

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this Appendix does not form part of the Accountants' Report prepared by the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this Prospectus, and is include here in for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and "Appendix I — Accountants' Report".

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out here to provide the investors with further information about (i) how the proposed listing might have affected the consolidated net tangible assets of the Group as if the Global Offering had occurred on June 30, 2011; (ii) how the proposed listing might have affected the unaudited pro forma forecast loss per share of the Group for the year ending 31 December 2011 as if the Global Offering had taken place on January 1, 2011; and (iii) how the proposed acquisition of the Liziping Company might have affected the unaudited pro forma statement of assets and liabilities of the Enlarged Group as if the acquisition of the Liziping Company had taken place on June 30, 2011.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position or results of operations.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial results and positions following the completion of the Global Offering.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared based on the consolidated net tangible assets attributable to owners of the Company as at June 30, 2011 as extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and is adjusted as described below.

The unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared for illustrative purposes only and, because of their nature, they may not give a true picture of the financial position of the Group.

The following unaudited pro forma adjusted combined net tangible assets of the Group have been prepared to show the effect on the consolidated net tangible assets of the Group as at June 30, 2011 as if the Global Offering had occurred on June 30, 2011.

	Audited consolidated net tangible assets attributable to owners of our Company as of June 30, 2011 ⁽¹⁾	Estimated net proceeds from issue of Offer Shares ⁽²⁾	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share ⁽³⁾	
	(RMB '000)	(RMB '000)	(RMB '000)	(RMB)	(HK\$)
Based on Offer Price of HK\$2.22 per Share	421,998	820,080	1,242,078	0.621	0.761
Based on Offer Price of HK\$2.54 per Share	421,998	944,928	1,366,926	0.683	0.838

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The consolidated net tangible assets attributable to owners of our Company as of June 30, 2011 is extracted from the Accountants' Report as set out in Appendix I to this Prospectus, which is equal to the audited consolidated net assets attributable to owners of our Company of RMB498.5 million as of June 30, 2011 less intangible assets of RMB76.5 million as of the same date.
- (2) The estimated net proceeds from the Global Offering are based on hypothetical Offer Prices of HK\$2.22 and HK\$2.54 respectively, per Offer Share assuming no exercise of the Over-allotment Option, after deduction of underwriting fees and estimated expenses payable by us.
- (3) The unaudited pro forma adjusted net tangible assets per Share is based on a total of 2,000,000,000 Shares expected to be in issue immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option).

(B) UNAUDITED PRO FORMA FORECAST LOSS PER SHARE

The unaudited pro forma forecast loss per share of the Group for the year ending December 31, 2011 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2011. This unaudited pro forma forecast loss per share has been prepared for illustrative purposes only and, because of its nature, may not give true picture of the financial results of the Group following the Global Offering.

Consolidated loss forecast attributable to owners of the Company ⁽¹⁾	not more than RMB246.6 million (approximately HK\$302.2 million) ⁽³⁾
Unaudited pro forma forecast loss per Share for the year ending December 31, 2011 ⁽²⁾	not more than RMB0.123 (approximately HK\$0.150)

Notes:

- (1) The forecast consolidated loss attributable to owners of the Company for the year ending December 31, 2011 has been prepared and summarized in Appendix III to this Prospectus.
- (2) The calculation of unaudited pro forma forecast loss per Share is based on the forecast consolidated loss attributable to owners of the Company for the year ending December 31, 2011 of RMB246.6 million and on the assumption that the Company has been listed since January 1, 2011 and a total number of 2,000,000,000 Shares were in issue during the year ending December 31, 2011.
- (3) The consolidated loss forecast attributable to owners of the Company includes a one-off equity-settled share-based expense of RMB233.0 million and the expenses in relation to the Global Offering.

(C) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

As the acquisition of the Liziping Company will be completed after the date of the latest published audited accounts of the Company, being June 30, 2011, the following unaudited pro forma financial information of the Group and the Liziping Company is included in this Prospectus in compliance with paragraph 31 of Appendix 1B of the Listing Rules.

1. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

As the acquisition of the Liziping Company will be completed after the date of the latest published audited accounts of the Company, being June 30, 2011, the following is a summary of the unaudited pro forma statement of assets and liabilities of the Enlarged Group in connection with the proposed acquisition of 90% equity interest of the Liziping Company, assuming that the acquisition had been completed on June 30, 2011 for the purpose of illustrating how the proposed acquisition of the Liziping Company might have affected the unaudited pro forma statement of assets and liabilities of the Enlarged Group.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared based upon (i) the audited consolidated statement of financial position of the Group as of June 30, 2011, which has been extracted from the Accountants' Report as set out in Appendix I to this Prospectus; and (ii) the audited statement of financial position of the Liziping Company as of June 30, 2011, after making pro forma adjustments relating to the acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable as if the acquisition has been completed on June 30, 2011.

