	1,354	-	1,354
Transactions with owners	73	38,526	-	-	-	-	-	1,354	(926)	-	39,027	-	39,027
Profit for the period	-	-	-	-	-	-	-	-	-	12,492	12,492	1,677	14,169
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation	-	-	-	-	(2,270)	-	-	-	-	-	(2,270)	-	(2,270)
Total comprehensive income for the period	-	-	-	-	(2,270)	-	-	-	-	12,492	10,222	1,677	11,899
At 31 March 2011 (unaudited)	<u>1,901</u>	<u>731,718</u>	<u>5,314</u>	<u>6</u>	<u>(11,410)</u>	<u>4,737</u>	<u>6,964</u>	<u>46,959</u>	<u>119,345</u>	<u>190,665</u>	<u>1,096,199</u>	<u>305,143</u>	<u>1,401,342</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Market review

Lead

Total global supply of lead for January 2012 stood at 0.892 million tons whilst total consumption for the same period was only 0.883 million tons, representing a supply surplus of approximately 9,000 tons. During the year 2011, global lead production was 10.372 million tons and consumption was 10.216 million tons, representing a supply surplus of approximately 156,000 tons.

World refined lead supply and usage

January	2012	2011
Metal production (ton)	892,000	845,000
Metal usage (ton)	883,000	837,000
Surplus (ton)	9,000	8,000

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

A 5.6% increase in global refined lead metal production in January was primarily due to higher output in China. The increase in global refined lead metal demand was driven mainly by growth in Chinese apparent demand by approximately 12.3% which was partly offset by a decline in Europe of approximately 7.1%, resulting in an overall global increase of approximately 5.6%. It is expected that the size of the surplus will eventually be turned into a deficit as global economy continues to improve and the persistent improvement on demand created by the automobile industry in China. In 2011, net export of refined lead metal in China were significantly reduced and it is expected that China may gradually turn from a net lead export to a net import country.

Zinc

Total global supply of zinc was 1,130,000 tons for January 2012 whilst total consumption was approximately 1,107,000, representing a surplus of approximately 23,000 tons. When compared to the supply surplus of approximately 57,000 tons for the same period last year, there was a reduction of 34,000 tons. During the year 2011, global zinc production was approximately 13.068 million tons and consumption was 12.717 million tons, representing a supply surplus of 351,000 tons.

World refined Zinc supply and usage

January	2012	2011
Metal production (ton)	1,130,000	1,065,000
Metal usage (ton)	1,107,000	1,008,000
Surplus (ton)	23,000	57,000

Source: ILZSG

The zinc market is still being over supplied despite the fact that surpluses have narrowed in January 2012 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.

Prospect

According to the articles issued by Ministry of Industry and Information Technology and China Nonferrous Metal Industry Association of the People's Republic of China (the "PRC"), total capital investments in non-ferrous metals industry in the PRC had increased by approximately 34.6% up to approximately RMB477.3 billion from 2010 to 2011. Capital investments in non-ferrous metals industry for 2011 accounted for 1.58% of the overall capital investments in the PRC, representing an increase of approximately 10.84%. Given the substantial increase in the investment in non-ferrous metals industry, the output of 10 non-ferrous metals, including zinc and lead, rose approximately 9.82% to approximately 34.4 million tonnes for 2011 in the PRC. The output of lead limbed approximately 10.68% to 4.6 million tonnes and zine rose approximately 1.12% to 5.2 million tonnes. Profitability in the PRC non-ferrous metals industry had reached approximately RMB186.9 billion, increased by approximately 55.5%.

Looking ahead, the Group will continue to further expand its existing capacity and explore investment opportunities in the PRC mining industry in order to establish its position as one of the industry leader in zinc and lead mining in the PRC. With the expertise and experience of our management team, the Group believes it has the ability to produce even better results in future.

Financial highlights

The principal subsidiaries of the Company's are engaged in the mining, processing and trading of mineral resources. Following the development of mining areas and the production enhancement of processing plant in Inner Mongolia, during the three months ended 31 March 2012, the Group's revenue was more heavily weighted towards the non-ferrous metal mining business. This revenue segment amounted to approximately 58.5 million, representing an increase of approximately 54.4%. However, zinc and lead concentrates' production quantities were diminished as a result of processing of low grade ore during the period, gross profit margin in non-ferrous metal mining dropped from approximately 41.5% to 27.3% compared with last corresponding period. In addition, drop in the selling prices also attributable to the decrease in the gross profit. To enhance production efficiency, the Group will focus on taking necessary initiatives to improve the Group's profitability and details of management plan had been stated in 2011 annual report. It is expected that contribution from non-ferrous metal mining business will be improved in future.

The following is a comparison of financial results between the three months ended 31 March 2012 and 2011:

Turnover and gross margins

For the three months ended 31 March 2012, the Group recorded a turnover of approximately RMB67.2 million, representing a significant increase of approximately 39.9% as compared with the turnover of approximately RMB48.0 million for the same period last year. Total costs of production increased 61.1% to approximately RMB51.1 million compared with the same period in last corresponding period as a result of higher production cost from processing of low grade ore.

Revenue and gross profit margin for the three months ended 31 March 2012 is as follows:

Revenue and gross profit margin by segment are as follows:

	2012				2011			
	Revenue RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Gross profit %	Revenue RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Gross profit %
Non-ferrous metal mining	58,521	(42,537)	15,984	27.3%	37,899	(22,171)	15,728	41.5%
Metal trading	8,658	(8,530)	128	1.5%	10,126	(9,530)	596	5.8%
Total	<u>67,179</u>	<u>(51,067)</u>	<u>16,112</u>	<u>24.0%</u>	<u>48,025</u>	<u>(31,701)</u>	<u>16,324</u>	<u>34.0%</u>

The Group usually experiences lower sales in the first quarter due to reduced business activities around Chinese New Year holiday as our customers generally place their orders in advance in the quarter immediately prior to the Chinese New Year. In addition, the extreme snowy weather condition affected the utilisation of the production equipment at the Mongolian plant making the sales comparatively lower in the first quarter. Meanwhile, from previous management experiences, sales will gradually increase in the subsequent quarters. Financial performance in 2012 is expected to improve if metal prices and production volumes remain stable.

The followings are the sales volume and average selling prices for each of our mining products in respect of the three months ended 31 March 2012 and 2011:

	Three months ended 31 March 2012			Three months ended 31 March 2011		
	Sales volume	Selling price per unit RMB	Total revenue RMB'000	Sales volume	Selling price per unit RMB	Total revenue RMB'000
Zinc concentrates (ton)	4,659	9,358.4	43,601	2,898	11,011.0	31,910
Lead concentrates crude lead and ingots (ton)	1,321	12,983.3	17,151	662	12,622.4	8,356
Silver (ton)	0.101	5,564,356	562	0.78	5,173,076.9	4,035
Gold (gram)	284	313.4	89	783	274.6	215
Sulphuric acid (ton)	15,000	170.9	2,564	10,747	326.5	3,509
Tailing mine (ton)	15,124	212.4	3,212	-	-	-
Total revenue			67,179			48,025

Financial information by business activities

The Company is engaged in three principal business activities – non-ferrous metal mining, non-ferrous metal trading and metal commodities futures contracts, reflecting the structure used by the Company’s management to assess the performance of the Group.

	Three months ended 31 March 2012				Total RMB'000
	Mining RMB'000	Metal trading RMB'000	Metal commodities futures RMB'000	Unallocated corporate income and expenses RMB'000	
Revenue	58,521	8,658	-	-	67,179
Change in fair value of derivative financial instruments	-	-	12,139	-	12,139
Cost of sales	(42,537)	(8,530)	-	-	(51,067)
Gross profit	15,984	128	12,139	-	28,251
Other income	325	8	1,894	8	2,235
Selling and distribution costs	(754)	(111)	-	-	(865)
Administrative expenses	(3,747)	(265)	(159)	(2,987)	(7,158)
Equity-settled share options expenses	-	-	-	(803)	(803)
Finance costs	(1,037)	-	(17)	(6,511)	(7,565)
Profit/(loss) before income tax	<u>10,771</u>	<u>(240)</u>	<u>13,857</u>	<u>(10,293)</u>	<u>14,095</u>

Other income

Other income for the quarter ended 31 March 2012 decreased by approximately RMB2.4 million from RMB4.6 million compared with the same period in last corresponding period. The decrease was mainly attributable to a fall in the Company's compensation income.

Change in fair value of derivative financial instruments

It represents the gain or loss arising from the changes in fair value of the metal commodities futures contracts used to hedge against the Group's production and inventories. For the three months ended 31 March 2012, the Group recorded a profit on futures contracts of approximately RMB12.1 million (2011: approximately RMB16.1 million). The Group did not enter into any commodities futures contracts unrelated to the business operations during the period (2011: Nil).

The Group continued to take a prudent approach to hedge the inventory position through appropriate non-ferrous futures contracts during the period. Strict internal policies and procedures are in place to ensure the position is regularly reviewed and that the Group is not exposed to undue market risk and the management is not allowed in entering into any commodities futures contracts for speculation purposes.

Operating expenses

Administrative expenses for the quarter ended 31 March 2012 amounted to approximately RMB7.2 million (2011: approximately RMB7.9 million), representing a decrease of approximately RMB0.7 million or 8.9% compared with the quarter ended 31 March 2011. Administrative expenses mainly consisted of staff costs, legal and professional fees, rent and rates, commission, depreciation and various governmental expenses.

Selling expenses for the quarter ended 31 March 2012 amounted to approximately RMB0.87 million (2011: approximately RMB0.68 million), representing an increase of approximately RMB0.19 million compared with the quarter ended 31 March 2011.

Finance costs

Finance costs for the quarter ended 31 March 2012 amounted to approximately RMB7.6 million, representing a decrease of approximately RMB0.25 million compared with the quarter ended 31 March 2011.

Profit for the period attributable to equity owners

The net profit attributable to equity owners for the period ended 31 March 2012 slightly decreased to approximately RMB11.7 million, a decrease of approximately 0.83 million or 6.7%.

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

As at 31 March 2012, 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; (c) 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

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

Name of Director	Capacity	Number of shares	Percentage of shareholding (%)
Xu Bing	Beneficial owner	1,500,000(L)	0.03
Kang Hongbo	Beneficial owner	11,400,000(L)	0.23

(L): *Long position*

(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
Ng Tang	Beneficial owner	3,000,000	0.06%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK\$0.26
Kang Hongbo	Beneficial owner	1,500,000	0.03%	20 May 09	20 Mar 2010 to 19 May 2014	HK\$0.234
	Beneficial owner	10,000,000	0.20%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK\$0.26
	Subtotal:	11,500,000				
Han Qiong	Beneficial owner	4,000,000	0.08%	4 Dec 09	4 Dec 2010 to 3 Dec 2014	HK\$0.26

Save as disclosed herein, as at 31 March 2012, 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.

SHARE OPTION SCHEME

As at 31 March 2012, options to subscribe for an aggregate of 586,710,000 shares had been granted to certain Directors, employees and suppliers/advisors of the Group. Details of outstanding options were as follows:

Name or category of participant	Number of share options				At 31 March 2012	Date of grant of share options (note)	Exercise period of share options	Exercise price of share option
	At 1 January 2012	Granted during the period	Exercise during the period	Lapsed during the period				
Directors								
Mr. Ng Tang	600,000	-	-	-	600,000	04/12/2009	Period 7	0.260
	600,000	-	-	-	600,000	04/12/2009	Period 8	0.260
	900,000	-	-	-	900,000	04/12/2009	Period 9	0.260
	900,000	-	-	-	900,000	04/12/2009	Period 10	0.260
	3,000,000	-	-	-	3,000,000			
Mr. Kang Hongbo	1,500,000	-	-	-	1,500,000	20/05/2009	Period 4	0.234
	2,000,000	-	-	-	2,000,000	04/12/2009	Period 7	0.260
	2,000,000	-	-	-	2,000,000	04/12/2009	Period 8	0.260
	3,000,000	-	-	-	3,000,000	04/12/2009	Period 9	0.260
	3,000,000	-	-	-	3,000,000	04/12/2009	Period 10	0.260
11,500,000	-	-	-	11,500,000				
Ms. Han Qiong	800,000	-	-	-	800,000	04/12/2009	Period 7	0.260
	800,000	-	-	-	800,000	04/12/2009	Period 8	0.260
	1,200,000	-	-	-	1,200,000	04/12/2009	Period 9	0.260
	1,200,000	-	-	-	1,200,000	04/12/2009	Period 10	0.260
	4,000,000	-	-	-	4,000,000			

Name or category of participant	Number of share options				At 31 March 2012	Date of grant of share options (note)	Exercise period of share options	Exercise price of share option
	At 1 January 2012	Granted during the period	Exercise during the period	Lapsed during the period				
Other employees								
In aggregate	1,500,000	-	-	-	1,500,000	15/05/2009	Period 2	0.216
	5,000,000	-	-	-	5,000,000	20/05/2009	Period 4	0.234
	22,340,000	-	-	-	22,340,000	04/12/2009	Period 7	0.260
	22,340,000	-	-	-	22,340,000	04/12/2009	Period 8	0.260
	33,510,000	-	-	-	33,510,000	04/12/2009	Period 9	0.260
	33,510,000	-	-	-	33,510,000	04/12/2009	Period 10	0.260
	358,510,000	-	-	-	358,510,000	28/7/2010	Period 11	0.246
	<u>476,710,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,710,000</u>			
Suppliers/Advisors								
In aggregate	20,000,000	-	-	-	20,000,000	12/06/2008	Period 1	0.340
	8,000,000	-	-	-	8,000,000	19/05/2009	Period 3	0.220
	3,500,000	-	-	-	3,500,000	17/08/2009	Period 5	0.272
	10,000,000	-	-	-	10,000,000	04/12/2009	Period 6	0.260
	10,000,000	-	-	-	10,000,000	04/12/2009	Period 7	0.260
	10,000,000	-	-	-	10,000,000	04/12/2009	Period 8	0.260
	15,000,000	-	-	-	15,000,000	04/12/2009	Period 9	0.260
	15,000,000	-	-	-	15,000,000	04/12/2009	Period 10	0.260
	<u>91,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,500,000</u>			
	<u>586,710,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>586,710,000</u>			

Period 1	12 June 2008 to 11 June 2013
Period 2	15 November 2009 to 14 May 2014
Period 3	19 May 2009 to 18 May 2014
Period 4	20 March 2010 to 19 May 2014
Period 5	17 June 2010 to 16 August 2014
Period 6	4 December 2009 to 3 December 2014
Period 7	4 December 2010 to 3 December 2014
Period 8	4 December 2011 to 3 December 2014
Period 9	4 December 2012 to 3 December 2014
Period 10	4 December 2013 to 3 December 2014
Period 11	28 July 2010 to 30 May 2015

Note:

The vesting date of the share options for Periods 1, 3, 6 and 11 are the date of grant. The share options for Period 2 are subject to half year vesting period. The share option for Periods 4 and 5 are subject to ten months vesting period. The vesting period of the share options for Periods 7, 8, 9, and 10 are subject to one, two, three and four years vesting period respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2012, 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
Ruffy Investments Limited (Note 1)	Beneficial owner	Short	350,000,000	6.99%
	Beneficial owner	Long	3,107,723,048	62.07%
Mr. Mei Wei (Notes 1 & 2)	Interest in controlled corporation	Short	350,000,000	6.99%
	Interest in controlled corporation	Long	3,107,723,048	62.07%
	Beneficial owner	Long	419,560,000	8.38%
			3,527,283,048	70.45%

Notes:

1. These shares and underlying shares of the Company comprise of 1,415,458,530 shares and HK\$372,298,194 principal amount of convertible bonds issued by the Company which can be convertible into 1,692,264,518 shares of the Company, were held by Ruffy Investments Limited, which is wholly-owned by Mr. Mei Wei. Mr. Mei Wei was deemed to be interested in these shares and underlying shares under the SFO. Among the shares owned by Ruffy Investments Limited, 326,624,250 shares and HK\$370,957,666 principal amount of the convertible bonds have been pledged by Ruffy Investments Limited to CCB International Group Holdings Limited.

On 13 March 2012, Ruffy Investments Limited issued 350,000,000 warrants to Merry Intake Limited, a wholly-owned subsidiary of CCB International Group Holdings Limited, conferring rights to subscribe for 350,000,000 shares at the initial exercise price of HK\$0.12 per share.

2. These shares and underlying shares of the Company, comprise of 56,050,000 shares and 363,510,000 share options, were beneficially held by Mr. Mei Wei.

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 2012.

CORPORATE GOVERNANCE

The Company has complied throughout the three months ended 31 March 2012 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 2011 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. Mei Ping, 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 5.48 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 during the reporting period.

FOREIGN EXCHANGE EXPOSURE

The Group has bank balances, sales and purchases denominated in foreign currencies which expose the Group to foreign currency risk. The currency risk for those subsidiaries with functional currency in Hong Kong Dollars ("HKD") were mainly attributable to the bank balances and other receivables denominated in United States Dollars ("USD") as at the end of the reporting period. As the exchange rate of HKD is pegged against USD, the Directors were of the opinion that the currency risk of USD was insignificant to the Group.

The Group currently does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors 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.

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, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the three months ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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 2012) and internal control procedures of the Group. The members of the audit committee comprises three independent non-executive Directors, namely Mr. Liu Yaosheng and Mr. Chen Mingxian and Mr. Chan Siu Lun.

The Group's unaudited consolidated results for the three months ended 31 March 2012 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the three months ended 31 March 2012.

PUBLIC FLOAT

For the three month period ended 31 March 2012, the Company has maintained the public float requirement as stipulated by the GEM Listing Rules.

On behalf of the Board
China Nonferrous Metals Company Limited
Mei Ping
Chairman

Hong Kong, 11 May 2012

As at the date of this report, the Board consists of seven executive Directors, namely Mr. Mei Ping, 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. Liu Yaosheng, Mr. Chan Siu Lun and Mr. Chen Mingxian.