The unaudited pro forma statement of assets and liabilities is prepared to provide financial information on the Enlarged Group as a result of completion of the acquisition. As it is prepared for illustration purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as of June 30, 2011 or at any future date.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

2. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as of June 30, 2011	The Liziping Company as of June 30, 2011	Unaudited pro forma adjustments relating to the acquisition	Notes	Unaudited pro forma Enlarged Group as of June 30, 2011
	RMB'000	RMB'000	RMB'000		RMB'000
Non-current assets					
Property, plant and equipment	183,768	493			184,261
Intangible assets	76,486	1,874	530,643	(i)	609,003
Payments in advance	89,180	200	(70,000)	(i)	19,380
Deferred tax assets	3,718	158			3,876
	<u>353,152</u>	<u>2,725</u>			<u>816,520</u>
Current assets					
Cash and bank balances	199,896	53			199,949
Prepayments, deposits and other receivables	73,468	16,737			90,205
Inventories	1,871	—			1,871
	<u>275,235</u>	<u>16,790</u>			<u>292,025</u>
Current liabilities					
Other payables and accruals	54,617	—	425,000	(i)	479,617
Tax payable	454	—			454
	<u>55,071</u>	<u>—</u>			<u>480,071</u>
Net current assets/(liabilities)	<u>220,164</u>	<u>16,790</u>			<u>(188,046)</u>
Total assets less current liabilities	<u>573,316</u>	<u>19,515</u>			<u>628,474</u>
Non-current liabilities					
Interest-bearing bank loans	62,000	—			62,000
Provision for rehabilitation	11,796	—			11,796
	<u>73,796</u>	<u>—</u>			<u>73,796</u>
Net assets	<u>499,520</u>	<u>19,515</u>			<u>554,678</u>
Equity					
Issued capital	9	—			9
Reserves	498,475	19,515	(19,357)		498,633
	498,484	19,515			498,642
Non-controlling interest	1,036	—	55,000	(ii)	56,036
Total equity	<u>499,520</u>	<u>19,515</u>			<u>554,678</u>

3. NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) The pro forma adjustment was raised to recognize the share transfer consideration pursuant to the share transfer agreement entered into between Dehong Yinrun and Song Denghong, who was the owner of the Liziping Company which owns the exploration right to the Liziping Mine. Dehong Yinrun agreed to purchase 90% of the equity interest in the Liziping Company from Song Denghong. The consideration for the 90% equity interest in the Liziping Company will be determined based on the lead and zinc metals contained in the estimated resources of the Liziping Mine, and will in any event be no less than RMB216 million and no more than RMB756 million. The pro forma adjustment used for the estimated consideration for 90% equity interest acquired in the Liziping Company of RMB495 million is based on the Group's current estimation of the Liziping Mine's exploration potential. Dehong Yinrun made a prepayment in relation to the Liziping Company of RMB70 million as of June 30, 2011.

(ii) Accounting for the acquisition of the Liziping Company

International Financial Reporting Standard 3 ("IFRS 3") defines business as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. IFRS 3 further notes that a business consists of inputs and processes applied to those inputs that have the ability to create outputs. As the Liziping Company is primarily in its development stage and no mining activities have been commenced, the inputs (i.e. employees, mineral reserve and property, plant and equipment) and processes (i.e. exploration and evaluation processes) that are required to generate output are not satisfied. Therefore, the acquisition of the Liziping Company does not constitute a business combination and is regarded as an acquisition of an asset rather than a business combination.

In accordance with IFRS 3, when an acquisition of an asset or group of assets does not constitute a business, the acquirer shall identify and recognize the individual identifiable assets acquired and liabilities assumed. The cost of acquiring an asset or group of assets shall be allocated to the individual identified assets and liabilities on the basis of their relative fair values at the date of purchase.

The non-controlling interest of RMB55 million is recognized at its proportion of the relative fair values of the assets acquired, which represents 10% portion of the Liziping Company's estimated value of RMB550 million. The consideration of RMB495 million paid by the Group is allocated between the assets based on the relative fair value and then grossed up to 100%. The carrying amounts of the assets in the statement of financial position of the Liziping Company approximate to their fair values except for the exploration right to the Liziping Mine. Based on the Group's current estimation of the Liziping Mine's exploration potential, the fair value of the exploration right to the Liziping Mine is far more than its carry amount. Therefore, the difference of RMB530.6 million between the consideration paid and the carrying amount of the assets acquired is added to the exploration right for the Liziping Mine.

(D) LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for inclusion in this Prospectus, in respect of the Group's unaudited pro forma financial information.



18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

December 2, 2011

The Directors
China Polymetallic Mining Limited
Citigroup Global Markets Asia Limited

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets, unaudited pro forma forecast loss per share and unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information") of China Polymetallic Mining Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which have been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the global offering of 500,000,000 shares of HK\$0.00001 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated December 2, 2011 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as of June 30, 2011 or any future dates; or
- the forecast loss per share of the Group for the year ending December 31, 2011 or any future periods; or
- the financial position of the Enlarged Group as of June 30, 2011 or any future dates.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;
- (b) such bases are consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong