MINMETALS RESOURCES LIMITED

FOCUS PROGRESS POTENTIAL

Becoming a world leader in base metals

ANNUAL REPORT 2011

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
WANG Lixin (Non-executive Director)

Vice Chairman
HAO Chuanfu (Executive Director)*

Executive Directors
Andrew MICHELMORE (CEO)
David LAMONT (CFO)
LI Liangang*

Non-executive Directors
JIAO Jian
XU Jiqing
GAO Xiaoyu

Independent Non-executive Directors
Peter CASSIDY
Anthony LARKIN
LOONG Ping Kwan

AUDIT COMMITTEE

Chairman
Anthony LARKIN

Members
XU Jiqing
Peter CASSIDY
LOONG Ping Kwan

REMUNERATION AND NOMINATION COMMITTEE

Chairman
Peter CASSIDY

Members
WANG Lixin
JIAO Jian
Anthony LARKIN
LOONG Ping Kwan

SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY COMMITTEE

Chairman
Peter CASSIDY

Members
Andrew MICHELMORE
GAO Xiaoyu

DISCLOSURE COMMITTEE

Members
Andrew MICHELMORE
Sally COX
Troy HEY
David LAMONT
LEUNG Suet Kam, Lucia
Nick MYERS

GENERAL COUNSEL

Nick MYERS

COMPANY SECRETARY

LEUNG Suet Kam, Lucia

LEGAL ADVISER

Deacons, Hong Kong
Linklaters, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
China Development Bank Corporation
Westpac Banking Corporation
Citibank NA

INVESTOR ENQUIRIES

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Email: colette.campbell@mmg.com

MEDIA ENQUIRIES

Sally COX
Group Manager Communications
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Email: sally.cox@mmg.com

REGISTERED OFFICE

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International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

*Resigned on 29 March 2012

CORPORATE OFFICES AND PRINCIPAL PLACE OF BUSINESS

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Southbank, Victoria, Australia 3006
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Fax: +61 3 9288 0800
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WEBSITE

www.minmetalsresources.com
www.mmg.com

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 1208

Additional shareholder information

The Chinese version of the Annual Report is prepared based on the English version. If there is any inconsistency between the English and Chinese version of this Annual Report, the English text shall prevail to the extent of the inconsistency.

五礦資源有限公司
MINMETALS RESOURCES LIMITED

INCORPORATING MMG

Minmetals Resources Limited (MMR) is a mid-tier global resources company that mines, explores and develops base metal projects in Australia and around the world.

The company is headquartered in Melbourne, Australia, and listed on the Hong Kong Stock Exchange under Stock Code: 1208. MMR owns the MMG group of companies and their operations after acquiring them on 31 December 2010.

MMR is uniquely positioned with an experienced international management team, public ownership on the Hong Kong Stock Exchange and support of its ultimate controlling shareholder, China Minmetals Corporation (CMC).

CONTENTS

MAP OF OPERATIONS

KINSEVERE

Acquired with the acquisition of Anvil Mining Limited

GOLDEN GROVE

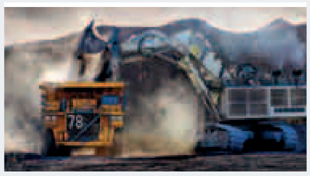
2011 PRODUCTION

Zinc concentrate (t)	70,687
Copper concentrate (t)	21,661
HPM concentrate (t)	7,482
REVENUE	US$388.5M
EBIT	US$53.3M

ROSEBERY

2011 PRODUCTION

Zinc concentrate (t)	80,670
Lead concentrate (t)	25,353
Gold doré (oz)	12,163
REVENUE	US$272.5M
EBIT	US$86.8M



OPERATIONS
DEVELOPMENT PROJECTS
SUSPENDED OPERATION
ACTIVE EXPLORATION REGION
CORPORATE OFFICES
EXPLORATION OFFICES
SALES

IZOK CORRIDOR
LOCATION
Nunavut, Canada

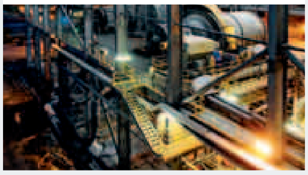
TARGET METALS
Copper, zinc, lead, silver

SEPON
2011 PRODUCTION

Copper cathode (t)	78,859
Gold poured (oz)	74,484
REVENUE	US$816.9M
EBIT	US$471.3M

CENTURY
2011 PRODUCTION

Zinc concentrate (t)	497,251
Lead concentrate (t)	26,536
REVENUE	US$750.4M
EBIT	US$116.2M



DUGALD RIVER
LOCATION
Queensland, Australia

TARGET METALS
Lead, zinc, silver

FINANCIAL HIGHLIGHTS

» Strong production results and base metal commodity prices resulted in full year net profit after tax attributable to equity holders of the Company of US$540.9 million.

» Effectively completed the US$726.8 million divestment of the trading, fabrication and other operations to China Minmetals Non-ferrous Metals Co. Ltd.

» Undertook a capital restructure issuing 762,612,000 new shares to raise approximately US$500 million, increasing the free float of shares to 28.4% and enhancing the institutional presence on the register.

» The Board approved a further A$157 million expenditure on the next phase of the Dugald River zinc project in Queensland, Australia, for spend up until the third quarter 2012.

» Executed C$1,330 million acquisition of Anvil Mining Limited (Anvil) and achieved expansion into the southern African copper belt.

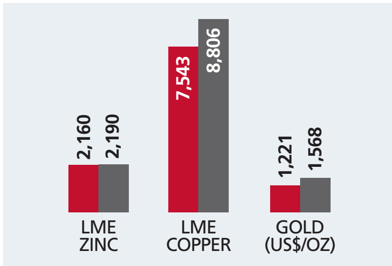
» Increase in Mineral Resources and Ore Reserves including 103.9% increase in zinc Ore Reserves due to the inclusion of Dugald River.

» Increase in the Group's total diluted earnings per share of 18.5% to US10.71 cents in 2011.

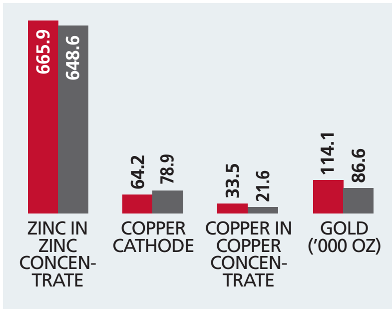
SEGMENTAL PERFORMANCE

US$ MILLION CONTINUING OPERATIONS	REVENUE	EBITDA	EBIT
CENTURY	750.4	293.0	116.2
SEPON	816.9	529.4	471.3
GOLDEN GROVE	388.5	101.6	53.3
ROSEBERY	272.5	108.6	86.8
OTHER	–	31.2	27.7
TOTAL	**2,228.3**	**1,063.8**	**755.3**

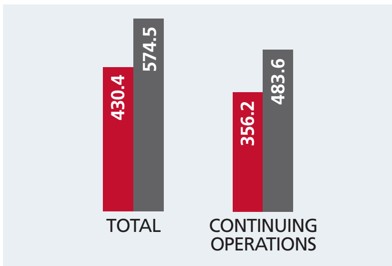
2010
2011



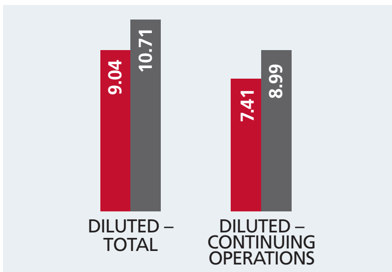
AVERAGE METAL PRICES
(US$/TONNES UNLESS OTHERWISE SPECIFIED)



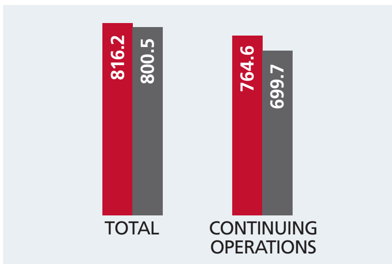
METAL PRODUCTION
('000 TONNES UNLESS OTHERWISE SPECIFIED)



PROFIT
(US$ MILLION)



EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(US CENTS)

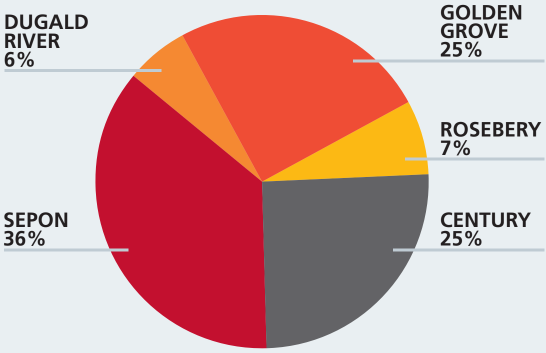


NET CASH GENERATED FROM OPERATING ACTIVITIES
(US$ MILLION)

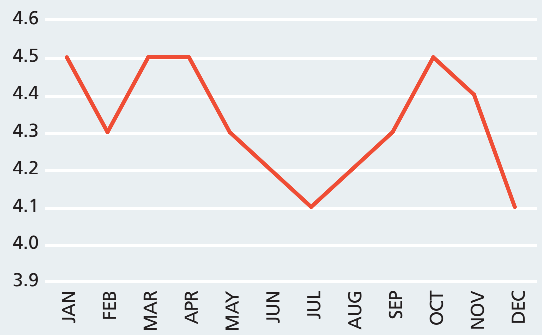
SUSTAINABILITY HIGHLIGHTS

- Alignment with the International Council on Mining and Metals 10 Sustainable Development Principles identified as a key work program for the next three years with work already well underway.
- **Health and safety:** Safety adopted as a core company value in response to feedback that while safety is a priority, it should be considered a core value.
- **People:** 87% local workforce at Sepon and 25% Indigenous employment at Century.
- **Environment:** The Dugald River Environmental Impact Statement approved by the Queensland Department of Environment and Resource Management (DERM) as suitable to proceed to the next stage of environmental approval.
- **Community:** Commenced development of a Community Relations Management System incorporating community perception survey data and a Community Trust Index.
- **Economic sustainability:** More than A$11 million invested in host communities in a range of targeted social investment projects.

SIGNIFICANT/HIGH POTENTIAL FATALITY INCIDENTS BY SITE 2011



TOTAL RECORDABLE INJURY FREQUENCY RATE 2011
(12-MONTH MOVING AVERAGE PER MILLION HOURS)



CHAIRMAN'S REVIEW

"A sustained focus on the safety of our people and extracting the maximum value from our core assets has delivered results in meeting both production and operating costs and progress on our sustainability commitments."

Mining operations at Sepon in Laos.

Dear Shareholder,

Before I discuss our annual results, it is with a heavy heart that I advise you of a fatality that occurred at our Sepon operation in Laos on 28 February 2012. Our thoughts and condolences are with the contractor's family and friends. Any incident is one incident too many and on behalf of the Company, I commit us to ensuring we do better.

I will now provide an overview of our 2011 annual results.

On behalf of the Board, I am pleased to report the Company's full-year results for 2011. The Company delivered an increased profit to its shareholders, remaining focused on maximising production, managing operating costs and pursuing our growth opportunities.

We have completed the transformation flagged to you last year with the divestment of our trading, fabrication and other operations that were no longer core to our business strategy. We have also made progress on the project development and M&A fronts in our aim to build an international, upstream diversified base metals company.

You will see these three themes – focus, progress and potential – reflected throughout this report.

The Company was pleased to report its financial performance for the full year 2011 with total net profit after tax (NPAT) attributable to equity holders of US$540.9 million, up 32.1% from the full year 2010. This result was driven by significant one-off benefits, including the gain realised on our investment in Equinox and the sale of the trading, fabrication and other operations.

Total earnings before interest and tax (EBIT) was US$808.9 million, up 44.5% from the full year 2010, however, underlying earnings before interest, taxes depreciation and amortisation (EBITDA) for the Group's continuing operations, (excluding one-off items) was US$887.8 million, 2.2% below 2010. This reflected a higher level of expenditure on process and system standardisation necessary to support the Company's growth strategy.

Our balance sheet continues to strengthen, with total 2011 liabilities decreasing 33.2%. Cash generated from operations and the proceeds from the sale of the trading, fabrication and other operations have significantly strengthened the balance sheet. Total borrowings decreased significantly as forecasted at our half-year results and the Company was effectively net cash positive US$14.8 million at the close of 2011.

Full-year production and operating costs were within revised guidance for all assets. Particular highlights included the record copper cathode production from our expanded plant at Sepon.

Costs remain a focus with the Australian dollar still strong, price increases of key inputs such as labour, energy and reagents and volume-related cost increases from our operations.

Cost management will remain a challenge and focus for the Board and management in 2012.

Significant progress was made on the business transformation flagged last year with the divestment of the trading, fabrication and other operations in December 2011 after arm's-length negotiations with our major shareholder, China Minmetals Non-ferrous Metals Co. Ltd. The sale completed another key stage in our business transformation to refocus the Company as a diversified upstream base metals company ready for growth. The US$726.8 million proceeds from the sale further strengthened our balance sheet and builds on our substantial firepower for future growth.

This growth strategy reached a significant milestone in early 2012 with the completion of our acquisition of Anvil Mining Limited. This expansion into the southern African copper belt is the first step in what we plan will be the building of a major mid-tier player.

Your Board is committed to high standards of sustainable development across our business, none more important than the health and safety of our employees and the communities in which we operate. We take safety seriously and have a safety vision of a 'Zero Harm and Fatality Free' workplace. Our total recordable injury frequency rate (TRIFR) ended the year at 4.1 injuries per million hours worked. In order to provide greater governance around sustainability, a Board Safety, Health, Environment and Community Committee was formed in early 2011. It meets four times a year to review the company's performance and management in this area.

During 2011 we welcomed Mr Anthony Larkin to the Board and farewelled Mr Stephen Ting Leung Huel, who resigned at the end of November. Mr Larkin's background in the Australian resources and corporate sector expands the international expertise of the Board.

With a strong balance sheet, a commitment to operating sustainably wherever we are and the expertise of our international leadership team we will continue to deliver on our potential in 2012.

On behalf of the Board I would like to thank shareholders for their continuing loyalty and welcome the many new shareholders that joined us this year. A great deal of thanks goes out to the people in our workforce and communities for their ongoing support.

Wang Lixin Chairman
28 March 2012

CHIEF EXECUTIVE OFFICER'S REVIEW

"Our role as management is to share the benefits generated by our operations with our stakeholders – shareholders, employees and the communities in which we operate – not just today, but well into the future. The progress we have made in 2011 demonstrates our capacity to deliver this value."

Concentrate operations at Century.

Dear Shareholder,

As global societal demands evolve there is ever increasing pressure on the minerals industry to keep pace. Our challenge, and role as management, is to share the benefits generated by our operations with all our stakeholders – shareholders, employees and the communities in which we operate – not just today, but well into the future.

We maintained a focus in 2011 on extracting value from our core mining assets, completing our business transformation, progressing our projects portfolio and delivering on the potential of our growth strategy.

Our first asset is our people – a diverse, skilled and experienced workforce and management team. These people are attracted to our business because of the unique opportunities to work for a globally engaged mining business backed by the long-term support of a major Chinese investor. It is our responsibility to ensure that we develop these people. In 2011 we continued to roll out technical and trades-based training as well as development programs in safety, frontline management and supervisor development, cultural awareness and continuous improvement.

Our mining assets performed within guidance for both production and operating costs. Stand-out results were seen at our Sepon copper and gold operation following completion of the copper cathode expansion project, which has increased nameplate capacity from 65,000 to 80,000 tonnes per annum.

At Golden Grove in Western Australia we commenced development of a copper open pit, above existing underground operations, that will deliver an additional 235,000 tonnes of copper concentrate.

At Rosebery our exploration programs continued to identify additional Mineral Resources and source feed for the plant, which celebrated 75 years of continuous operation in 2011. Combined with the establishment of an innovative sustainable extraction operation at the nearby South Hercules deposit, Rosebery's mine life now extends to 2024.

While the potential to discover additional discrete-style mineralisation near our Century mine is effectively exhausted, we continue to examine a number of near-mine initiatives for identification of additional feed for the processing plant from smaller vein-style occurrences nearby. The viability of using Century infrastructure to exploit the phosphate deposits that occur on our tenements will be further studied this year.

We will continue to identify opportunities to unlock the full production potential, and ultimately shareholder value, of our assets.

Our annual Mineral Resources and Ore Reserves Statement highlighted a significant increase in zinc Ore Reserves last year with the inclusion of the Dugald River Ore Reserve for the first time.

Coinciding with this, on 9 December, the Board approved a further A$157 million expenditure on the next phase of the Dugald River zinc project in Queensland, Australia, for spend up until the third quarter 2012.

In northern Canada, our Izok Corridor project progressed from pre-feasibility study to full feasibility study phase with the commencement of government and environmental permitting. The project encompasses the Izok Lake and High Lake zinc and copper deposits in Nunavut. The 2012 work program will progress field data collection and environmental baseline studies.

Importantly, when in production, Dugald River and the Izok Corridor project will replace approximately 80% of the annual zinc production lost following Century's closure in approximately 2016.

Our announcement in April 2011 to make an offer to acquire Equinox was our first step into the global M&A market and signalled our interest in expansion into the southern African copper belt.

While we chose not to pursue this acquisition, the high price of the ultimate bid for Equinox enabled the Company to realise an attractive gain on our investment of US$152.1 million (pre-tax) from the sale of our 4.2% stake.

Shortly after, we announced an offer to acquire Toronto and Australian securities exchange-listed Anvil. We are pleased to have just recently completed the C$1,330 million acquisition, which brings the Kinsevere copper cathode operation in the Democratic Republic of Congo into our portfolio.

A priority focus of the integration of the Anvil assets into our business is to provide technical and management support to the Kinsevere operation to improve historical power reliability issues and ramp up production to nameplate capacity of 60,000 tonnes per annum.

The acquisition of Anvil is just the first step as we continue to identify potential acquisition targets necessary to reach our growth targets. But these will be disciplined and value-focused acquisitions to grow shareholder value.

To meet the demands of this rapid growth, we need to develop a scalable, systemised business with common operating systems and management language. This will be a focus in 2012 as we standardise and upgrade from a range of legacy systems and processes. This is an investment necessary to deliver the value from our growth.

I would like to thank all the stakeholders and local communities who work with us to make this business such a success. I would particularly like to thank our employees and contractors, without whom these results would not be possible.

Andrew Michelmore Chief Executive Officer
28 March 2012

OUR PEOPLE


Marcelo Bastos


Michael Nossal


Andrew Michelmore


Tim Scully


David Lamont


Steve Ryan

MMR is a unique business in which its people are its greatest asset. While the Company is listed on the Hong Kong Stock Exchange, its executive management team and head office are located in Melbourne, Australia. At the end of 2011, the Company had a workforce of approximately 8,500 employees and contractors.

The Company represents an innovative partnership that brings together the skills and experience of an international management team with the long-term outlook and financial support of a major Chinese resource industry shareholder.

MANAGEMENT TEAM

The management team is led by Chief Executive Officer Andrew Michelmore, who brings more than four decades' experience in the international metals industry from some of the most prosperous mineral provinces in the world. He also recently accepted the position of Chairman of the International Zinc Association, is a council member of the ICMM and a member of the Business Council of Australia.

Working alongside Mr Michelmore is the Executive Committee. It includes Chief Operating Officer Marcelo Bastos, who has more than 25 years' experience operating across the Americas and Australia, and Chief Financial Officer David Lamont, who has worked in the international chemicals, fertiliser, manufacturing and resources sectors. Executive General Manager – Exploration Steve Ryan has managed exploration projects in China, Iran and Indonesia, and Executive General Manager – Business Development Michael Nossal has worked in the resources industry in Africa, Australia, London, Russia and Turkey.

Executive General Manager – Business Support Tim Scully has led human resources and shared services functions in large Australian mining companies.

LOCAL EXPERTISE

It is a focus on local skills and experience that makes this business a success. Local employment helps build and support the communities in which we operate, ensuring that the benefits of education, skills and training leave a lasting positive legacy beyond the operation of our mines.

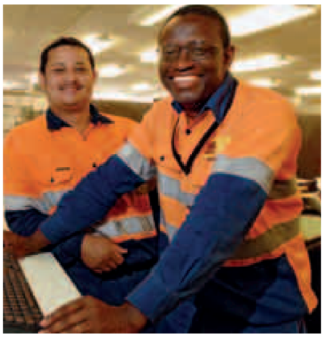
Indigenous employees comprise 10% of the workforce and this percentage is even higher at Century mine, where one in four employees is an Indigenous Australian.

In Laos, 87% of Sepon employees are drawn from local communities, where the Company is actively pursuing further localisation of the workforce.

DIVERSITY

The Company believes that diverse teams deliver the most progressive and dynamic results and therefore aspires to encourage diversity where possible. This includes, but is not limited to, diversity of age, gender, cultural backgrounds and religion. Women comprise approximately 17% of the total workforce.

As the Company grows, attracting and retaining a skilled local workforce and strong leadership team will remain an important focus.




“I am a supervisor of maintenance and training at Sepon mine in Laos.

New trainees often say that they have not had an opportunity to study and this is their chance.

I studied carpentry in Vientiane for three years then applied for the Carpentry Training Translator role in the 2007 intake of the apprenticeship program. I did the apprenticeship at the same time as providing the translation role – it was hard work. I learned the Australian Standard and combined this with my knowledge of the Lao Standards. The best thing about this challenging role was receiving the Certificate III from the Royal Melbourne Institute of Technology (RMIT) and the knowledge I now have.

I now supervise and mentor a group of eight trainer translators and am involved in developing short courses to bring them up to the Australian Standard.”

Khamlah Vongnakhone is a Supervisor Maintenance Training at Sepon mine.

“As an Indigenous woman from the township of Normanton in Queensland’s Gulf of Carpentaria, I am descendant from the Kukatj people who are one of the Traditional Owner groups party to the Gulf Communities Agreement, the Native Title Agreement under which MMG’s Century mine operates.

During my 13 years working at Century, I have seen more than 300 local Indigenous people start or continue their careers at the mine.

I have seen the opportunities that working at Century has given these people. The skills they gained have allowed them to improve their lifestyle, find work in their own communities or even gain employment at other operations. I’ve also seen some of our trainees and apprentices recognised for excellence within the industry. These are opportunities that they would not have had without the mine.

Century mine has enabled local people like me to continue to access these wonderful opportunities. As we move towards the end of mine, we are moving our focus towards helping develop businesses that can prosper long after the mine closes. I am proud to work at Century and to be part of MMG.”

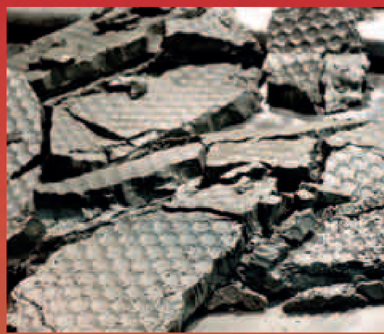
Corrine Richardson is a Community and Stakeholder Relations Coordinator at Century mine.

OPERATIONAL REVIEW
CENTURY

OVERVIEW

Century is Australia's largest open pit zinc mine. It is located in north-west Queensland and has the capacity to produce approximately 500,000 tonnes of zinc in concentrate annually.

Century comprises two sites – the mine and processing operation at Lawn Hill, and associated concentrate dewatering and ship-loading facilities at the Karumba Port, on the Gulf of Carpentaria.



Pit operations at Century mine, Queensland, Australia.

Zinc, lead and silver are produced at Century. The site's life of mine has been extended by a year with closure now expected in 2016. This was driven by the inclusion of Stage 10 of the mine, which will deliver 6.6 million tonnes of ore at an average grade of 8.2%.

Concentrates are sold to smelters in Europe, Australia, China and Asia. Century zinc concentrate is highly valued by zinc smelters because of its low iron content, enabling smelters to produce minimal amounts of iron-containing by-products that can pose retreatment and disposal problems.

2011 PERFORMANCE

Despite severe wet weather events in the first quarter 2011, full-year zinc concentrate production exceeded revised guidance at 497,251 tonnes but finished 3% below 2010 driven by lower zinc feed grades partly offset by higher throughput.

Lead in lead concentrate production was within the revised guidance range at 26,536 tonnes.

Actual C1 costs for 2011 of US$0.57/lb were marginally below guidance of US$0.58–US$0.62/lb, demonstrating a renewed focus on cost management and slow-down in overburden pre-stripping required to access the ore body.

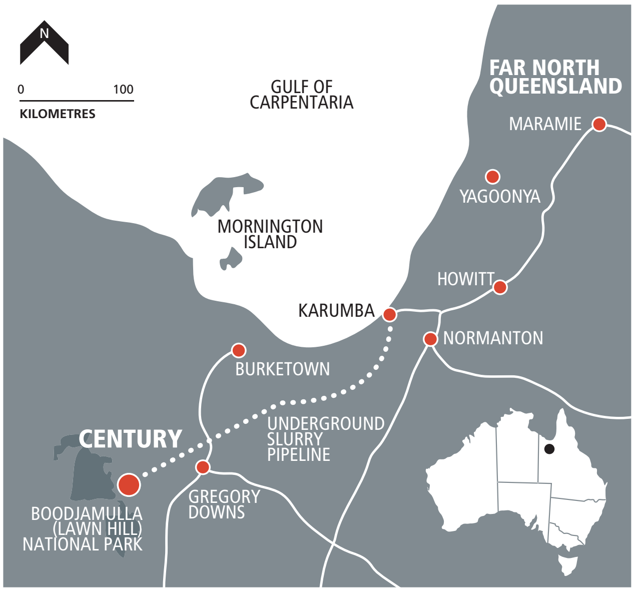
Production at Century was significantly affected by severe rainfall events in Queensland, which decreased first quarter mine and mill production. Operations were shut down when Tropical Cyclone Yasi tracked close to Century, with the cyclone also affecting loading and shipping activities in the Gulf of Carpentaria. Nevertheless, Century recovered well from this setback in the later part of the year.

December saw a new monthly record for zinc metal production at 54,264 tonnes, which exceeded the previous record by approximately 2,000 tonnes. This was achieved by balancing strong plant performance with very high throughput rates, achieving excellent zinc recovery for the month.

Century also welcomed a new general manager to its operations, with Mark Adams commencing in November 2011 and officially taking the role in January 2012.

Mr Adams brings extensive experience in managing operations in Queensland and Western Australia working for mining companies including BHP Billiton. He was most recently Chief Operating Officer at Barminco.

As General Manager Queensland Operations, Mr Adams' role also extends to operations leadership of the Dugald River development project. This will enable the transfer of expertise from Century to Dugald River, particularly its strong community focus. An example of Century's community commitment is the 25% Indigenous employment rate, equating to five times the industry average for local Indigenous participation.



CENTURY FINANCIAL DATA		
US$ MILLION	2011	2010
REVENUE	750.4	711.4
EBITDA	293.0	356.2
DEPRECIATION AND AMORTISATION	(176.8)	(219.5)
OPERATING PROFIT/(LOSS) (EBIT)	116.2	136.7
NET FINANCE COSTS	(16.0)	(14.3)
SEGMENT RESULT	100.2	122.4

CENTURY OPERATING DATA	2011	2010
ORE MINED (t)	5,217,471	5,287,749
ORE MILLED (t)	5,297,720	5,210,581
CONTAINED METAL PRODUCTION		
ZINC CONCENTRATE (t)	497,251	510,590
LEAD CONCENTRATE (t)	26,536	25,174

2011 ACTUAL C1 COSTS	
ZINC	US$0.57/lb

2012 PRODUCTION GUIDANCE	
ZINC IN ZINC CONCENTRATE (t)	495,000–505,000
LEAD IN LEAD CONCENTRATE (t)	22,000–25,000

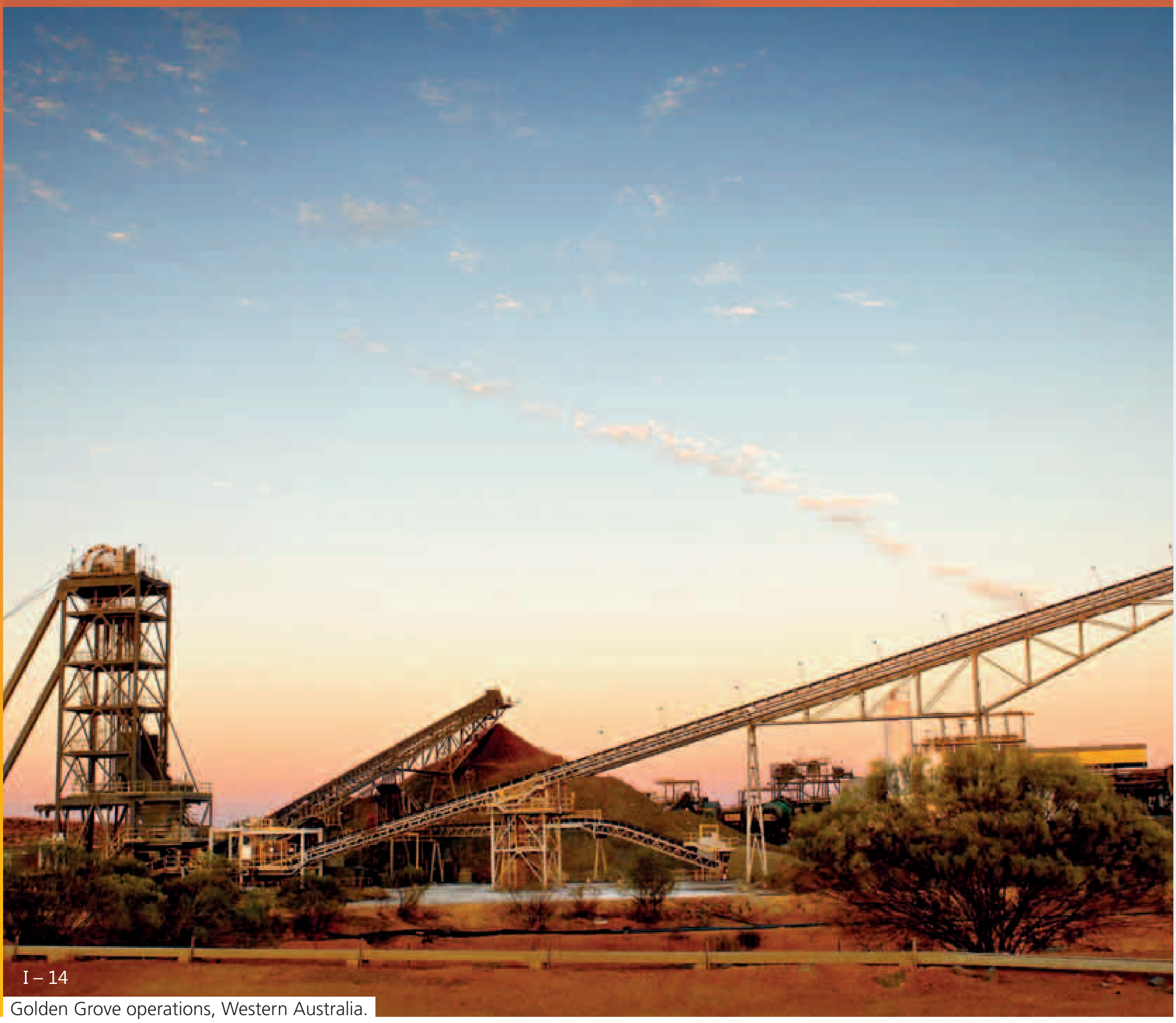
2012 COST GUIDANCE	
ZINC	US$0.58–US$0.62/lb

OPERATIONAL REVIEW
GOLDEN GROVE

OVERVIEW

Golden Grove is a base and precious metals mine located in Western Australia's mid-west, located approximately 450 kilometres north-east of Perth and 280 kilometres east of Geraldton.

Golden Grove comprises the Scuddles and Gossan Hill underground mines and surface processing operations.



Golden Grove operations, Western Australia.

Golden Grove also commenced open pit operations in January 2012. Over its life, the copper open pit will produce approximately 235,000 tonnes of copper concentrate containing 59,600 tonnes of copper metal in concentrate at 25% copper.

2011 PERFORMANCE

Golden Grove experienced a strong recovery in the second half of 2011 based on excellent mill utilisation in relation to zinc/copper scheduling and assisted by the restart of Scuddles mine, which had been on care and maintenance since 2008.

Copper in concentrate production was within 2011 guidance at 21,661 tonnes, albeit 35% below 2010 production when the mine plan favoured copper-rich ore.

Zinc production was within guidance at 70,687 tonnes but finished 4% below 2010 driven by lower grades partly offset by higher throughput.

Actual C1 costs for 2011 of US$0.19/lb were below the guidance range for zinc and were within guidance for copper at US$2.97/lb.

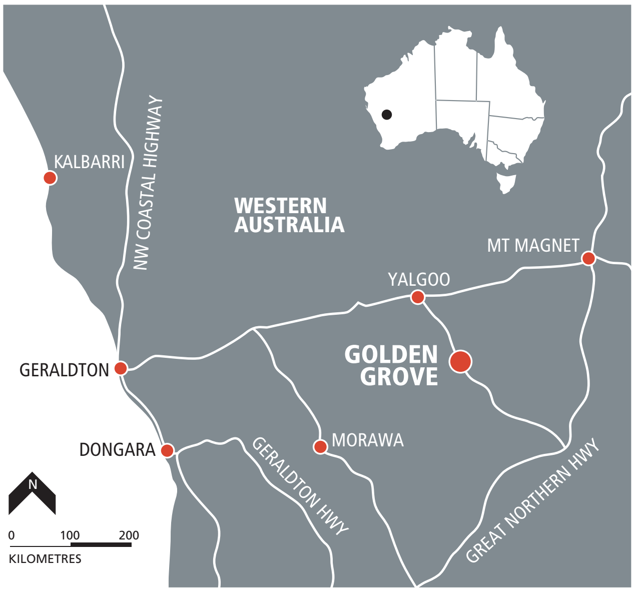
C1 cost guidance for 2012 is US$0.15–US$0.20/lb for zinc and US$2.85–US$3.00/lb for copper with all other associated by-product credits included in C1 costs for zinc.

An important achievement for Golden Grove during 2011 was the resumption of shipments of high precious metals (HPM) concentrate through the port of Geraldton, following the voluntary suspension of shipments in December 2010. Shipments recommenced based on revised limits and improved operating conditions at the port after a lengthy period involving consultation between Golden Grove, Western Australian Government health, port and transport authorities, and the close cooperation of customers.

Golden Grove also welcomed a new general manager to its operations, with Pierre Malan commencing in July 2011. Mr Malan not only brings varying Australian and South African experience working across an array of mining methods and commodities, but also an approach to supporting people to work in a team-based culture.

Golden Grove began the first drill hole in the site's new copper open pit in the fourth quarter 2011. The project is a key accomplishment in the Company's organic growth strategy, which seeks to extract value from existing operations and infrastructure. The US$22 million copper open pit adds two years of mine life to Golden Grove, extending operations from 2017 to 2019.

Production in 2012 will again target copper-rich zones and will include first production from the copper open pit operations in the second half of the year.



GOLDEN GROVE FINANCIAL DATA		
US$ MILLION	2011	2010
REVENUE	388.5	391.3
EBITDA	101.6	192.4
DEPRECIATION AND AMORTISATION	(48.3)	(36.8)
OPERATING PROFIT/(LOSS) (EBIT)	53.3	155.6
NET FINANCE COSTS	(7.2)	(7.9)
SEGMENT RESULT	46.1	147.7

GOLDEN GROVE OPERATING DATA	2011	2010
ORE MINED (t)	1,705,622	1,354,026
ORE MILLED (t)	1,566,511	1,597,026
CONTAINED METAL PRODUCTION		
ZINC CONCENTRATE (t)	70,687	73,264
COPPER CONCENTRATE (t)	21,661	33,525
HPM CONCENTRATE (t)	7,482	7,746

2011 ACTUAL C1 COSTS	
ZINC	US$0.19/lb
COPPER	US$2.97/lb

2012 PRODUCTION GUIDANCE	
ZINC IN ZINC CONCENTRATE (t)	33,000–37,000
COPPER IN CONCENTRATE (t)	29,000–32,000

2012 COST GUIDANCE	
ZINC	US$0.15–US$0.20/lb
COPPER	US$2.85–US$3.00/lb

OPERATIONAL REVIEW
ROSEBERY

OVERVIEW

Rosebery is an underground polymetallic base metal mine located in the township of Rosebery, on Tasmania's west coast, Australia. It comprises an underground mine and surface processing operation.

Rosebery mine is an important part of the regional economy and social fabric of Tasmania's north-west coast. It has operated continuously since 1936 and its mine life extends to 2024.

Portal entrance to underground operations at Rosebery, Tasmania, Australia.

The Rosebery mine has capacity to produce approximately 700,000 tonnes of ore a year, which is then processed into zinc concentrate, lead concentrate, and gold and silver doré. It also produces a small amount of copper concentrate.

The ore body extends for approximately 4 kilometres north-south and to a depth of 1.5 kilometres.

The polymetallic nature of the ore body enables a significant relative cost advantage after by-product credits compared with many mining peers.

2011 PERFORMANCE

2011 was a good year for Rosebery, with strong concentrator performance and production meeting or exceeding guidance after an outstanding performance in the second half of the year.

Full-year zinc production was within guidance at 80,670 tonnes of zinc in zinc concentrate, but finished 2% below 2010 as the increased throughput did not fully offset the declining zinc head feed grades.

Full-year lead production of 25,353 tonnes exceeded guidance of 21,000–23,000 tonnes of lead in lead concentrate and was 9% above 2010 due to higher throughput and recovery.

Full-year production of copper and gold exceeded 2010, reflecting changing mineralogy as the W and N Lenses entered the feed blend.

Actual C1 costs for 2011 of US$0.19/lb were within guidance of US$0.15–US$0.20/lb for zinc, which remains the C1 cost guidance for 2012.

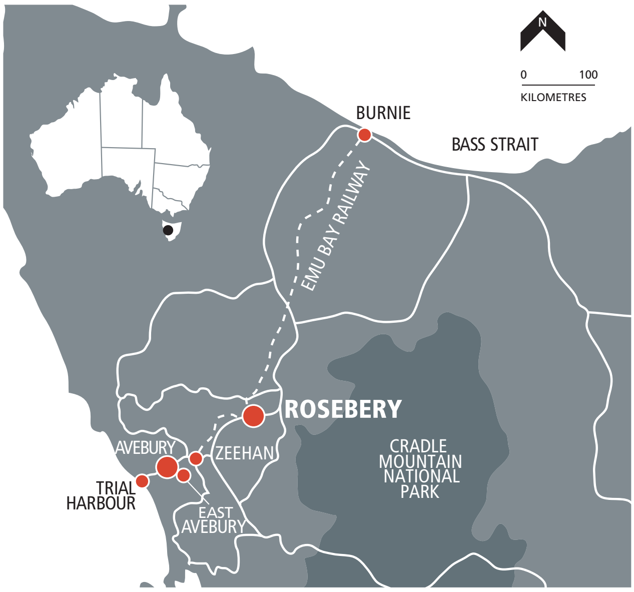
In February 2011, Rosebery reached a significant milestone celebrating 75 years of continuous mine and mill operations, a demonstration of the ongoing success of the operation and its contribution to Tasmania's north-west coast.

Rosebery also acquired a 25-kilometre long section of the most prospective Mount Read Volcanics package in western Tasmania. Consequently, the Rosebery mine Mineral Resource is at its highest in the history of operations.

Rosebery also started the development of the South Hercules deposit, located 7 kilometres from Rosebery on top of the nearby Mount Hamilton.

In April 2011, Rosebery commenced testing of South Hercules ore to determine suitability for long-term development.

The testing of 20,000 tonnes of ore was successfully completed in the fourth quarter 2011 and full development of the ore body could commence in the third quarter 2012, pending environmental approvals.



Increases to Mineral Resources in the 2011 Resources and Reserves Statement can be attributed to exploration success in lenses J South, U, X and Z. The focus on exploration will continue into 2012 to increase the Rosebery resource base beyond the current mine life.

In January 2012, Miles Naude took on the role of General Manager for Rosebery, after having been Rosebery's Concentrator Manager since August 2010. Mr Naude holds qualifications in metallurgy and a Master of Business Administration, and brings more than 20 years' experience from South Africa and Australia.

ROSEBERY FINANCIAL DATA		
US$ MILLION	2011	2010
REVENUE	272.5	220.5
EBITDA	108.6	104.5
DEPRECIATION AND AMORTISATION	(21.8)	(25.7)
OPERATING PROFIT/(LOSS) (EBIT)	86.8	78.8
NET FINANCE COSTS	(1.3)	(2.0)
SEGMENT RESULT	85.5	76.8

ROSEBERY OPERATING DATA	2011	2010
ORE MINED (t)	779,447	687,247
ORE MILLED (t)	788,411	724,792
CONTAINED METAL PRODUCTION		
ZINC CONCENTRATE (t)	80,670	82,008
LEAD CONCENTRATE (t)	25,353	23,246
GOLD DORÉ (oz)	12,163	9,528

2011 ACTUAL C1 COSTS	
ZINC	US$0.19/lb

2012 PRODUCTION GUIDANCE	
ZINC IN ZINC CONCENTRATE (t)	73,000–78,000
LEAD IN LEAD CONCENTRATE (t)	20,000–22,000

2012 COST GUIDANCE	
ZINC	US$0.15–US$0.20/lb

OPERATIONAL REVIEW
SEPON

OVERVIEW

Sepon is an open pit copper and gold-mining operation in southern Laos.

Lane Xang Minerals Limited (LXML) is the registered name of the company that operates Sepon. MMR owns 90% of LXML, while the Lao Government owns the other 10%. Lane Xang is Lao for "one million elephants", a historical name for the kingdom of Laos.

Replacement anodes were installed in the copper cell room at Sepon to improve electrical current efficiency.

Copper

The Sepon copper operation commenced production in 2005. In early 2011 a copper expansion project was completed that increased annual production capacity from approximately 65,000 tonnes to 80,000 tonnes of copper cathode.

Sepon's copper cathode typically attracts a premium over the London Metals Exchange (LME) copper price due to the high quality of the product, the project's proximity to customers and the reliability of supply.

Gold

The Sepon gold project yielded its first gold and silver doré in December 2002. In early 2005, an expansion of the original gold processing facility was completed, doubling the capacity of the plant to 2.5 million tonnes of ore per annum.

Since the commencement of operations, Sepon has produced more than 1 million ounces of gold through open pit mining and conventional treatment of oxide gold ore.

2011 PERFORMANCE

Copper

Sepon copper cathode production was 23% above 2010 at 78,859 tonnes, reflecting full production from the expanded copper plant during the second half of the year.

Similarly, Sepon achieved record copper cathode production of 21,178 tonnes in the third quarter 2011, exceeding pro rata nameplate capacity.

An important milestone for Sepon was achieved during the fourth quarter 2011 with the LME issuing a formal notice confirming that 'Sepon' brand copper cathode has been listed as Copper – Grade A brand, eligible for delivery to LME-approved warehouses.

Sepon also worked to improve electrical current efficiency in its cell room throughout 2011 with the installation of replacement anodes.

Actual C1 costs for 2011 of US$0.98/lb for copper were within guidance. C1 cost guidance for 2012 is expected to increase to US$1.05–US$1.10/lb due to higher mining costs.

Life of mine for Sepon copper operations remains at approximately 2020.

Gold

Full-year gold production of 74,484 ounces was towards the upper end of the guidance range but 29% below 2010 due to ore availability and feed grades.

Actual C1 costs for 2011 of US$867/oz for gold were below guidance. C1 cost guidance for 2012 is US$1,110–US$1,120/oz driven by forecasted lower gold production volume.

Oxide gold sources at Sepon have outperformed initial expectations that supply would be depleted by 2011. During the second quarter it was advised that the oxide gold ore supply was expected to be exhausted around mid-2012.

Following additional exploration efforts in late 2011, it is now expected that oxide ore will be extended until 2013, continuing to outperform initial forecasts but signalling the conclusion of oxide gold production at the operation at that time.

In July 2011, Rick Watsford commenced in the role of General Manager at Sepon, bringing more than 35 years of senior management experience in the exploration, mining and production of base metals, industrial metals and gold.

A key focus for the Company has been developing a strong leadership team with diverse, international experience in order to deliver additional value at each of the sites.

SEPON FINANCIAL DATA		
US$ MILLION	2011	2010
REVENUE	816.9	596.7
EBITDA	529.4	358.6
DEPRECIATION AND AMORTISATION	(58.1)	(14.9)
OPERATING PROFIT/(LOSS) (EBIT)	471.3	343.7
NET FINANCE COSTS	(14.4)	(9.5)
SEGMENT RESULT	456.9	334.2

SEPON OPERATING DATA	2011	2010
COPPER ORE MINED (t)	1,804,633	2,538,775
COPPER ORE MILLED (t)	1,734,861	1,337,491
GOLD ORE MINED (t)	1,567,432	1,915,174
GOLD ORE MILLED (t)	1,886,806	2,237,773
CONTAINED METAL PRODUCTION		
COPPER CATHODE (t)	78,859	64,241
GOLD POURED (oz)	74,484	104,564

2011 ACTUAL C1 COSTS	
COPPER	US$0.98/lb
GOLD	US$867/oz

2012 PRODUCTION GUIDANCE	
COPPER CATHODE (t)	78,000–82,000
GOLD (oz)	60,000–65,000

2012 COST GUIDANCE	
COPPER	US$1.05–US$1.10/lb
GOLD	US$1,110–US$1,120/oz

DEVELOPMENT PROJECTS

Supporting our growth aspirations will be the delivery of two important projects, Dugald River and Izok Corridor, along with other internal development projects.

Work has commenced on the development of two exploration declines at Dugald River.

DUGALD RIVER, AUSTRALIA

The Dugald River project is one of the world's largest and highest grade known undeveloped lead-zinc-silver deposits with a resource of 53 million tonnes at 12.5% zinc, 1.9% lead and 36g/t silver. At current commodity prices this equates to a combined grade of 16% zinc equivalent. Dugald River is located in north-west Queensland, approximately 65 kilometres north-west of Cloncurry.

Feasibility studies on the project were completed in 2009, 2010 and updated in 2011. These studies showed the viability of a two-million-tonne per annum underground mine with a life of more than 22 years. The ore body is open at depth, assuming the use of conventional underground mining methods. Test work has also confirmed that high metal recovery rates could be achieved with standard crushing, grinding and flotation processing. Dugald River is expected to produce an average of at least 200,000 tonnes of zinc, 25,000 tonnes of lead and 900,000 ounces of silver in concentrate per year.

The project has good access to infrastructure, with a sealed two-lane highway 10 kilometres to the east of the site and water available 11 kilometres to the north. Zinc concentrates are planned to be transported by truck to Cloncurry and then via rail to Townsville.

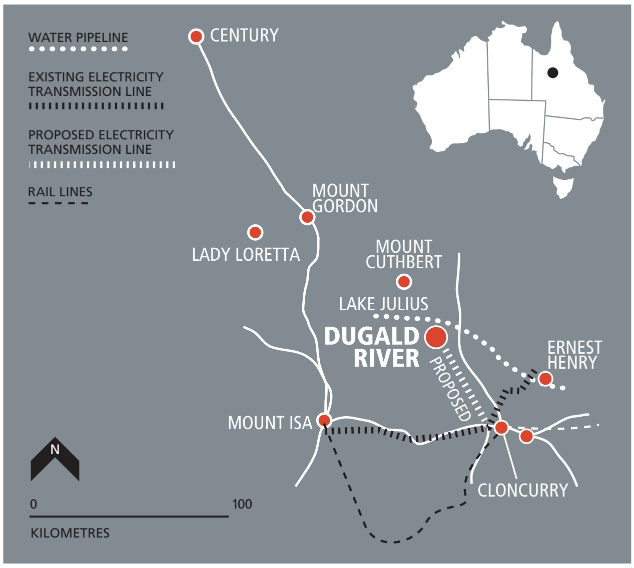
Dugald River will include a combination of a residential workforce from Cloncurry and a fly-in, fly-out workforce from a range of locations such as Mt Isa, Townsville, Cairns and Brisbane.

The project Environmental Impact Statement (EIS) was submitted during 2010 and the Company is working through the environmental permitting process.

> The final decision on whether to develop the Dugald River project is expected to be made by the Board in 2012 and, subject to other required approvals, the Company aims to have the mine in operation during 2014.

In November 2011 the EIS assessment report advised that the project was suitable to proceed to the next stage of the approval process. Full EIS approval is expected around the middle of 2012.

The Company is undertaking extensive pre-commitment activities including advancing engineering design, refining capital and operating cost estimates, and advancing power, access and infrastructure negotiations.



Early works commenced on site in October 2011 and included the development of two exploration declines, which will intersect the main part of the ore body in late 2012.

In the fourth quarter 2011, the Board approved further expenditure of A$157 million for the next stage of the project, for spend up until the third quarter 2012.

The final decision on whether to develop the Dugald River project is expected to be made by the Board in 2012 and, subject to other required approvals, the Company aims to have the mine in operation during 2014.

Project capital costs will be announced with the Board decision and are expected to be in the range of US$1–1.25 billion.

IZOK CORRIDOR PROJECT, CANADA

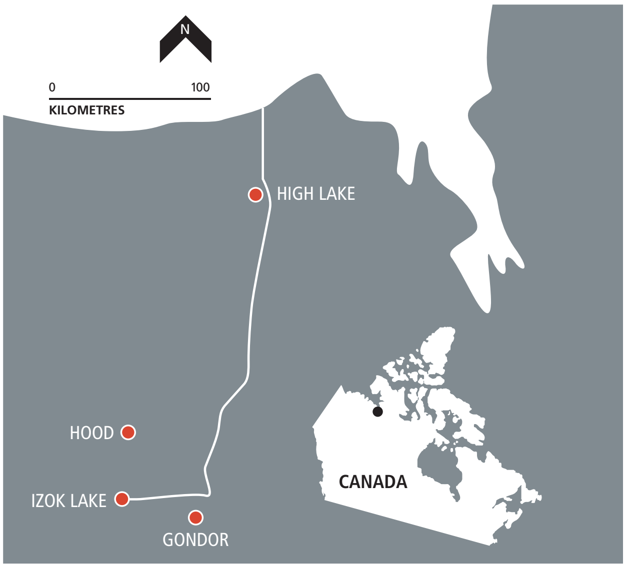
The Company has a suite of polymetallic base metal assets in the Slave Geological Province in Nunavut, northern Canada.

Izok Lake is a significant deposit with a Mineral Resource of 14.8 million tonnes at 12.8% zinc and 2.5% copper. The High Lake deposit, located north of Izok, has a classified Mineral Resource of 17.2 million tonnes at 3.4% zinc and 2.3% copper.

The Company also owns base metal deposits at Gondor and Hood and has approximately 2,000 square kilometres of exploration tenements.

During 2011, the Company sold its interest in the Lupin and Ulu gold resources as they did not align with its diversified base metals strategy.

The main focus for 2011 was finding the optimal infrastructure solution for producing and delivering concentrates of copper, zinc, lead and silver from the two principal assets – Izok Lake and High Lake.



A high-level review was undertaken on the various transportation routes from these deposits, which concluded that the best option is likely to be a 350-kilometre all-weather road connecting Izok Lake, High Lake and a new port at Gray's Bay. This is expected to extract the most value from both deposits and the greenstone belt potential between them.

A pre-feasibility study was then conducted in the second half of 2011 to evaluate the economic viability of the aforementioned infrastructure. It also assessed whether Izok Lake or High Lake would be best placed as the plant site and the other as a satellite site, with a view to taking these options into feasibility study.

The pre-feasibility study conclusion was that the option with the least risk would be to install a two-million-tonne per annum concentrator at the Izok Lake deposit and develop capacity to ship 650,000 tonnes of concentrate from Gray's Bay, inclusive of the contribution from the High Lake deposit. Additionally, there is a high likelihood of growth in the mineable inventory from additional deposits at Hood, Gondor, Izok and High Lake. There are also a large number of underexplored greenstone belts in the region.

Initial work has now started on a definitive feasibility study that is expected to take 18 to 24 months, assessing the integrated development of Izok Lake and High Lake.

Meanwhile, environmental baseline work continues in order to be prepared to submit a draft EIS in 2013. A data field collection program is planned for the 2012 field season to support the feasibility study and EIS as well as further exploratory and confirmation drilling.

High Lake exploration camp.

GOLDEN GROVE COPPER OPEN PIT

Development of the Golden Grove copper open pit commenced in 2011 after a feasibility study confirmed the economic viability of a near-surface copper resource at Gossan Hill.

The first drill hole was made in November 2011 and blasting commenced in January 2012, extending Golden Grove's mine life by approximately two years from 2017 to 2019. Expected production is 235,000 tonnes of copper concentrate containing 59,600 tonnes of copper metal in concentrate at 25% copper.

SEPON PRIMARY GOLD STUDY

A scoping study, completed in late 2011, confirmed the potential to mine and process primary, refractory gold ores at Sepon. The Mineral Resource is 45 million tonnes at 2.2 grams per tonne gold and will be mostly mined by open pit methods. A pre-feasibility study has commenced to determine the optimal processing option and production rate, to carry out detailed metallurgical testing and to commence baseline field work to support the permitting process.

CENTURY PHOSPHATE

A scoping study commenced in 2011 to investigate the potential to utilise Century mine infrastructure to process and transport phosphate from one or more of the identified deposits within 50 kilometres of the Century mine site. The scoping study seeks to confirm the business case and identify future work plans to assess this opportunity.

COMMISSIONED PROJECTS

SEPON COPPER EXPANSION

The Sepon copper expansion was successfully commissioned in the first quarter 2011. The expansion lifts nameplate capacity from 65,000 to 80,000 tonnes of copper cathode per annum.

The Sepon copper expansion has increased copper cathode production capacity to 80,000 tonnes per annum.

EXPLORATION

OVERVIEW

Exploration is an important part of the Company's growth strategy. It comprises a three-tiered strategy involving mine district exploration, new discovery programs and project generation. Mine district exploration takes place around the Company's suite of operations and development sites to find opportunities to extend mine life. New discovery programs actively explore a pipeline of opportunities globally within the Company's existing leases, and project generation involves identification of completely new projects for potential inclusion in the exploration portfolio.

Exploration in the Talkeetna Mountains, Alaska.

In 2011, a total of US$64 million was spent on exploration, with approximately three-quarters spent on mine district exploration at Sepon (copper and gold), Century (zinc and lead), Golden Grove (polymetallic), Rosebery (polymetallic), Avebury (nickel), the Izok Corridor project (polymetallic) and the Mincenco bauxite project. New discovery exploration programs for copper, zinc and nickel were conducted on tenements held by the Company and joint ventures in Australia, Canada, USA, Indonesia and Zambia. Project generation activities were successful with 11 new projects secured during 2011.

DRILLING RESULTS EXPLAINED

Drilling results are expressed in terms of the length of the drill sample and the percentage/quantity of metal per tonne.

EXAMPLE

3m @ 26.5 g/t gold
= 3 metres at 26.5 grams per tonne gold

The above refers to a 3-metre long drill sample containing 26.5 grams of gold for every tonne of material.

Highlights from each exploration program are summarised below.

MINE DISTRICT EXPLORATION

Sepon

Oxide gold exploration programs at Sepon continued to discover small, near-surface, low-grade deposits. These included Vang Ngang East, Vang Ngang South, Thongpiang West and Red Hill, which are now at the resource definition stage. A number of other prospects have been defined and are in earlier stages of evaluation. On current projection, the life of the Sepon oxide plant is forecast to continue until 2013.

Primary gold exploration programs have considerably expanded the extent of the mineralised system at Discovery Main/Dao Leuk, increasing the total Resource for primary gold at Sepon to 45 million tonnes at 2.2g/t gold for 3.2 million ounces (Indicated and Inferred). This represents a 47% increase in total ounces from 2010. A number of other prospects returned very encouraging results in the first phase of drilling, including Phavat North (3m @ 26.5g/t gold), Phavat Main (13m @ 5.8g/t gold) and Vang Ngang South (21m @ 4.7g/t gold).

During 2011, oxide copper exploration programs were limited as the focus was on gold exploration, but extensions to mineralisation around Thengkham East were defined.

A number of primary copper targets were tested. Encouraging results included Thengkham East (123m @ 0.64% copper), Thengkham South (21.5m @ 1.2% copper), Phavat West (9.5m @ 2.0% copper, 1.2g/t gold) and Khanong South (13m @ 2.1% copper). These results indicate good potential to increase the primary copper skarn-related resource at grades around 1% copper equivalent.

Century

Reviews at Century concluded that the potential to discover additional Century-style mineralisation at greater than 10% zinc is effectively tested. The Mine Operations team will resume a number of near-mine initiatives for identification of additional feed for the processing plant from vein breccia-style occurrences at Silver King, Watson's Lode and the Termite Range corridor. In addition, the viability of utilising Century infrastructure to exploit the phosphate deposits that occur on the Company's tenements continues to be studied.

Golden Grove

Following significant exploration success in 2010 at Gossan Valley and Felix, exploration during 2011 focused on resource definition drilling totalling more than 70,000 metres. As at December 2011, the Gossan Valley and Felix Resource stood at 1.5 million tonnes of zinc ore at 7.9% zinc, 10g/t silver and 0.9g/t gold; plus 1.3 million tonnes copper ore at 2.3% copper, 14g/t silver and 0.3g/t gold. Drilling was also conducted at the Flying Hi and Cullens prospects. At Flying Hi, broad zones of low-grade copper with some narrow higher grade intervals, including oxide copper and chalcocite, were encountered.

Rosebery

Deep drilling on the Rosebery mine lease under the Aegis project confirmed the shallow northerly plunge of the Rosebery mineral system into the newly acquired Lake Rosebery tenement. Significant progress was made during 2011 building and validating the Rosebery exploration database to generate a 3D regional geological interpretation of the 25-kilometre strike length Rosebery host horizon. This model will be instrumental in ongoing targeting for resource extensions.

Avebury

The exploration strategy at Avebury has been driven by the need to define all discovery options that have potential to transform the project economics of the Avebury nickel deposit. The single target defined by the 2010 versatile time-domain electro-magnetic (VTEM) airborne geophysical survey was drilled in 2011. The hole intersected small (1–6m) slivers/dykes of altered ultramafic with low levels of nickel.

Izok Corridor project

At Izok Lake, a 15,000-metre drilling program successfully traced the Izok host horizon 750 metres down dip and along strike to the south of the deposit, intersecting sporadic thin low-grade mineralisation. Further drilling in this area is scheduled in the first quarter 2012 to definitively test for near-resource massive sulphide extensions.

At High Lake East, a 20-hole drilling program over 7,000 metres confirmed this prospect as a new discovery representing a third significant volcanic massive sulphide (VMS) mineralised system with high-grade zinc and copper massive sulphide lenses that appear to be increasing in width at depth. Best intersections include: 21m @ 11% zinc, 0.6% copper from 143m downhole, and in another hole 33m at 7.5% zinc, 2.1% copper from 633m, although true thicknesses are likely to be 60% of these actual intersections. Drilling and downhole electro-magnetic (EM) geophysical survey data suggests that the best mineralisation occurs as two steeply plunging shoots within a broader mineralised horizon.

Mincenco bauxite project

A resource drilling program was initiated in the fourth quarter 2011 on the Mincenco bauxite project in Jamaica. The objective of the drilling is to validate the historical resource database and ascertain what work is required to define a Measured Resource target circa 20 million tonnes (dry metric), 20 million tonnes Indicated and 100 million tonnes Inferred Resource in accordance with JORC standards.

NEW DISCOVERY PROGRAMS

Australia

Project generation efforts in Australia defined and secured three new projects via joint ventures (JV) in a strongly competitive environment. These include the Curnamona copper project in South Australia (Havilah JV), Kitehawk copper project in Western Australia (Warriedar JV) and Huckitta nickel project in the Northern Territory (Mithril JV).

At the Kidman copper project in NSW (Cobar Basin), a nine-hole drilling program tested several airborne VTEM targets. Although no economic mineralisation was encountered, downhole geophysical and ground induced polarisation (IP) surveys identified further targets for follow-up work.

Americas

Project generation was successful in adding eight new projects to the exploration portfolio. These include three zinc projects in the Belt-Purcell Basin (USA-Canada), a district-scale land package for nickel sulphide deposits in Alaska, and four copper opportunities in Mexico and Chile. Of the four existing nickel exploration projects, Amaruk (Nunavut) and Sumach Lake (Ontario) were terminated following definitive exploration programs, while Savant Lake (Ontario) and MCR (Minnesota) projects were advanced during 2011.

Indonesia

Discovery of a large porphyry copper-gold deposit continued to be the core objective of exploration activities in Indonesia. Exploration programs in 2011 stalled due to a freeze in issuing forest use permits under a Forestry Moratorium, blocking exploration on the Bacan Island, East Java and North Sulawesi projects. Continued resource delineation drilling by Augur Resources at the Wonogiri JV project in central Java continued to build the potential for a low-grade (~1g/t gold) bulk-mineable gold deposit. Augur gained majority interest (51%) while the Company retained 39% interest and claw-back rights on any copper resource.

South-Central Africa

During 2011, a local operating company was incorporated in Zambia and an exploration office established in Lusaka. The Company's first exploration tenement in Zambia was granted in 2011 and efforts will continue to expand our land position via joint ventures or tenement application.

PROJECT GENERATION

The three commodity project generation teams (copper, zinc and nickel) focused generative activities in Africa, the Americas and Australia. Apart from having successfully identified and delivered 11 new exploration projects in Australia and the Americas in 2011, the commodity teams continued building innovative intellectual property on deposit models and exploration strategies that give the Company a long-term competitive advantage. The exploration portfolio is biased towards early-stage projects. Project generation in 2012 will have a strong focus on securing more advanced-stage exploration projects that have the potential for discovering an ore body transformational to the Company within a three-year timeframe.

RESOURCES AND RESERVES

OVERVIEW

Overall, the Company's June 2011 Mineral Resources and Ore Reserves Statement revealed increases in both Resources and Reserves.

Mineral Resources are defined as the concentration of material of economic interest in or on the Earth's crust, whereas Ore Reserves are the parts of a Mineral Resource that can at present be economically mined. Minerals Resources are inclusive of Ore Reserves.

In general, all of the Company's **Mineral Resources**, except zinc, have increased since the June 2010 estimate predominantly due to exploration success.

The Company's Mineral Resources (contained metal) as at 30 June 2011 were estimated to contain 16.4 million tonnes of zinc, 3.3 million tonnes of copper, 2.8 million tonnes of lead, 334.3 million ounces of silver, 7.4 million ounces of gold and 0.26 million tonnes of nickel.

The Company's **Ore Reserves** saw a significant increase in zinc (103.9%), lead (126.1%) and silver (108.2%), a minor increase in gold (1.1%) and a decrease in copper (-6.1%) compared with the June 2010 estimate.

The Ore Reserves (contained metal) as at 30 June 2011 were estimated to contain 8.1 million tonnes of zinc, 0.9 million tonnes of copper, 1.3 million tonnes of lead, 102.4 million ounces of silver and 0.6 million ounces of gold.

Gains in Ore Reserves were mostly due to the inclusion of the Dugald River Ore Reserve for the first time.

Additional contributions are due to the conversion of exploration results to Mineral Resources partly offsetting mining depletion.

MINERAL RESOURCES

Mineral Resources are tabulated by classification category for each mineral deposit or operation at the end of this statement.

Mineral Resource additions exceeded mining depletion at Rosebery and Sepon gold and partly offset mining depletion at Golden Grove.

Century and Sepon copper Mineral Resources have decreased in line with mining depletion.

Additions at Rosebery have come from the discovery of mineralisation in several lenses including J South, U, X and Z.

Sepon gold Mineral Resources increased with the discovery of the Tongpiang, Houay Bang and Houay Poung deposits, and the re-estimation of primary gold mineralisation at other deposits.

Golden Grove Mineral Resource increases have come from discovery of mineralisation within the Gossan Valley/ Felix and Tryall deposits.

The Avebury Mineral Resource has increased with the extension of East Avebury and Viking Deep deposits.

Changes in Mineral Resources are shown in absolute terms for all deposits or operations and in total within the following tables.

TOTAL MMG RESOURCES (CONTAINED METAL)*

	ZINC (Mt)	COPPER (Mt)	LEAD (Mt)	SILVER (Moz)	GOLD (Moz)	NICKEL (Mt)
SEPON		1.5		22.1	4.6	
CENTURY	3.7		0.6	42.4		
DUGALD RIVER	6.6	0.1	1.0	61.9	0.0	
GOLDEN GROVE	1.2	0.9	0.1	42.1	0.9	
ROSEBERY	2.4	0.1	0.8	93.6	1.3	
AVEBURY						0.26
HIGH LAKE	0.6	0.4	0.1	38.7	0.5	
IZOK LAKE	1.9	0.4	0.2	33.5		
TOTAL RESOURCES	**16.4**	**3.3**	**2.8**	**334.3**	**7.4**	**0.26**

* Details of Mineral Resources are tabulated and documented in the MMG Resources and Reserves Statement at 30 June 2011. Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines. Contained metal does not imply recovery.

ABSOLUTE CHANGE IN MINERAL RESOURCE (CONTAINED METAL)

	ZINC (Mt)	COPPER (Mt)	LEAD (Mt)	SILVER (Moz)	GOLD (Moz)	NICKEL (Mt)
SEPON		-0.09		7.76	1.44	
CENTURY	-0.75		-0.06	-2.62		
DUGALD RIVER						
GOLDEN GROVE	-0.03	0.11	-0.01	-2.89	0.02	
ROSEBERY	0.38	0.03	0.14	15.49	0.26	
AVEBURY						0.05
HIGH LAKE						
IZOK LAKE						
TOTAL RESOURCES	**-0.40**	**0.05**	**0.08**	**17.58**	**1.72**	**0.05**

ORE RESERVES

Ore Reserves are tabulated by classification category for each operation or project at the end of this statement.

Ore Reserve tonnage reconciliation between 2010 and 2011 indicates an overall ore tonnage reduction of 11.2 million tonnes due to mill processing at all sites being offset by added Ore Reserves tonnage at Sepon gold (2.0 million tonnes), Century (0.9 million tonnes), Golden Grove (4.2 million tonnes) and Rosebery (1.4 million tonnes), with a reduction of 1.6 million tonnes for Sepon copper.

TOTAL MMG RESERVES (CONTAINED METAL)

	ZINC (Mt)	COPPER (Mt)	LEAD (Mt)	SILVER (Moz)	GOLD (Moz)
SEPON		0.7		0.9	0.2
CENTURY	2.5		0.3	15.5	
GOLDEN GROVE	0.1	0.2	0.0	5.2	0.1
ROSEBERY	0.7	0.0	0.2	27.5	0.4
DUGALD RIVER	4.8		0.8	53.2	
TOTAL RESERVES	**8.1**	**0.9**	**1.3**	**102.4**	**0.6**

* Details of Ore Reserves are tabulated and documented in the MMG Resources and Reserves Statement at 30 June 2011. Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines. Contained metal does not imply recovery.

ABSOLUTE CHANGE IN ORE RESERVE (CONTAINED METAL)

	ZINC (Mt)	COPPER (Mt)	LEAD (Mt)	SILVER (Moz)	GOLD (Moz)
SEPON		-0.12		0.15	-0.04
CENTURY	-0.61		-0.05	-2.03	
GOLDEN GROVE	-0.05	0.06	0.00	0.40	0.01
ROSEBERY	0.00	0.00	0.01	1.46	0.04
DUGALD RIVER	4.78		0.76	53.23	
TOTAL RESERVES	**4.12**	**-0.06**	**0.71**	**53.21**	**0.01**

MINERAL RESOURCES AS AT 30 JUNE 2011

Sepon Mineral Resources

COPPER (0.5% Cu CUT-OFF GRADE) GOLD OXIDE AND PARTIAL OXIDE (0.5 g/t Au CUT-OFF GRADE) PRIMARY (1.0 g/t Au CUT-OFF GRADE)	TONNES (Mt)	COPPER GRADE (% Cu)	GOLD GRADE (g/t Au)	SILVER GRADE (g/t Ag)	CONTAINED METAL COPPER ('000 t)	CONTAINED METAL GOLD (Moz)	CONTAINED METAL SILVER (Moz)
SUPERGENE COPPER[1]							
MEASURED	15.1	3.1	–	–	462.0	–	–
INDICATED	21.9	2.4	–	–	528.8	–	–
INFERRED	18.8	1.4	–	–	269.4	–	–
TOTAL	**55.7**	**2.3**	–	–	**1,260.2**	–	–
PRIMARY COPPER[1]							
MEASURED	1.7	1.6	0.2	7	26.4	0.0	0.4
INDICATED	1.1	1.5	0.2	7	16.2	0.0	0.2
INFERRED	21.7	0.8	0.2	5	162.5	0.1	3.5
TOTAL	**24.4**	**0.8**	**0.2**	**5**	**205.1**	**0.2**	**4.1**
OXIDE GOLD[2]							
MEASURED	4.2	–	1.7	7	–	0.2	1.0
INDICATED	8.6	–	1.1	6	–	0.3	1.7
INFERRED	4.1	–	1.0	4	–	0.1	0.5
TOTAL	**16.9**	**–**	**1.2**	**6**	**–**	**0.7**	**3.2**
PARTIAL OXIDE GOLD[2]							
MEASURED	2.7	–	2.8	13	–	0.2	1.1
INDICATED	4.4	–	1.3	9	–	0.2	1.3
INFERRED	1.9	–	1.3	5	–	0.1	0.3
TOTAL	**9.0**	**–**	**1.7**	**9**	**–**	**0.5**	**2.7**
PRIMARY GOLD[2]							
MEASURED	2.7	–	2.9	9	–	0.3	0.8
INDICATED	29.1	–	2.5	9	–	2.3	8.7
INFERRED	13.6	–	1.5	6	–	0.7	2.6
TOTAL	**45.4**	**–**	**2.2**	**8**	**–**	**3.2**	**12.1**
TOTAL RESOURCES					**1,465.3**	**4.6**	**22.1**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.

Competent Persons

1. Kerrin Allwood (Member of AusIMM, employee of Geomodelling Ltd)
2. Jared Broome (Fellow of AusIMM, employee of MMG)

Century Mineral Resources

CENTURY AND EAST BLOCK 3.5% Zn CUT-OFF GRADE	TONNES (Mt)	ZINC GRADE (% Zn)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	CONTAINED METAL ZINC ('000 t)	LEAD ('000 t)	SILVER (Moz)
CENTURY[1]							
MEASURED	22.5	11.6	1.6	39	2,610.0	360.0	28.5
INDICATED	8.5	11.2	1.6	36	952.0	136.0	9.9
INFERRED	0.1	7.7	1.0	39	7.7	1.0	0.1
TOTAL	31.1	11.5	1.6	39	3,569.7	497.0	38.6
CENTURY EAST BLOCK[1]							
MEASURED	–	–	–	–	–	–	–
INDICATED	0.2	12.8	1.1	49	25.6	2.2	0.3
INFERRED	0.2	12.7	1.1	55	25.4	2.2	0.4
TOTAL	0.4	12.8	1.1	52	51.0	4.4	0.7
SILVER KING[2] 3.5% Pb CUT-OFF GRADE							
MEASURED	–	–	–	–	–	–	–
INDICATED	–	–	–	–	–	–	–
INFERRED	0.7	5.2	15.1	143	35.6	103.3	3.1
TOTAL	0.7	5.2	15.1	143	35.6	103.3	3.1
TOTAL RESOURCES					3,656.3	604.7	42.4

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.

Competent Persons:

1. Mike Smith (Member of AusIMM, employee of MMG)
2. Peter Carolan (Member of AusIMM, employee of MMG) & Glenn Patterson-Kane (Member of AIG, former employee of MMG)

Dugald River Mineral Resources

ZINC 6% Zn CUT-OFF GRADE	TONNES (Mt)	ZINC GRADE % Zn	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	GOLD GRADE (g/t Au)	CONTAINED METAL ZINC ('000 t)	COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)	GOLD (Moz)
MEASURED	20.6	13.1	–	1.9	56	–	2,698.6	–	391.4	37.1	–
INDICATED	23.0	12.6	–	2.0	28	–	2,898.0	–	460.0	20.7	–
INFERRED	9.4	10.7	–	1.4	14	–	1,005.8	–	131.6	4.1	–
TOTAL	53.0	12.5	–	1.9	36	–	6,602.4	–	983.0	61.9	–
COPPER 1% Cu CUT-OFF GRADE											
MEASURED	–	–	–	–	–	–	–	–	–	–	–
INDICATED	–	–	–	–	–	–	–	–	–	–	–
INFERRED	4.4	–	1.8	–	–	0.2	–	79.2	–	–	0.0
TOTAL	4.4	–	1.8	–	–	0.2	–	79.2	–	–	0.0
TOTAL RESOURCES							6,602.4	79.2	983.0	61.9	0.0

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.

Competent Person:

Peter Carolan (Member of AusIMM, employee of MMG)

Golden Grove Mineral Resources

CUT-OFF GRADE FOR THE PRIMARY ZINC & COPPER RESOURCES IS BASED ON THE NETT SMELTER RETURN VALUE OF A$70 PER TONNE	TONNES (Mt)	ZINC GRADE (% Zn)	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	GOLD GRADE (g/t Au)	CONTAINED METAL ZINC ('000 t)	COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)	GOLD (Moz)
PRIMARY COPPER[1]											
MEASURED	14.1	0.6	2.6	0.0	19	0.5	80.5	372.2	7.0	8.5	0.2
INDICATED	4.3	0.3	2.4	0.0	15	0.3	13.3	104.9	1.4	2.1	0.0
INFERRED	10.7	0.5	2.8	0.0	21	0.5	55.8	297.8	2.3	7.4	0.2
TOTAL	**29.2**	**0.5**	**2.7**	**0.0**	**19**	**0.5**	**149.6**	**775.0**	**10.7**	**17.9**	**0.5**
OXIDE COPPER[2] 0.5% Cu CUT-OFF GRADE											
MEASURED	–	–	–	–	–	–	–	–	–	–	–
INDICATED	4.8	–	2.0	–	–	–	–	96.0	–	–	–
INFERRED	–	–	–	–	–	–	–	–	–	–	–
TOTAL	**4.8**	**–**	**2.0**	**–**	**–**	**–**	**–**	**96.0**	**–**	**–**	**–**
ZINC[1]											
MEASURED	4.3	13.0	0.4	1.3	96	1.4	560.9	16.6	56.4	13.4	0.2
INDICATED	0.5	10.4	0.3	1.3	81	1.2	56.1	1.5	6.9	1.4	0.0
INFERRED	4.7	10.3	0.5	0.5	38	0.9	480.6	25.1	22.9	5.8	0.1
TOTAL	**9.5**	**11.5**	**0.5**	**0.9**	**67**	**1.2**	**1,097.6**	**43.2**	**86.2**	**20.6**	**0.4**
OXIDE GOLD[1] 1 g/t Au CUT-OFF GRADE											
MEASURED	–	–	–	–	–	–	–	–	–	–	–
INDICATED	–	–	–	–	–	–	–	–	–	–	–
INFERRED	1.1	–	–	–	100	3.2	–	–	–	3.6	0.1
TOTAL	**1.1**	**–**	**–**	**–**	**100**	**3.2**	**–**	**–**	**–**	**3.6**	**0.1**
TOTAL RESOURCES							**1,247.2**	**914.2**	**96.9**	**42.1**	**0.9**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.
Competent Persons:
1. Chevaun Gellie (Member of AIG, employee of MMG)
2. Jared Broome (Fellow of AusIMM, employee of MMG)

Rosebery Mineral Resources Contained Metal

CUT-OFF GRADE IS BASED ON METALLURGICALLY RECOVERABLE TOTAL METAL UNITS (TMU), EXPRESSED AS A DOLLAR VALUE (A$125 PER TONNE)	TONNES (Mt)	ZINC GRADE (% Zn)	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	GOLD GRADE (g/t Au)	CONTAINED METAL ZINC ('000 t)	COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)	GOLD (Moz)
ROSEBERY											
MEASURED	9.7	12.3	0.5	3.7	128	1.9	1,194.7	49.6	362.5	40.2	0.6
INDICATED	5.9	10.0	0.3	3.2	107	1.5	584.8	18.4	187.6	20.2	0.3
INFERRED	7.9	7.6	0.2	3.3	114	1.4	598.2	19.1	264.2	29.0	0.4
TOTAL	**23.5**	**10.1**	**0.4**	**3.5**	**118**	**1.6**	**2,377.7**	**87.1**	**814.3**	**89.4**	**1.2**
SOUTH HERCULES											
MEASURED	1.0	3.1	0.1	1.5	133.0	2.4	30.3	1.0	14.7	4.2	0.1
INDICATED	–	–	–	–	–	–	–	–	–	–	–
INFERRED	–	–	–	–	–	–	–	–	–	–	–
TOTAL	**1.0**	**3.1**	**0.1**	**1.5**	**133.0**	**2.4**	**30.3**	**1.0**	**14.7**	**4.2**	**0.1**
TOTAL RESOURCES							**2,408.0**	**88.0**	**829.0**	**93.6**	**1.3**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.
Competent Persons:
Clifton McGilvray (Member of AusIMM, employee of MMG) and Stuart Dawes (Member of AusIMM, employee of MMG)

Avebury Mineral Resources

0.4% Ni CUT-OFF GRADE	TONNES (Mt)	CONTAINED METAL NICKEL GRADE (% Ni)	NICKEL ('000 t)
MEASURED	3.8	1.1	42.5
INDICATED	4.9	0.9	45.7
INFERRED	20.7	0.8	171.3
TOTAL RESOURCES	**29.3**	**0.9**	**259.4**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.
Mineral Resource stated as total Ni, which includes sulphide and silicate phases.
Competent Person:
Peter Carolan (Member of AusIMM, employee of MMG)

High Lake Mineral Resources

2% Cu EQUIVALENT CUT-OFF GRADE	TONNES (Mt)	ZINC GRADE (% Zn)	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	GOLD GRADE (g/t Au)	ZINC ('000 t)	CONTAINED METAL COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)	GOLD (Moz)
MEASURED	–	–	–	–	–	–	–	–	–	–	–
INDICATED	17.2	3.4	2.3	0.3	70	1.0	576.2	387.0	53.3	38.7	0.5
INFERRED	–	–	–	–	–	–	–	–	–	–	–
TOTAL RESOURCES	**17.2**	**3.4**	**2.3**	**0.3**	**70**	**1.0**	**576.2**	**387.0**	**53.3**	**38.7**	**0.5**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.
Competent Person:
George H. Wahl (Member Association of Professional Geoscientists of Ontario, employee of G. H. Wahl & Associates)

Izok Lake Mineral Resources

2% Zn EQUIVALENT CUT-OFF GRADE	TONNES (Mt)	ZINC GRADE (% Zn)	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	CONTAINED METAL ZINC ('000 t)	COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)
MEASURED	–	–	–	–	–	–	–	–	–
INDICATED	14.4	12.9	2.5	1.3	71	1,863.5	361.5	184.3	32.9
INFERRED	0.4	6.4	3.8	0.3	54	23.6	14.0	1.0	0.6
TOTAL RESOURCES	**14.8**	**12.8**	**2.5**	**1.3**	**71**	**1,887.1**	**375.5**	**185.3**	**33.5**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.
Competent Person:
Tim Maunula (Member Association of Professional Geoscientists of Ontario, employee of Wardrop Engineering)

ORE RESERVES AS AT 30 JUNE 2011

Sepon Ore Reserves

	TONNES (Mt)	COPPER GRADE (% Cu)	GOLD GRADE (g/t Au)	SILVER GRADE (g/t Ag)	CONTAINED METAL COPPER ('000 t)	GOLD (Moz)	SILVER (Moz)
SEPON GOLD DEPOSITS							
PROVED	2.0	–	0.9	5	–	0.1	0.3
PROBABLE	2.7	–	1.1	7	–	0.1	0.6
TOTAL	**4.7**	**–**	**1.0**	**6**	**–**	**0.2**	**0.9**
SEPON COPPER DEPOSITS							
PROVED	10.9	3.8	–	–	409.0	–	–
PROBABLE	7.9	4.0	–	–	312.8	–	–
TOTAL	**18.7**	**3.9**	**–**	**–**	**721.9**	**–**	**–**
TOTAL ORE RESERVES					**721.9**	**0.2**	**0.9**

Cut-off grades for gold deposits range from 0.39 to 0.47 g/t Au based on metallurgical recovery and haulage distance using a gold price of US$1,300/oz.
Cut-off grades for copper deposits range from 1.07 to 3.78% Cu based on metallurgical recovery and haulage distance using a US$3/lb Cu price.
Competent Person:
Olivier Varaud (Member of AusIMM, employee of MMG)

Century Ore Reserves

	TONNES (Mt)	ZINC GRADE (% Zn)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	CONTAINED METAL ZINC ('000 t)	LEAD ('000 t)	SILVER (Moz)
PROVED	17.4	10.2	1.1	20	**1,780.5**	**190.9**	**11.1**
PROBABLE	7.4	9.9	1.1	19	**735.6**	**82.0**	**4.4**
TOTAL ORE RESERVES	24.8	10.1	1.1	19	**2,516.0**	**272.9**	**15.5**

Cut-off grade based on zinc equivalent grade of 3.9%, using a zinc price of US$2,340/t, lead price of US$2,330/t, silver price of US$19/oz and 0.86 exchange rate.
Competent Person:
Mel Palancian (Member of AusIMM, employee of MMG)

Golden Grove Ore Reserves

	TONNES (Mt)	ZINC GRADE (% Zn)	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	GOLD GRADE (g/t Au)	ZINC ('000 t)	CONTAINED METAL COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)	GOLD (Moz)
PRIMARY ZINC[1]											
PROVED	0.9	11.0	0.4	1.5	83	1.5	97.9	3.6	12.9	2.4	0.0
PROBABLE	0.2	7.9	0.4	1.3	77	1.2	13.4	0.7	2.1	0.4	0.0
TOTAL	1.1	10.5	0.4	1.4	82	1.4	111.3	4.2	15.0	2.8	0.0
PRIMARY COPPER[1]											
PROVED	3.9	0.3	2.4	–	15	0.4	11.8	94.7	–	1.9	0.1
PROBABLE	1.3	0.2	2.3	–	12	0.3	2.5	29.1	–	0.5	0.0
TOTAL	5.2	0.3	2.4	–	14	0.4	14.4	123.8	–	2.4	0.1
PIT[2]											
PROVED	–	–	–	–	–	–	–	–	–	–	–
PROBABLE	3.0	–	2.4	–	–	–	–	71.2	–	–	–
TOTAL	3.0	–	2.4	–	–	–	–	71.2	–	–	–
TOTAL ORE RESERVES							125.7	199.2	15.0	5.2	0.1

Cut-off grade based on nett smelter return value of US$100/t, using a copper price of US$3/lb, zinc price of US$1/lb, lead price of US$0.95/lb, silver price of US$17/oz, gold price of US$1,000/oz and 0.84 exchange rate.
Competent Persons:
1. Wayne Ghavalas (Member of AusIMM, employee of MMG)
2. Angus Henderson (Member of AusIMM, employee of MMG)

Rosebery Ore Reserves

	TONNES (Mt)	ZINC GRADE (% Zn)	COPPER GRADE (% Cu)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	GOLD GRADE (g/t Au)	CONTAINED METAL ZINC ('000 t)	COPPER ('000 t)	LEAD ('000 t)	SILVER (Moz)	GOLD (Moz)
PROVED	4.0	11.1	0.3	3.5	1.7	125	444.0	12.0	138.0	16.1	0.2
PROBABLE	2.6	8.7	0.2	3.4	1.6	137	226.2	5.2	87.1	11.5	0.1
TOTAL ORE RESERVES	6.6	10.2	0.3	3.4	1.7	130	670.2	17.2	225.1	27.5	0.4

Cut-off grade based on nett smelter return value of A$175/t, using a copper price of US$3/lb, zinc price of US$1/lb, lead price of US$0.94/lb, silver price of US$17/oz, gold price of US$1,000/oz and 0.84 exchange rate.
Competent Person:
Alex Bell (Member of AusIMM, employee of MMG)

Dugald River Ore Reserves

	TONNES (Mt)	ZINC GRADE (% Zn)	LEAD GRADE (% Pb)	SILVER GRADE (g/t Ag)	CONTAINED METAL ZINC ('000 t)	LEAD ('000 t)	SILVER (Moz)
PROVED	19.8	12.3	1.8	52	2435.4	356.4	33.2
PROBABLE	19.2	12.2	2.1	33	2342.4	403.2	20.1
TOTAL ORE RESERVES	39.0	12.3	1.9	42	4777.8	759.6	53.2

Cut-off grade based on nett smelter return value of A$125/t, using a zinc price of US$1/lb, lead price of US$0.50/lb, silver price of US$11/oz and 0.75 exchange rate.
Competent Person:
Mel Palancian (Member of AusIMM, employee of MMG)

The information in this report that relates to Ore Reserves is based on information compiled by the listed Competent Persons, who are Members or Fellows of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists or a 'ROPO' and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Each of the Competent Persons has given consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

SUSTAINABILITY

The care for people, environment and stakeholders is of the utmost importance and is integrated in the management of our business. The Company's sustainability policy and principles are supported by its core values of safety, integrity, action and results that underpin the behaviour of all employees and contractors.

As a member of the International Council on Mining and Metals, the Company is committed to aligning its practices to the Council's Sustainable Development Framework. This includes integrating a set of ten principles and seven supporting position statements on sustainability into corporate policies.

Golden Grove employees learn about Indigenous heritage.

"The care for our people, environment and stakeholders is of the utmost importance and is integrated into the management of our business."

In 2011 the Company identified a three-year program through which it will meet these alignment objectives. In addition, ICMM members are required to develop transparent and accountable reporting practices. This year the Company will publish its second annual Sustainability Report according to the Global Reporting Initiative indicators and the ICMM assurance procedure.

Among the Company's primary sustainability objectives is protecting the health, safety and wellbeing of its employees and contractors. It aims to minimise its impact on the environment by responsibly managing emissions and waste. It wants to ensure that the communities in which it operates receive real benefit from its activities. When it comes to the way the Company operates, it wants to be known for its integrity to ensure that the workforce behaves with respect to other people and cultures.

The Company uses a robust governance process to identify its material sustainability issues, including the review of Board SHEC Committee reports and the Company and operational site risk registers, feedback from stakeholders and review of industry issues.

The Company's material sustainability issues can be broadly grouped into the following five areas.

OUR PEOPLE

People are an important part of and a strategic driver for the business. At the end of 2011 the Company had a workforce of approximately 8,500 people including contractors. Of this, approximately 60% were employed directly by the Company predominantly based at its operational mines. Indigenous employees make up a total of 10% of the workforce, with 25% of Century employees being Indigenous and 87% of Sepon employees being drawn from local communities. Women comprise approximately 17% of the total workforce. The potential development of the Dugald River project will create around 500 jobs.

The Company has experienced ongoing success from its pre-employment and training programs at all sites. These programs aim to attract new local people to roles in its operations, prepare them to enter the workforce and support them with safety and technically appropriate training throughout their employment.

Community members from around Sepon mine, Laos.

Recent highlights have included the graduation of 37 Lao employees from a Royal Melbourne Institute of Technology Certificate III course, the graduation of 14 youths from Golden Grove's Indigenous pre-employment program, the addition of 80 local and Indigenous youths to Century through its pre-employment and direct entry programs, and the employment of the first apprentices at Rosebery under a new program during 2011.

HEALTH AND SAFETY

The Company's overall health and safety vision is a 'Zero Harm and Fatality Free' workplace. As part of the priority to improve safety and health performance, a major program was launched across the business in 2010 called 'Stop & Think'. This program continued throughout 2011 and encourages the workforce to literally stop and think about the consequences of their actions before they commence a task.

At the end of 2011, the total recordable injury frequency rate (TRIFR) per million hours worked was 4.1, an improvement compared with the 2010 result of 4.8. The lost time injury frequency rate (LTIFR) was 0.6, a disappointing increase compared with the 2010 LTIFR of 0.4.

These statistics encompass the Company's whole workforce – employees and contractors. We continuously seek improvement and our priority remains on safety in 2012.

The Company also records occupational disease rates at a site level to monitor employee health. This includes the regular screening of employees to check blood lead levels at sites where lead is found in the mine's ore body.

Random drug and alcohol testing is also performed at all sites and at head office. Positive drug results are subject to a review process that may include validation testing, counselling and a review against the Code of Conduct.

WORKING WITH OUR STAKEHOLDERS

The Company has a wide range of stakeholders that are affected by its operations in positive and sometimes challenging ways. These include local communities, Indigenous people, employees, contractors, suppliers, shareholders, government and regulators. The importance of consulting with, listening and responding openly to stakeholders is recognised. This helps the Company to build positive relationships and be a welcomed and valued member of the communities in which it operates.

Ultimately, this benefits stakeholders and helps maintain the Company's 'social licence to operate'.

In 2011 the Company strengthened corporate oversight of stakeholder engagement and community relations management. This included commencement of a group-wide government relations strategy, development of a community relations management system, and a strategic investor relations plan.

RESPECTING OUR ENVIRONMENT

The Company recognises that excellence in managing environmental responsibilities is essential to long-term success. Minimising the impact of activities on the environment is a key objective for the business. The aim is to mitigate the operations' environmental footprint and equip the workforce to ensure the effective management of environmental issues.

Total energy consumption in 2011 was 6,452,901 gigajoules, while total greenhouse gas emissions were 869,595 tonnes of carbon dioxide equivalent. These are used and generated by the Company's mining operations and development projects in Australia and Laos. The Company reports its energy use to the Australian Government through the *National Greenhouse and Energy Reporting Act 2007* and the *Energy Efficiency Opportunities Act*.

Total water input for 2011 was 48,803 megalitres. Water is critical to the mining process as it is primarily used to process ore into concentrate. Where practicable the operations recycle and reuse water as much as possible.

Mine closure management is a key focus for the Company, with effective closure being critical to its activities. Closure plans are in place and periodically reviewed at operating sites to consider current and future environmental and community needs.

SUSTAINING OUR ECONOMIC PERFORMANCE

Building a business that is economically sustainable will ensure that the Company is able to share the benefits derived from operations with its stakeholders, now and into the future. In addition, the Company aims to invest in capacity building and to support the local economies in which it operates.

During the year, local investment included Sepon's annual provision to the Village Development Funds and Trust Funds (which facilitate local self-sufficiency projects), local entrepreneurial skills training, and preferential sourcing of local goods and services. In Australia, among other investments, Golden Grove launched an Education Engagement Program to broadly reinforce students' futures in their communities, while Rosebery supported the development of future tourism capacity in the township.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group's continuing operations recorded solid operating performance in 2011 with all mines within revised annual guidance for production and cost.

The Group benefited from higher sustained base and precious metal prices and sales volumes of copper cathode, zinc and lead, but input cost pressures, most notably the stronger Australian dollar, continued to affect the operating sites' margins.

The Group's continuing operations' underlying EBITDA (excluding the following one-off items) was 2.1% below 2010, reflecting a higher level of expenditure on process and system standardisation necessary to support the Company's growth strategy.

US$ MILLION	2011	2010
EBITDA – CONTINUING OPERATIONS	1,063.8	820.9
ADJUST FOR ONE-OFF ITEMS:		
GAIN FROM THE SALE OF EQUINOX SHARES	152.1	–
BUSINESS ACQUISITION CREDIT/(EXPENSES)	63.8	(86.4)
ASSET/INVESTMENT WRITE-DOWNS	(39.9)	–
UNDERLYING EBITDA – CONTINUING OPS.	887.8	907.3

The Group's underlying net cash flow (excluding the following one-off items) was 31.1% below 2010 mainly due to higher capital expenditure and the timing of tax payments.

US$ MILLION	2011	2010
NET CASH FLOW	694.1	(79.3)
ADJUST FOR ONE-OFF ITEMS:		
ACQUISITION OF SUBSIDIARIES (MMG)	–	(100.0)
PLACEMENT OF ADDITIONAL MMR SHARES	494.3	–
NET SALE/(PURCHASE) OF EQUINOX SHARES	252.3	(100.2)
NET CASH FLOW FROM TRADING, FABRICATION AND OTHER OPERATIONS	(46.5)	54.1
NET PROCEEDS FROM SALE OF THE TRADING, FABRICATION AND OTHER OPERATIONS	503.0	–
LOAN PAYMENTS MADE TO ALBUM ENTERPRISES	(789.2)	–
DIVIDEND PAID TO ALBUM ENTERPRISES	–	(340.0)
UNDERLYING NET CASH FLOW	280.2	406.8

For the purpose of the management discussion and analysis, the Group's results for 2011 were compared to 2010 with the emphasis of commentary aligned with the disclosures within the financial statements, that is, focusing on the continuing operations.

The Group's management determined the operating segments based on reports reviewed by its Executive Committee. The Group's continuing operations are managed on a site-by-site basis. The Group's mining operations comprise the Century zinc/lead mine in Queensland, the Rosebery lead/zinc mine in Tasmania, the Golden Grove copper/zinc mine in Western Australia and the Sepon copper/gold project in Laos.

'Other' includes the Group's exploration and development projects, including Dugald River and the Izok Corridor project.

The Group's discontinued operations during 2011 included the trading, fabrication and other operations mainly operating in China. As at 31 December 2011, there remained some minor holding entities that are expected to be wound up/disposed of during 2012.

Anvil Mining Limited

The following management discussion and analysis excludes Anvil as the Group's acquisition of Anvil occurred in 2012. The Group's results for 2011 include approximately US$14.4 million of pre-tax costs incurred in relation to the acquisition of Anvil.

CHANGE IN ACCOUNTING POLICY

There have been no material changes in accounting policies or critical accounting estimates in relation to the Group as adopted for the 31 December 2010 accounts.

Year ended 31 December 2011 compared to the year ended 31 December 2010

Profit analysis for the Group's continuing operations

The following table shows the revenue and EBITDA results for its continuing operations by operating site.

US$ MILLION	CENTURY	SEPON	GOLDEN GROVE	ROSEBERY
REVENUE				
2011	750.4	816.9	388.5	272.5
2010	711.4	596.7	391.3	220.5
EBITDA				
2011	293.0	529.4	101.6	108.6
2010	356.2	358.6	192.4	104.5

The following discussion and analysis of the financial information and results should be read in conjunction with the financial statements.

Revenue

The Group's continuing operations generated revenue of US$2,228.3 million in 2011, which was an increase of 16.1% on 2010. The increase was driven by higher base and precious metal prices and higher sales volumes of zinc and lead, as well as copper following Sepon's expansion works. This was partly offset by lower sales volumes of copper in copper concentrate and gold as compared to 2010.

Profit on sale of investment

The sale of the Group's investment in Equinox to Barrick Gold Corporation was completed in June 2011 (approximately 37.3 million shares at C$8.15 per share), realising a profit before tax of US$152.1 million, associated income tax payable of US$36.4 million and resultant profit after tax of US$115.7 million.

Volume

The following table summarises the Group's production results.

	2011	2010	VAR %
PRODUCTION DATA ('000 t)			
ORE MINED*	11,075	11,783	(6.0)
ORE MILLED*	11,274	11,108	1.5
ZINC IN ZINC CONC**	648.6	665.9	(2.6)
COPPER IN COPPER CONC	21.7	33.5	(35.2)
COPPER CATHODE	78.9	64.2	22.9
LEAD IN LEAD CONC**	59.4	56.2	5.7
PRODUCTION DATA ('000 oz)			
GOLD***	86.6	114.1	(24.1)

* ALL SITES
** CENTURY, ROSEBERY AND GOLDEN GROVE
*** SEPON AND ROSEBERY

Ore mined was lower than 2010 due to the impact of Tropical Storm Nock-Ten on Sepon, which was partly offset by higher volume from Golden Grove.

Ore milled exceeded 2010 levels at Century, Rosebery and Sepon.

Zinc in zinc concentrate production was below 2010 production due to lower zinc feed grades, which was partly offset by higher throughput.

Copper cathode production reflected the first half year of full production from Sepon's expanded copper plant in 2011. Copper in copper concentrate at Golden Grove was 35.2% below 2010 production when the mine plan favoured copper-rich ore over the zinc ore.

Lead in lead concentrate production reflected higher throughput and recovery.

Gold production was below 2010 levels mainly due to ore availability from Sepon's Houay Yeng gold pit and lower grades.

Prices

The Group benefited considerably from sustained higher base and precious metal prices during 2011 as compared to 2010.

AVERAGE PRICES		2011	2010	VAR %
LME ZINC	US$/t	2,190	2,160	1.4
LME COPPER	US$/t	8,806	7,543	16.7
LME LEAD	US$/t	2,396	2,149	11.5
SILVER	US$/oz	35.15	20.20	74.0
GOLD	US$/oz	1,568	1,221	28.4

Costs

The Group's cost of sales were US$1,301.9 million for 2011, which represented an increase of 25.0% compared to 2010. Operating costs were adversely affected by:

- the stronger Australian dollar (A$) against the US dollar (US$). The A$:US$ rate averaged 1.033 for 2011 and 0.9192 for 2010. This increase of 12.4% contributed to a material increase in the A$ denominated portion of operating sites' costs of US$73.6 million.
- price increases of key inputs into the Group's mining, processing and support activities as seen across the mining industry due to the current resources boom. These input cost pressures particularly affected the costs associated with employees, contractors, energy and reagents.
- volume-related cost increases in 2011:
  - Golden Grove's Scuddles mine restart
  - Sepon's copper expansion
  - Century's higher zinc and lead sales volumes; and
  - increased throughput at Rosebery.

» Government royalty expenses of US$94.4 million were 23.0% higher than 2010 mainly due to stronger financial performance by Sepon and Century.

Depreciation and amortisation expenses of US$308.5 million were 3.0% above 2010 numbers, driven by increased charges at Sepon flowing from the copper plant expansion.

Selling expenses of US$80.3 million were $6.4 million above 2010 figures due to higher sales volumes from Century and Sepon.

Administrative expenses of US$135.9 million were US$77.3 million above 2010. Business expenditure increased largely to support the Company's future growth strategy.

There has been a significant step up in investment in information technology of approximately US$17 million. This relates to the transformation of key management systems to provide a foundation for the Company's simplification and growth, including essential infrastructure. Work has commenced on a standardised and simplified business management system, underpinned by common global processes and a standard SAP mining platform.

Business development activity has resulted in an increase of US$18 million, which has focused on the advancement and development of projects such as Dugald River, the Izok Corridor project, Century phosphate and other growth projects in the pipeline. This also included additional merger and acquisition outlay, reflecting a larger internal team and external advisors in support of potential acquisitions.

Business support costs included a further spend of US$17 million for operational excellence, in particular improved asset utilisation, establishment of a shared business services team and strategic sourcing which delivered sustainable business benefits in 2011 and will continue to do so in later years.

The 2010 result included a one-off benefit of US$6 million derived from the sub-lease of one floor of the Company's Melbourne office.

The Company has also established a stronger presence at the registered office in Hong Kong by investing in the roll-out of standardised processes and systems to align with the rest of the Company.

A **business acquisition expense** credit of US$63.8 million related to the reversal of assumed business acquisition costs provided for in 2010 (which totalled US$86.4 million) in relation to the acquisition of MMG. It was confirmed during the first half 2011 that these costs will not be payable by the Group.

Exploration expenses of US$64.0 million were 15.3% above 2010 mainly due to higher spend in Canada and at Rosebery. The weak US$ had an adverse impact on the Group's exploration costs of approximately US$4.4 million.

Other expenses included the impairment write-downs of the following items:

» Avebury mine's net fixed assets of US$24.3 million.

» Century trucks of US$9.2 million.

» Exploration listed investments – mark to market of US$6.4 million.

Net financing costs of US$46.2 million exceeded 2010 by US$7.7 million mainly due to higher interest expense on loans for the MMG acquisition.

The **tax expense** of the Group was US$225.5 million in 2011. This represents an increase of US$98.9 million compared to the tax expense in 2010 due to increased profit before tax and net tax benefits of US$51.1 million credited in 2010 from recognition of deferred tax assets previously unrecognised. The Group's effective tax rate in 2011 was 31.8% and is consistent with the applicable taxation rates for Australia (30%) and Laos (33.3%), which are the major operating jurisdictions.

Profit after tax: The Group's net profit after tax from continuing operations of US$483.6 million was 35.8% above 2010.

SEGMENTAL ANALYSIS

Century

Century's ore mined represented a strong result in view of the significant rainfall events in Queensland early in 2011. Higher throughput assisted production, although zinc production fell below 2010 due to lower feed grades while lead benefited from higher recovery. Century's EBITDA margin decreased from 2010 due to unfavourable effects from the stronger A$ (US$14.7 million) and higher costs for employees, contractors and reagents.

CENTURY	2011	2010	VAR %
PRODUCTION ('000 t)			
ORE MINED	5,217.5	5,287.7	(1.3)
ORE MILLED	5,297.7	5,210.6	1.7
ZINC IN ZINC CONCENTRATE	497.3	510.6	(2.6)
LEAD IN LEAD CONCENTRATE	26.5	25.2	5.2
FINANCIAL			
EBITDA (US$ MILLION)	293.0	356.2	(17.7)
EBITDA MARGIN %	39.0	50.1	(22.0)

Sepon

Sepon's ore mined was lower than 2010 due to the impact of Tropical Storm Nock-Ten. Ore milled and copper production exceeded 2010, which reflected the first half year of full production from the expanded copper plant. The second half 2011 exceeded pro rata nameplate capacity. Gold production was lower due to ore availability from the Houay Yeng gold pit and lower grades.

Sepon's EBITDA margin improved on 2010 due to the higher gold and copper prices, but was partly offset by higher reagent costs.

SEPON	2011	2010	VAR %
PRODUCTION			
ORE MINED ('000 t)	3,372.1	4,453.9	(24.3)
ORE MILLED ('000 t)	3,621.7	3,575.3	1.3
COPPER CATHODE ('000 t)	78.9	64.2	22.9
GOLD ('000 oz)	74.5	104.6	(28.8)
FINANCIAL			
EBITDA (US$ MILLION)	529.4	358.6	47.6
EBITDA MARGIN %	64.8	60.1	7.8

Golden Grove

Golden Grove's ore mined exceeded 2010 due to new development in copper ore zones and volume from the Scuddles mine, which was restarted in the second quarter 2011. Copper ore milled and copper production were well below 2010, when the mine plan favoured copper-rich ore over the zinc ore.

Zinc ore mined and milled exceeded 2010, but zinc production was lower than the previous year. This was driven by lower grades and partly offset by higher throughput.

Golden Grove's EBITDA margin was significantly lower than in 2010 due to the impact of the stronger A$ on costs (US$31.7 million), the Scuddles mine restart (US$21.2 million) as well as higher costs for employees and contractors.

GOLDEN GROVE	2011	2010	VAR %
PRODUCTION ('000 t)			
ORE MINED	1,705.6	1,354.0	26.0
ORE MILLED	1,566.5	1,597.0	(1.9)
ZINC IN ZINC CONCENTRATE	70.7	73.3	(3.5)
COPPER IN COPPER CONCENTRATE	21.7	33.5	(35.2)
FINANCIAL			
EBITDA (US$ MILLION)	101.6	192.4	(47.2)
EBITDA MARGIN %	26.2	49.2	(46.8)

Rosebery

Rosebery recorded a strong performance in 2011 with higher ore mined driven by improved planning and coordination as well as mobile fleet and ventilation upgrades. Higher ore milled was driven by higher throughput, but was partly offset by lower feed grades. Zinc production was lower as the increased throughput did not fully offset the declining zinc head feed grades. Higher throughput and recovery resulted in more lead.

Rosebery's EBITDA margin was below 2010 due to higher costs flowing from the unfavourable foreign exchange effects (US$17.6 million) and increased costs for employees and contractors.

ROSEBERY	2011	2010	VAR %
PRODUCTION ('000 t)			
ORE MINED	779.4	687.2	13.4
ORE MILLED	788.4	724.8	8.8
ZINC IN ZINC CONCENTRATE	80.7	82.0	(1.6)
LEAD IN LEAD CONCENTRATE	25.4	23.2	9.5
FINANCIAL			
EBITDA (US$ MILLION)	108.6	104.5	3.9
EBITDA MARGIN %	39.9	47.4	(15.9)

Trading, fabrication and other

Trading, fabrication and other operations were classified as discontinued operations held for sale in 2011. Amortisation and depreciation and equity accounting for jointly-controlled entities and associates ceased from 1 January 2011.

DISCONTINUED OPERATIONS PROFIT (US$ MILLION)	2011	2010	VAR %
PROFIT AFTER INCOME TAX	37.5	74.2	(49.5)
GAIN ON DISPOSAL OF SUBSIDIARIES AND INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD	53.4	–	N/A
TOTAL NET PROFIT AFTER TAX	**90.9**	**74.2**	**22.5**

The 2011 post-tax profit of US$37.5 million was 49.5% below the 2010 figure mainly due to the exclusion of the Group's share of profits of jointly-controlled companies and associates of US$23.2 million.

The trading, fabrication and other operations generated lower profit in 2011 compared to 2010 mainly attributable to lower margins. The trading, fabrication and other operations recorded a loss as a result of cost increases.

The gain on the disposal of the trading, fabrication and other operations of US$53.4 million mainly related to Minmetals Aluminium after allowing for tax expense of US$32.6 million and transaction costs of US$1.5 million.

DEVELOPMENT PROJECTS

Dugald River, Australia

The Group is continuing to progress the development of the Dugald River project in north-west Queensland.

In the fourth quarter 2011, the Board approved further expenditure of A$157 million for the next stage of the project, for spend up until the third quarter 2012.

In November 2011, the Queensland Department of Environment and Resource Management provided an assessment report on Dugald River's Environmental Impact Statement, advising that the project was suitable to proceed to the next stage of the approval process.

The Company is undertaking extensive pre-commitment activities, including advancing engineering design, refining capital and operating cost estimates, and advancing power, access and infrastructure negotiations.

Early works commenced on site in October 2011 and include the development of two exploration declines that will intersect the main part of the ore body in late 2012.

The final decision to develop the Dugald River project is expected to be made by the Board in 2012 and subject to other required approvals, the Company aims to have the mine in operation during 2014.

Dugald River project capitalised expenditure increased to US$58.1 million in 2011 (2010: US$5.7 million).

Izok Corridor project, Canada

A pre-feasibility study identified the preferred development option for the Izok and High Lake ore bodies.

This includes the installation of a two-million-tonne per annum concentrator at the Izok Lake deposit and developing the capacity to ship 650,000 tonnes of concentrate from Gray's Bay.

Initial work has now started on a definitive feasibility study for the integrated development of Izok Lake and High Lake, which is expected to take 18 to 24 months.

Exploration costs in Canada/Americas totalled US$19.9 million in 2011 compared to US$11.4 million in 2010.

Golden Grove copper open pit, Western Australia

During the first quarter 2011, the Board approved US$22 million for the development of a copper open pit at Gossan Hill as part of the Golden Grove operation. The copper open pit is expected to produce approximately 235,000 tonnes of copper concentrate containing 59,600 tonnes of copper metal in concentrate at 25% copper.

The project includes the development of an open pit mine, waste rock dump and supporting infrastructure including haul and access roads.

The first drill hole was made in November 2011 and full-scale production commenced in January 2012.

Sepon primary gold study

A scoping study, completed in late 2011, confirmed the potential to mine and process primary, refractory gold ores at Sepon. The Mineral Resource is 45 million tonnes at 2.2 grams per tonne gold and will be mostly mined by open pit methods. A pre-feasibility study has commenced to evaluate the most suitable processing option and production rate, to carry out detailed metallurgical testing and to commence baseline field work to support the permitting process.

Commissioned projects

Sepon copper output increased from 65,000 to 80,000 tonnes copper cathode per annum following the successful commissioning of the copper expansion project and ramp-up during the first half 2011. Total handover occurred for the transmission lines of the high voltage powerline and substations.

The Golden Grove Tailings Storage Facility 3 was handed over to site operations to commission during the first quarter 2011.

CASH FLOW ANALYSIS

Operating activities

The Group's continuing operations generated net cash from operations in 2011 of US$909.3 million, which represented an increase of 7.5% on 2010. The increased cash flows were predominantly due to higher receipts from customers.

The Group paid income taxes totalling US$209.6 million in 2011 comprising:

- » US$122.3 million payment from LXML:
  - » US$92.3 million which settled Sepon's 2010 tax liability (2010: US$57.5 million)
  - » US$30 million towards Sepon's 2011 tax liability, which was a prepayment at the request of the Government of Laos to aid in the country's flood relief efforts.
- » US$87.3 million from the MMG Australia group, which included US$50.4 million in instalments toward the 2011 income tax liability.

The Group's discontinued operations generated net cash from operations of US$100.8 million, which included a significant increase in bills payable.

Investing activities

The Group's continuing operations generated net cash from investing activities of US$285.3 million in 2011, which mainly reflected:

» Consideration received from the disposal of the trading, fabrication and other operations (net of cash held by these businesses, transaction costs, taxes paid and outstanding receivables) totalling US$503.0 million. The remaining funds were invested partly in cash deposits and a loan of US$95.0 million to Album Enterprises.

» Payments for property, plant and equipment of US$380.3 million, which were 23.6% above 2010. This was driven by:

  » Higher mine development at Century

  » Dugald River project pre-commitment spend of US$58.1 million (2010: US$5.7 million).

» The Group's purchase of an additional US$58.9 million of Equinox shares during 2011 (2010: US$100.2 million) and subsequent proceeds of US$311.2 million from the disposal of its entire Equinox shareholding in the first half 2011.

The Group's discontinued operations drew down net cash of US$99.1 million mainly by placing more funds in time deposits.

Financing activities

The Group's continuing operations had a net cash outflow from financing activities of US$244.4 million in 2011.

» Proceeds of US$494.3 million were received from the issuance of 762,612,000 shares by the Company which were used towards full repayment of the loan from Album Enterprises (US$694.2 million) during the first half 2011.

» Principal repayments of US$17.2 million were made in 2011 in accordance with external debt agreements.

» Interest paid of US$26.3 million was US$1.2 million above 2010 due to the higher debt levels during 2011.

The Group's discontinued operations used net cash of US$48.2 million in financing activities, mainly the repayment of bank loans used to provide working capital for trading during 2011.

Financial resources and liquidity for the Group

The Group strengthened its liquidity and financial position during 2011. During the period:

» total liabilities decreased by 33.2% to US$1,959.1 million while total assets only decreased by 0.4% to US$3,453.5 million; and

» shareholders' equity increased by 200.9% to US$1,435.4 million primarily driven by the share placement and results for the period.

The gearing ratio calculation in relation to the Group's continuing operations is shown in the following table. As at 31 December 2011, the Group held more cash than it had borrowings given the recent receipt of consideration from the sale of the interests in Minmetals Aluminium and NCA. A substantial part of the cash has been used in funding the acquisition of Anvil in 2012.

US$ MILLION	2011	2010
CASH AND CASH EQUIVALENTS	1,096.5	398.2
TIME DEPOSITS	–	12.8
PLEDGED BANK DEPOSITS	–	6.4
LESS: TOTAL BORROWINGS	1,081.7	1,965.3
NET (CASH)/DEBT	**(14.8)**	**1,547.9**
TOTAL EQUITY	1,494.4	533.4
GEARING RATIO	N/A	2.9

The current ratio in relation to the Group decreased from 1.7 at 31 December 2010 to 1.4 at 31 December 2011. The net increase in current assets, driven by the sale of the trading, fabrication and other operations, was less than the corresponding increase on current liabilities. This was due to the classification of external debt that is due to be repaid during 2012. This includes US$751.0 million of facilities that expire in June 2012.

The Group's cash and bank deposits of US$1,096.5 million at 31 December 2011 were mainly denominated in US$.

As at 31 December 2011, the profile of the Group's borrowings was as follows:

» 0.4% were in A$ and 99.6% were in US$;

» 0.4% were in fixed rates and 99.6% were in floating rates; and

» 72.8% were repayable within one year, 3.3% were repayable between one and two years, 23.9% were repayable between two and five years.

MATERIAL ACQUISITIONS AND DISPOSALS

Equinox shareholding

The Group disposed of its entire shareholding (equal to approximately 4.2% of the issued capital) in Equinox to Barrick Gold Corporation during June 2011.

Trading, fabrication and other

On 28 March 2011, the Board of the Company approved the program of strategic divestments of assets that were assessed as not being core to the Company's future. These assets included the trading, fabrication and other operations (the Disposal Group).

On 15 September 2011, the Company announced that it had agreed to sell its entire 100% equity interest in Minmetals Aluminium, Riseup Dragon Limited's (Riseup Dragon) entire 72.80% equity interest in NCA, Orienmet Industry Co. Ltd.'s (Orienmet Industry) entire 51% equity interest in Yingkou Orienmet, and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan (together, the Disposal Group) for an aggregate consideration of US$726.8 million (the Disposal). The Disposal was approved by the independent shareholders of the Company on 28 October 2011 and materially completed in December 2011.

Save as disclosed above and the acquisition of Anvil, the Group did not make any other material acquisitions or disposals during 2011. The Group adopts a 5% threshold on assets, profit, revenue and market capitalisation ratios as guidance in determining materiality of the acquisitions and disposals.

CONTINGENT LIABILITIES

The Company and its subsidiaries are defendants from time to time in legal proceedings arising from the conduct of their businesses. The Group does not consider that the outcome of any of these proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company. These are primarily associated with the terms of mining leases or exploration licences. At the end of 2011, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees amount to US$91.5 million (2010: US$112.8 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

Charges on assets

As at 31 December 2011, the following assets of the Group were pledged to certain banks for the banking facilities granted to the Group:

» an external borrowing of US$190.0 million was secured by a share charge to the lender of 100% of the shares held in Album Resources' wholly-owned subsidiary, Album Investment, a mortgage over 70% of the shares in certain subsidiaries of Album Investment and a mortgage over 70% of shares of MMG Laos Holdings Limited.

RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including commodity price risk, equities price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, operational risk and sovereign risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivative instruments strictly follows the yearly plans approved by the Board of directors of the Company and its subsidiaries. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

Commodity price risk

The principal activities of the Group are the mining and sale of zinc, copper, lead, gold and silver. As commodity markets are influenced by global as well as regional supply and demand conditions, any unexpected price changes in the market exchanges might affect the Group's earnings and performance. To mitigate this risk, the Group closely monitors any significant exposures. The Group generally believes commodity price hedging in relation to the mining operations would not provide long-term benefits to its shareholders.

Equities price risk

The Group is no longer materially exposed to equity securities price risk. This previously arose from investments held by the Group in Equinox.

Interest rate risk

The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents have been disclosed in Note 24 while the details of the Group's borrowings are set out in Note 30.

The Group regularly monitors its interest rate risk to ensure there are no undue exposures to significant interest rate movements.

Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries with the Group is US$. The majority of revenue received by the Group is US$. The Group's foreign currency exchange risk arises predominantly from the currency in which the Group's operations are located.

The Group is exposed to foreign exchange risk primarily with respect to the A$, the Hong Kong dollar (HK$) and the Canadian dollar (C$) in relation to the Group's continuing operations.

Given the exchange rate peg between the HK$ and US$, it is not foreseen that the Group will be exposed to significant exchange rate risk for transactions conducted in HK$ or US$. However, exchange rate fluctuations of the A$ or C$ against the US$ could affect the Group's performance and asset values.

Under normal market conditions, the Group does not believe that the active currency hedging of transactions would provide long-term benefit to shareholders. The Group tries to minimise these exposures through natural hedges wherever possible. For instance, the majority of external debt and surplus cash is denominated in US$. A portion of cash may be held in A$ to meet operating costs.

The long-term relationship between commodity prices and the currencies of the countries where the Group operates provides a degree of natural protection. However, the Group may choose to hedge large foreign currency exposures such as capital expenditure, dividends or tax payments.

Credit risk

Credit risk in relation to the Group's continuing operations arises primarily from trade receivables and bank deposits. The Group's maximum exposure to this risk, without taking account of any collateral held, is represented by the carrying amounts of these financial assets in the consolidated balance sheet after deducting any provision for impairment.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management utilises both short and long-term cash flow forecasts and other consolidated information to ensure appropriate liquidity buffers are maintained to support the Group's activities.

Operational risk

The Group's operational risks include secure supply of key inputs such as electricity and fuel.

Sovereign risk

The Group has operations in developing countries that may carry higher levels of sovereign risk. In general, however, mining companies are increasingly willing to develop or acquire projects in locations that would traditionally have been viewed as having higher sovereign risk.

CAPITAL RISK MANAGEMENT

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern, support the Group's sustainable growth, enhance shareholder value and provide capital for potential acquisitions and investment.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and business strategies. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, issue new shares or raise/repay debts.

The Group monitors capital by using the gearing ratio, defined as total borrowings less cash and bank deposits divided by shareholders' equity.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's capital expenditure of US$380.3 million for 2011 (2010: US$307.7 million) included US$235.6 million of growth-related capital expenditure (2010: US$191.6 million). The growth-related capital expenditure mainly included the following:

GROWTH CAPITAL (US$ MILLION)	2011	2010
MINE DEVELOPMENT – CENTURY	127.1	106.0
MINE DEVELOPMENT – SEPON	42.5	15.0
DUGALD RIVER TOTAL SPEND	58.1	5.7
COPPER EXPANSION – SEPON	5.9	43.1
VENTILATION UPGRADE – ROSEBERY	1.0	4.4
OPEN PIT – GOLDEN GROVE	0.6	–
TAILINGS STORAGE FACILITY #3 – GOLDEN GROVE	0.4	17.4

Century's mine development related to Stage 8 (bulk waste) and Stage 9 and the expansion cut-back.

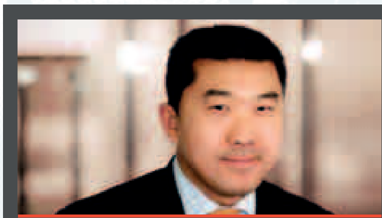
The Group's capital and non-capital commitments as at 31 December 2011 amounted to US$224.1 million (2010: US$63.9 million).

Human resources

As at 31 December 2011, the Group employed a total of 3,677 full-time employees in its continuing operations (not including contractors of the Group), of which 16 were based in Hong Kong, 1,740 in Australia, 1,832 in Laos, 21 in Canada and 68 in Group Exploration. Total staff costs for the Group's continuing operations for 2011, including directors' emoluments, amounted to US$331.5 million (2010: US$262.6 million).

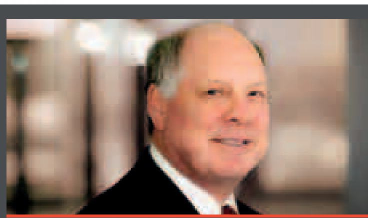
The Group has adopted remuneration policies in line with market practice and remunerated its employees based on the responsibilities of their role, their performance and the performance of the Company. Other employee benefits include performance-related incentives and, in specific cases, insurance and medical coverage and a limited share option scheme. An extensive training program is offered to employees across the Company, which is designed to improve individual and group performance.

DIRECTORS AND SENIOR MANAGEMENT



Chairman
Mr Wang Lixin

Vice Chairman
Mr Hao Chuanfu

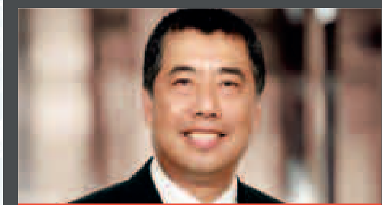


CEO and Executive Director
Mr Andrew Michelmore

CFO and Executive Director
Mr David Lamont

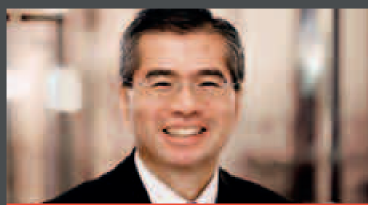
Non-executive Director
Mr Jiao Jian

Non-executive Director
Mr Xu Jiqing

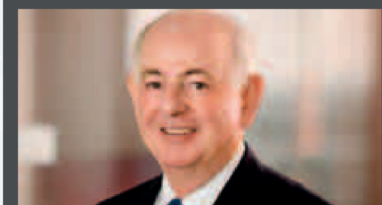


Executive Director
Mr Li Liangang

Non-executive Director
Mr Gao Xiaoyu

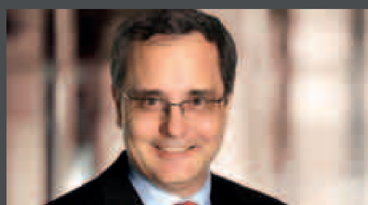


Independent Non-executive Director
Mr Loong Ping Kwan

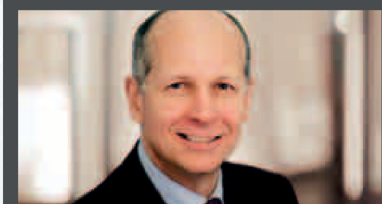


Independent Non-executive Director
Dr Peter Cassidy

Independent Non-executive Director
Mr Anthony Larkin

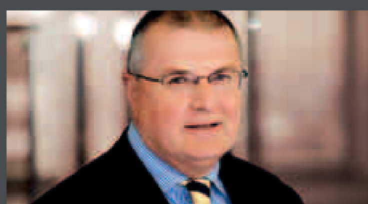


Chief Operating Officer
Mr Marcelo Bastos



Executive General Manager – Business Development
Mr Michael Nossal

Executive General Manager – Exploration
Mr Steve Ryan



Executive General Manager – Business Support
Mr Tim Scully

DIRECTORS' BIOGRAPHIES

CHAIRMAN

Mr Wang Lixin

Mr Wang, aged 44, was appointed the Chairman of the Company on 1 April 2011. He served as an Executive Director and a Vice President of the Company in October 2005, and was later redesignated as a Non-executive Director in January 2008; the Vice Chairman and a Non-executive Director in July 2009; and subsequently a Non-executive Director in December 2009 respectively. He is also a member of the Company's Remuneration and Nomination Committee.

Mr Wang has served as a Director of a number of subsidiaries of the Company. He has acted as the consultant of China Minmetals Non-ferrous Metals Company Limited (CMN) since November 2009.

Mr Wang holds a Bachelor of Arts in International Trade from the University of International Business and Economics in the People's Republic of China (PRC) and has more than 14 years' experience in foreign trade and corporate management, as well as five years' experience with government services.

Mr Wang joined the Ministry of Foreign Trade and Economic Cooperation in 1990 and China Minmetals Corporation (CMC) Group in 1995. From 2007 to 2009, he was the President of CMN and a Director of Shanxi Guanlv Co. Ltd, a company listed on the Shenzhen Stock Exchange (Shanxi Guanlv) from April 2009 to December 2009.

VICE CHAIRMAN

Mr Hao Chuanfu*

Mr Hao, aged 45, was redesignated as the Vice Chairman and an Executive Director of the Company in December 2010, after being appointed an Executive Director and President in May 2008. He has also served as a Director of a number of subsidiaries of the Company.

Mr Hao graduated from the University of International Business and Economics in the PRC with a degree of junior college in accounting. He is a certified public accountant in the PRC and has extensive experience in international business, financial management and corporate management.

Mr Hao joined the CMC Group in 1986 and has since been assigned to a number of departments and subsidiaries of CMC, both in the PRC and overseas. In 1996, he was appointed the Section Chief of the Finance department of CMN. In 1998, Mr Hao was appointed the Assistant General Manager of CMN and was promoted to Deputy General Manager in 1999.

From 2000 to 2001, he was the Assistant General Manager of China National Nonferrous Metals Industry Trading Group Corporation, and from 2001 to 2008 he held the position of General Manager of Minmetals North-Europe AB.

EXECUTIVE DIRECTORS

Mr Andrew Gordon Michelmore

Mr Michelmore, aged 59, was appointed as an Executive Director and the CEO of the Company in December 2010. He is a member of the Company's Safety, Health, Environment and Community Committee.

Mr Michelmore is a Director of a number of subsidiaries of the Company and has been the Managing Director and CEO of MMG from its formation in June 2009. Mr Michelmore joined MMG after his tenure as CEO of Zinifex Limited (Zinifex) and then OZ Minerals Limited (OZ Minerals). He is a Director of Century Aluminum Company (a company listed on the NASDAQ and the Iceland Stock Exchange). Prior to his role as the CEO of Zinifex, Mr Michelmore spent two years working in London and Russia as the CEO of En+ Group.

Mr Michelmore has more than 28 years' experience in the metals and mining industry including 12 years at WMC Resources Limited, where he was the CEO, and prior to that, he held senior roles in the company's nickel, gold, alumina, copper, uranium and fertiliser businesses.

Mr Michelmore holds a First Class Honours degree in Engineering (Chemical) from the University of Melbourne and a Master of Arts in Politics, Philosophy and Economics from Oxford University. He is a Fellow of the Institution of Chemical Engineers, the Institution of Engineers Australia and the Australian Academy of Technological Sciences and Engineering.

Mr Michelmore is also Chairman of the International Zinc Association (IZA), Chairman of the Jean Hailes Foundation for Women's Health, Chairman of the Council of Ormond College at the University of Melbourne and a member of the Minerals Council of Australia and the Business Council of Australia.

Mr David Mark Lamont

Mr Lamont, aged 46, was appointed as an Executive Director and the CFO of the Company in December 2010.

Mr Lamont is a Director of a number of subsidiaries of the Company. He joined MMG as the CFO on its formation in June 2009 and was the CFO of OZ Minerals from October 2008. Mr Lamont holds a Bachelor of Commerce degree and is a qualified Chartered Accountant.

* Mr Hao Chuanfu resigned as a Director of the Company on 29 March 2012.

He is a member of the Institute of Chartered Accountants and was an Audit Supervisor at Deloitte Haskins and Sells before commencing a corporate career.

After progressing through a number of senior roles in the chemical and agricultural industries, Mr Lamont was appointed the CFO of Incitec Limited in 1999. He joined BHP Billiton in 2001 where he held a number of senior roles including the CFO of BHP Billiton's Energy Coal and Carbon Steel Materials Groups. Mr Lamont joined OZ Minerals from PaperlinX Limited, where he had served as the CFO since 2006 and was appointed an Executive Director in February 2008, resigning in September 2008.

Mr Li Liangang*
Mr Li, aged 48, was appointed as a Non-executive Director of the Company in December 2009 and was redesignated as an Executive Director in December 2010. He has also served as a Director of two subsidiaries of the Company.

Mr Li holds a Bachelor's degree in English language from the Normal College for Foreign Language of Beijing Union University in the PRC and has extensive experience in international business and the non-ferrous metals industry.

Mr Li joined the CMC Group in 1987. Since 1993, he has been assigned to various senior management positions with the subsidiaries of CMC in the PRC, Australia, Mexico and the USA. In July 2008 and August 2009 respectively, Mr Li was a Non-executive Director and an Independent Non-executive Director of Sino Gold Mining Limited, a company listed on the Australian Securities Exchange (ASX) and the Hong Kong Stock Exchange (which was delisted on 16 December 2009) and subsequently resigned on 4 December 2009.

NON-EXECUTIVE DIRECTORS

Mr Jiao Jian
Mr Jiao, aged 43, was appointed as a Non-executive Director of the Company in December 2010, and is a member of the Company's Remuneration and Nomination Committee.

Mr Jiao is a Director of certain subsidiaries of the Company. He was appointed as a Director and the President of CMN in May 2010, and is a Director and the President of China Minmetals Non-ferrous Metals Holding Company Limited (CMNH). Mr Jiao is also the Chairman of the Board of Directors of Shanxi Guanlv.

Mr Jiao holds a Bachelor's degree in International Economics from the Nankai University in the PRC and a Master of Business Administration from Saint Mary's University in Canada.

He has extensive experience in international trade, investment and corporate management.

Mr Jiao joined the CMC Group in 1992. He was the Vice President of CMN from 2007 to May 2010.

Mr Xu Jiqing
Mr Xu, aged 44, was appointed as a Non-executive Director of the Company in May 2009 and is a member of the Company's Audit Committee.

Mr Xu has served as a Director of certain subsidiaries of the Company. He was appointed as the Vice President and CFO of CMN in 2007 and 2005 respectively. Mr Xu is a Director, Vice President and CFO of CMNH.

Mr Xu holds a Bachelor's degree in Accounting from the University of International Business and Economics in the PRC, and a Master of Business Administration from Saint Mary's University in Canada. He is a qualified senior accountant in the PRC and is a member of the Certified General Accountants Association of Canada. He has extensive experience in accounting and corporate financial management.

Mr Xu joined the CMC Group in 1991. In 1997, he was the Manager of Finance at Minmetals Development Co. Ltd., and was later promoted to Vice General Manager in 1999 and General Manager in 2000. He was also the General Manager of Finance at China National Nonferrous Metals Industry Trading Group Corporation from July 2001 to April 2002, and the General Manager of Finance at CMN from 2002 to 2007.

Mr Gao Xiaoyu
Mr Gao, aged 42, was appointed as a Non-executive Director of the Company in April 2011. He is a member of the Company's Safety, Health, Environment and Community Committee.

Mr Gao is a Director of certain subsidiaries of the Company. He has also served as the Vice President of CMNH since 2011 and the Vice President of CMN since 2008.

Mr Gao holds a Master's degree in Business Management from The Renmin University of China. He joined the CMC Group in 1993. Mr Gao has worked in the Futures department of China Nonferrous Metals Import and Export Corporation from 1993 to 1997. He was the General Manager of the Risk Management department of CMN from 2000 to 2009. Mr Gao has extensive experience in enterprise risk management and control.

*Mr Li Liangang resigned as a Director of the Company on 29 March 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Loong Ping Kwan

Mr Loong, aged 47, was appointed as an Independent Non-executive Director of the Company in August 2009. He is a member of the Company's Remuneration and Nomination Committee and a member of the Audit Committee.

Mr Loong is a practising solicitor admitted in Hong Kong. He graduated from the University of Hong Kong with a Bachelor of Arts. He is an associate (life member) of the Hong Kong Institute of Bankers and a founder of Messrs. Loong and Yeung in Hong Kong. He has more than 20 years' experience in corporate finance, mergers and acquisitions.

Mr Loong was an Independent Non-executive Director of Zijin Mining Group Company Limited (a company listed on the Hong Kong Stock Exchange) from August 2003 to November 2009 and was a Director of Guangdong Golden Glass Technologies Limited (a company listed on the Shenzhen Stock Exchange) from April 2008 to July 2011.

Dr Peter William Cassidy

Dr Cassidy, aged 66, was appointed as an Independent Non-executive Director of the Company in December 2010. He is the Chairman of the Company's Remuneration and Nomination Committee and the Safety, Health, Environment and Community Committee. Dr Cassidy is also a member of the Company's Audit Committee. Dr Cassidy is a Director of Album Investment Private Limited, a subsidiary of the Company.

Dr Cassidy is a metallurgical engineer with more than 40 years' experience in the resource and energy sectors, including more than 20 years as a Director of major public companies. He was an Independent Non-executive Director of Oxiana Limited (2002 to 2007); Zinifex Limited (2004 to 2008); Sino Gold Mining Limited (2002 to 2009); Lihir Gold Limited (2003 to 2010); OZ Minerals (2008 to 2009); and Energy Developments Limited (2003 to 2009). Dr Cassidy was also Non-executive Chairman of Allegiance Mining NL (April to July 2008) and a Director of Eldorado Gold Corporation (2010). He was CEO of Goldfields Limited from 1995 until its merger with Delta Gold Limited in 2002 to form Aurion Gold Limited (AurionGold). Prior to 1995, Dr Cassidy was Executive Director – Operations of RGC Limited. He remained a Director of AurionGold until January 2003.

Dr Cassidy has most recently been involved in the development and operation of major mining and processing projects in Australia, the PRC, Laos, Papua New Guinea and Cote d'Ivoire. He is also a member of the Board of Advice of the Sydney Conservatorium of Music.

Mr Anthony Charles Larkin

Mr Larkin, aged 70, was appointed as an Independent Non-executive Director of the Company in November 2011. He is the Chairman of the Company's Audit Committee and a member of the Company's Remuneration and Nomination Committee. Mr Larkin is a Director of Album Investment Private Limited, a subsidiary of the Company.

Mr Larkin is a Fellow of the Australian Society of Certified Practising Accountants and the Australian Institute of Company Directors since 1984 and 1992, respectively. He received his accounting education from Wollongong Technical College and Sydney Technical College. Mr Larkin has extensive experience in enterprise audit and risk management.

Mr Larkin is currently a Non-executive Director of Incitec Pivot Limited, a company listed on the Australian Stock Exchange, since 2003, chairing its Audit and Risk Committee. He is also a Director of Oakton Limited, a company listed on the Australian Stock Exchange, since 2009, chairing its Audit and Risk Committee and being a member of its Remuneration and Appointments Committee.

Mr Larkin was previously a Director of Corporate Express Australia Limited, a company listed on the Australian Stock Exchange, from 2004 to 2010, and Eyecare Partners Limited, a company listed on the Australian Stock Exchange, from 2007 to 2010, being the Chairman of their respective Audit and Risk Committees. Mr Larkin was also a Director and Chairman of the Audit and Risk Committee and Remuneration and Appointments Committee of OZ Minerals Limited, a company listed on the Australian Stock Exchange, from 2008 to 2009, a Director and Chairman of the Audit and Risk Committee and Remuneration and Appointments Committee of Zinifex Limited, a company formerly listed on the Australian Stock Exchange, from 2004 to 2008, Chairman of the company and member of the Remuneration and Appointments Committee of Ausmelt Limited, a company formerly listed on the Australian Stock Exchange, from 2003 to 2007, and the Executive Director of Finance of Orica Limited, a company listed on the Australian Stock Exchange, from 1998 to 2002.

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr Marcelo Bastos, Chief Operating Officer

Mr Bastos, aged 49, was appointed to the Executive Committee of the Company on 28 June 2011 in his capacity as the Chief Operating Officer with responsibility for all mining operations. He is also a Director of a number of subsidiaries of the Company.

Prior to this role, Mr Bastos was Chief Executive Officer of BHP Billiton Mitsubishi Alliance (BMA) from 2008 to 2011 and, prior to that, President of BHP Billiton Nickel West from 2007 to 2008. He was also President of Cerro Matoso Nickel, a BHP Billiton company in Colombia, from 2004 to 2007.

Mr Bastos commenced his career at Vale and worked with iron ore, gold and copper from 1985 to 2004. His most senior roles at Vale were General Manager at Carajas mines complex in Brazil and Director Non-ferrous Operations.

Mr Bastos has 26 years' international mining experience in the iron ore, gold, copper, nickel and coal sectors. He is a qualified mechanical engineer graduating from Universidade Federal de Minas Gerais (UFMG), and also holds a Master of Business Administration in Management from Fundacao Dom Cabral (FDC-MG).

He has trained at the Columbia Business School and Kellogg School of Management in the United States, Cranfield Business School in the United Kingdom, and INSEAD in France. Mr Bastos has been a member of the Western Australia Chamber of Mines and Energy and was Vice President of the Queensland Resources Council.

Mr Michael Nossal, Executive General Manager – Business Development

Mr Nossal, aged 53, was appointed to the Executive Committee of the Company on 24 January 2011 following his appointment at MMG in January 2010 as the Executive General Manager – Business Development. He is a Director of a number of subsidiaries of the Company.

Prior to joining MMG, Mr Nossal was the Deputy CEO of En+ Group, where he was responsible for corporate finance, strategy and business development and execution of key merger and acquisition projects. Prior to En+, Mr Nossal was Executive General Manager Business Strategy and Development at WMC Resources Limited, where he was responsible for business development, corporate planning, exploration, technical research and project development.

Mr Nossal has also held senior roles at Normandy Mining Limited and Kenmare Resources Limited. Between these roles, Mr Nossal spent several years in investment banking as Associate Director at Macquarie Corporate Finance, where he worked in the resources team on public market mergers and acquisitions, project finance and mining asset sales and acquisitions.

Mr Nossal holds a Science degree from Monash University in Melbourne and a Masters of Business Administration from the Wharton School of the University of Pennsylvania. He is also a Non-executive Director of Nord Gold NV.

Mr Steve Ryan, Executive General Manager – Exploration

Mr Ryan, aged 48, was appointed to the Executive Committee of the Company on 24 January 2011 in his capacity as the Executive General Manager – Exploration, a role he previously held at MMG. He is a Director of a number of subsidiaries of the Company.

He has more than 20 years' international experience in the mineral exploration industry. Mr Ryan worked for the CRA/Rio Tinto Group, including: Country Exploration Manager positions in India, Papua New Guinea and Fiji; and geologist positions in Russia, Australia and other countries. Mr Ryan has held positions with Oxiana Limited as China Country Exploration Manager and OZ Minerals as Asia Exploration General Manager. He has also had three years' experience in the venture capital industry as an Investment and Business Development Manager for an international venture capital group.

Mr Ryan has a Bachelor degree in Geology and a Master of Business Administration in International Business.

Mr Tim Scully, Executive General Manager – Business Support

Mr Scully, aged 64, was appointed to the Executive Committee of the Company on 24 January 2011 in his capacity as the Executive General Manager – Business Support, a role he previously held at MMG. He is a Director of a number of subsidiaries of the Company.

Prior to that, he joined OZ Minerals in November 2008. Mr Scully has experience in shared services, leadership development, talent management and succession planning and human resource systems and processes. Prior to joining OZ Minerals, Mr Scully was General Manager Organisation Development at Intrepid Mines. He was responsible for the development and roll-out of the human resources merger implementation plan through the merger of Emperor and Intrepid.

Prior to this role, Mr Scully was General Manager Organisation Development and Human Resources at Atlas Group Holdings and before that, General Manager – Human Resources at WMC Resources Limited, where he worked from 1989 to 2005.

DIRECTORS' REPORT

The Board of Directors (the Board) of the Company is pleased to present the annual report together with the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Group and its jointly-controlled entities and associates during the financial year were:

(a) mining, processing and production of zinc, copper, lead, gold and silver;

(b) exploration for mineralisation and development of mining projects;

(c) trading of non-ferrous metals;

(d) production of aluminium; and

(e) manufacturing and distribution of aluminium and copper products.

Following the Company's disposal of the trading, fabrication and other operations in December 2011, the Group will cease activities referred to in items (c) to (e) above.

The full details of the principal activities of the Company's subsidiaries, jointly-controlled entities and associates are set out in Notes 17 to 18 to the consolidated financial statements.

An analysis of the Group's revenue for the year ended 31 December 2011 by reportable segments, together with their respective contributions to profit from operations, is set out in Note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer and the five largest customers in aggregate accounted for 18.7% and 40.3% of the total sales of the Group. Purchases from the five largest suppliers to the Group in aggregate accounted for less than 30% of the total purchases of the Group respectively during the year.

None of the directors or any of their associates or any shareholders of the Company (which to the knowledge of the directors, owned more than 5% of the Company's share capital) had any beneficial interest in any of the five largest customers or suppliers of the Group other than (a) CMC, the ultimate controlling shareholder of the Company, being one of the five largest customers of the Company; (b) CMC also having an interest of approximately 88.4% in one of the five largest customers of the Company and (c) Minmetals Aluminium Co., Ltd (Minmetals Aluminium), a former wholly-owned subsidiary of the Company, having an interest of approximately 33% in one of the five largest suppliers. Minmetals Aluminium was sold by the Company to Aluminco Holdings Limited, a wholly-owned subsidiary of CMN. CMN is an intermediate holding company of the Company.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement in section II of this annual report.

No interim dividend was declared during the year (2010: nil). The Board has given due consideration to the payment of dividends and determined that given the current focus on growth, the Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: nil).

RESERVES

Movements in reserves of the Group during the year are set out in Note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Group as at 31 December 2011 are set out in Note 26 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 15 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2011 are set out in Note 30 to the consolidated financial statements.

Other than as disclosed in the Company's announcement on the Stock Exchange on 10 January 2011, the Company and its subsidiaries have not entered into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder. A breach of such an obligation would cause a default in respect of loans that are significant to the operations of the issuer.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in section III of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 25 to the consolidated financial statements.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately US$1,158,000.

DIRECTORS

The directors of the Company who held office during the year and up to the date of this report are as follows:

CHAIRMAN

Mr Wang Lixin (Non-executive Director)
(Redesignated on 1 April 2011)

Mr Li Fuli (Non-executive Director)
(Resigned on 1 April 2011)

VICE CHAIRMAN

Mr Hao Chuanfu (Executive Director)
(Resigned on 29 March 2012)

EXECUTIVE DIRECTORS

Mr Andrew Michelmore (Chief Executive Officer)

Mr David Lamont (Chief Financial Officer)

Mr Li Liangang
(Resigned on 29 March 2012)

NON-EXECUTIVE DIRECTORS

Mr Jiao Jian

Mr Xu Jiqing

Mr Gao Xiaoyu
(Appointed on 1 April 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Peter Cassidy

Mr Anthony Larkin
(Appointed on 30 November 2011)

Mr Loong Ping Kwan

Mr Ting Leung Huel, Stephen
(Resigned on 30 November 2011)

In accordance with article 85 of the articles of association of the Company, Mr Anthony Larkin will retire at the forthcoming Annual General Meeting (AGM) of the Company and, being eligible, offer himself for re-election.

In accordance with article 101 of the articles of association of the Company, save as Mr Loong Ping Kwan who does not offer himself for re-election, Mr Wang Lixin, Mr Gao Xiaoyu and Mr David Lamont will retire by rotation at the forthcoming AGM of the Company and, being eligible, offer themselves for re-election.

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence pursuant to Rule 3.13 of Listing Rules and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming AGM of the Company has an unexpired service contract that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2011, the interests and short positions of the directors and the Chief Executive of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the SFO)) which were 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 which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code) as set out in Appendix 10 of the Listing Rules were as follows:

LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY

NAME OF DIRECTOR	NATURE OF INTEREST	NUMBER OF ISSUED SHARES HELD	NUMBER OF UNDERLYING SHARES HELD (NOTE 1)	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (NOTE 2)
HAO CHUANFU (RESIGNED ON 29 MARCH 2012)	Personal	–	1,600,000	0.030%
ANDREW MICHELMORE	Personal	162,000	–	0.003%
LI LIANGANG (RESIGNED ON 29 MARCH 2012)	Personal	–	1,100,000	0.021%
JIAO JIAN	Personal	–	1,200,000	0.023%
XU JIQING	Personal	–	1,000,000	0.019%

Notes:

1. The directors' interests in the underlying ordinary shares of HK$0.05 each in the share capital of the Company are through share options granted by the Company pursuant to the 2004 Share Option Scheme, details of which are set out under the section headed 'Share Option Scheme'.
2. The calculation is based on the number of shares/underlying shares as a percentage of the total number of issued shares of the Company (i.e. 5,289,607,889 shares) as at 31 December 2011.

Save as disclosed above, as at 31 December 2011, none of the directors or the Chief Executive of the Company or any of their associates had any interests or 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 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 which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code. In addition, none of the directors or the Chief Executive of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2011.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2011, the interests of directors of the Company in a business which competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules, are as follows:

1. Mr Li Fuli, the former Non-executive Director and Chairman of the Company who resigned on 1 April 2011, is:

» the Chairman of Hunan Nonferrous Metals Corp., Ltd (HNC);

» the Chairman of Hunan Nonferrous Metals Holdings Group Co., Ltd (HNG); and

» the Chairman of the Supervisory Board of Guangdong Wu Xin Mining Co., Ltd (Guangdong Wu Xin).

2. Mr Jiao Jian, a Non-executive Director of the Company, is:

» the President and Director of CMNH;

» the President and Director of CMN;

» a Director of HNG;

» a Director of Copper Partners Investment Co., Ltd (Copper Partners Investment); and

» a Director of Album Enterprises.

3. Mr Gao Xiaoyu, a Non-executive Director of the Company, is:

» the Vice President of CMNH; and

» the Vice President of CMN.

4. Mr Xu Jiqing, a Non-executive Director of the Company, is:

» the Vice President, Director and CFO of CMNH;

» the Vice President and CFO of CMN;

» a Director of HNG;

» a Director of Copper Partners Investment; and

» a Director of Album Enterprises.

Although the Group together with its jointly-controlled entities and the above companies are involved in businesses in the same industry, they are separate companies operated by separate and independent management. The Company is therefore capable of carrying on its business independently of, and at arm's-length from, the CMC Group, HNC, HNG, Guangdong Wu Xin and Copper Partners Investment.

SHARE OPTION SCHEME

2004 SHARE OPTION SCHEME

Pursuant to the Share Option Scheme adopted by the Company on 28 May 2004 (2004 Share Option Scheme), there were 7,300,000 options outstanding as at 31 December 2011, which represented approximately 0.14% of the total number of issued shares of the Company as at that date.

The following is a summary of the principal terms of the 2004 Share Option Scheme:

1. Purpose

   To recognise and acknowledge the contributions that the eligible persons had made or may make to the Group.

2. Participants

   Any directors or any employees of any company of the Group and any advisers of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company of the Group or any person whom the Board considers, in its sole discretion, appropriate.

3. Total number of shares available for issue under the 2004 Share Option Scheme

   The total number of shares available for issue under the 2004 Share Option Scheme is 50,534,961 ordinary shares, representing approximately 0.96% of the issued share capital of the Company as at the date of this report.

4. Maximum entitlement of each participant

   No option may be granted to any eligible person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible person under the 2004 Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

5. Period within which the shares must be taken up under an option

   The Board may in its absolute discretion determine the period during which an option may be exercised, save that such period shall not be more than ten years from the date on which such option is granted and accepted subject to the provisions for early termination.

6. Minimum period for which an option must be held before it can be exercised

   There is no general requirement of a minimum period for which an option must be held under the terms of the 2004 Share Option Scheme. However, the Board may in its absolute discretion set a minimum period.

7. Time of acceptance and the amount payable on acceptance of the option

   An offer of an option may be accepted within 28 business days (or such shorter period as the Board shall determine) from the date of such offer and the amount payable on acceptance of such offer is HK$10.00.

8. Basis of determining the exercise price

   The exercise price shall be determined by the Board at the time of grant of the relevant option and shall not be less than the highest of:

   (i) the closing price per share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option;

   (ii) an amount equivalent to the average closing price per share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option; and

   (iii) the nominal value of a share of the Company.

9. The remaining life of the 2004 Share Option Scheme

   The 2004 Share Option Scheme will remain in force until 27 May 2014.

   During the year ended 31 December 2011, the movements of the options which have been granted under the 2004 Share Option Scheme were as follows:

CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT	EXERCISE PRICE PER SHARE	EXERCISE PERIOD	NUMBER OF OPTIONS					
				BALANCE AS AT 1 JANUARY 2011	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AS AT 31 DECEMBER 2011
	(NOTE 1)	HK$	(NOTE 2)					(NOTE 3)	
DIRECTORS									
LI FULI	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,300,000	–	–	–	(1,300,000)	–
HAO CHUANFU	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,600,000	–	–	–	–	1,600,000
LI LIANGANG	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,100,000	–	–	–	–	1,100,000
JIAO JIAN	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	–	–	–	–	1,200,000
XU JIQING	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	–	–	–	–	1,000,000
EMPLOYEES OF THE GROUP	3 June 2010	2.75	3 June 2012 to 2 June 2015	6,400,000	–	–	–	(4,000,000)	2,400,000
				12,600,000	–	–	–	(5,300,000)	7,300,000

Notes:

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.69 per share.
2. The options granted may be exercised according to the following three tranches, which are subject to certain terms and conditions including, among others, the achievement of certain performance targets by the Group and the grantee:
   (i) up to 33% of the options granted to each grantee shall be exercisable at any time after the expiration of 24 months from the date of grant of options;
   (ii) up to 67% of the options granted to each grantee shall be exercisable at any time after the expiration of 36 months from the date of grant of options; and
   (iii) up to 100% of the options granted to each grantee shall be exercisable at any time after the expiration of 48 months from the date of grant of options, and in each case, not later than 2 June 2015.
3. Options lapsed due to cessation of employment.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the directors and Chief Executive of the Company, as at 31 December 2011, the following persons had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

LONG POSITION IN THE SHARES OF THE COMPANY

NAME	CAPACITY	NUMBER OF SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES INTERESTED IN (NOTE 1)
CHINA MINMETALS CORPORATION (CMC)	Interest of controlled corporations (Notes 2 & 3)	3,793,558,916	71.72%
CHINA MINMETALS CORPORATION LIMITED (CMCL)	Interest of controlled corporations (Notes 2 & 3)	3,793,558,916	71.72%
CHINA MINMETALS NON-FERROUS METALS HOLDING COMPANY LIMITED (CMNH)	Interest of controlled corporations (Notes 2 & 3)	3,793,558,916	71.72%
CHINA MINMETALS NON-FERROUS METALS COMPANY LIMITED (CMN)	Interest of controlled corporations (Notes 2 & 3)	3,793,558,916	71.72%
ALBUM ENTERPRISES LIMITED (ALBUM ENTERPRISES)	Beneficial owner (Note 3)	2,509,091,090	47.44%
TOP CREATE RESOURCES LIMITED (TOP CREATE)	Beneficial owner (Note 2)	1,284,467,826	24.28%

Notes:

1. The calculation is based on the number of shares which each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued shares of HK$0.05 each (i.e. 5,289,607,889 shares) of the Company as at 31 December 2011.
2. Top Create is a wholly-owned subsidiary of CMN, which in turn is owned as to approximately 93.6% by CMNH. CMNH is a wholly-owned subsidiary of CMCL. CMCL is owned as to 87.5% by CMC and 1% by China National Metal Products Co. Ltd., which in turn is a wholly-owned subsidiary of CMC. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 1,284,467,826 shares of HK$0.05 each of the Company held by Top Create as at 31 December 2011.
3. Album Enterprises is a wholly-owned subsidiary of CMN. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 2,509,091,090 shares of HK$0.05 each of the Company held by Album Enterprises as at 31 December 2011.

Save as disclosed above, as at 31 December 2011, there was no other person who was recorded in the register of the Company as having an interest or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year ended 31 December 2011, the Group had the following material connected transactions, details of which are set out below:

1. On 15 September 2011, MMR entered into a Master Sale and Implementation Agreement pursuant to which CMN conditionally agreed to acquire:
   - » the Company's entire 100% equity interest in Minmetals Aluminium;
   - » Riseup Dragon's entire 72.80% equity interest in NCA;
   - » Orienmet Industry's entire 51% equity interest in Yingkou Orienmet; and
   - » Lontic's entire 36.2913% equity interest in Changzhou Jinyuan, for a total consideration of US$726.8 million.

   The shares of Minmetals Aluminium and NCA were acquired by a nominee of CMN, Aluminco Holdings Limited, a wholly-owned subsidiary of CMN, and the shares of Yingkou Orienmet and Changzhou Jinyuan were acquired by CMN.

   CMN is a controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. As Aluminco Holdings Limited is a wholly-owned subsidiary of CMN, it is a connected person of the Company under the Listing Rules. Accordingly, the acquisition by CMN and Aluminco Holdings Limited constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

   The acquisitions were completed in December 2011 after the Company received approval from the shareholders of the Company in an Extraordinary General Meeting (EGM) held on 28 October 2011, and other necessary regulatory approvals were received by the parties.

2. Pursuant to the Share Sale Deed dated 19 October 2010 entered into by All Glorious, a wholly-owned subsidiary of the Company, and Album Enterprises, a wholly-owned subsidiary of CMN, in relation to the acquisition of MMG by the Company, the Company allotted and issued an aggregate principal sum of US$690.0 million Perpetual Subordinated Convertible Securities (PSCS) on 31 December 2010 to Album Enterprises. The PSCS were convertible into 1,560 million new shares of the Company at an initial conversion price of HK$3.45 per share. Album Enterprises exercised its option to convert the PSCS on 28 April 2011, on which date the fair value of these PSCS was approximately US$690.0 million.

   Album Enterprises is a connected person of the Company as it is a wholly-owned subsidiary of CMN. CMN is a controlling shareholder of the Company. Accordingly, this constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

   Further details of the PSCS are set out in Note 27 to the consolidated financial statements.

3. The Company conducted various transactions with CMN with respect to the sale of metal products to CMN during 2011. In particular, the following agreements were entered into with CMN by:

   » MMG Golden Grove, a wholly-owned subsidiary of the Company, to sell 10,000 dry metric tonnes of Golden Grove copper concentrate pursuant to an agreement dated 14 April 2011;

   » MMG Golden Grove and MMG Century, each a wholly-owned subsidiary of the Company, to sell 10,000 dry metric tonnes of Golden Grove zinc concentrate or 10,000 wet metric tonnes of Century zinc concentrate pursuant to an agreement dated 12 May 2011 (under which it was elected to sell Golden Grove zinc concentrate);

   » MMG Golden Grove and MMG Century, each a wholly-owned subsidiary of the Company, to sell 10,000 dry metric tonnes of Golden Grove zinc concentrate or 10,000 wet metric tonnes of Century zinc concentrate pursuant to an agreement dated 12 May 2011 and amended on 24 October 2011 (under which it was elected to sell Century zinc concentrate); and

   » MMG Golden Grove, a wholly-owned subsidiary of the Company, to sell 5,000 dry metric tonnes of Golden Grove lead concentrate pursuant to an agreement dated 1 September 2010 (and amended on 19 October 2011).

   Together, these form the 2011 MMG Concentrate Sales Agreement.

   The total value of sales made to CMN under the 2011 MMG Concentrate Sales Agreement up to 31 December 2011 was approximately US$53.7 million.

   CMN is a controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions described above constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2011, the Group had the following material continuing connected transactions, details of which are set out below:

1. On 1 December 2009, Minmetals Aluminium, formerly a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the Minmetals Aluminium Sale and Purchase Agreement) with Guangxi Huayin in relation to the purchase of alumina from Guangxi Huayin for the period from 1 December 2009 to 31 December 2012. The proposed annual cap for the transactions for the year ended 31 December 2011 was RMB1,611.0 million. The actual amount paid under the Minmetals Aluminium Sale and Purchase Agreement was approximately RMB1,474.0 million for the year ended 31 December 2011.

   Guangxi Huayin is owned as to 33% by Aluminum Corporation of China Limited (Chalco), which in turn is owned as to over 30% by Aluminum Corporation of China (Chinalco). Chinalco is a substantial shareholder of a non-wholly-owned subsidiary of the Company and is a connected person of the Company under the Listing Rules. As such, Guangxi Huayin is an associate of Chalco and Chinalco under the Listing Rules and hence a connected person of the Company. Accordingly, the Minmetals Aluminium Sale and Purchase Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

2. On 26 August 2010, Minmetals Aluminium, formerly a wholly-owned subsidiary of the Company, entered into a sale and purchase framework agreement with Shanxi Guanlv, which was supplemented by a supplemental agreement dated 30 August 2010 (Shanxi Guanlv Purchase Framework Agreement) pursuant to which Minmetals Aluminium agreed to purchase aluminium ingots from Shanxi Guanlv for a term of one year and four months commencing 1 September 2010 until 31 December 2011. During the period from 1 January 2011 to 31 December 2011, the actual amount paid under the Shanxi Guanlv Purchase Framework Agreement was approximately RMB523.7 million.

Shanxi Guanlv is a subsidiary of CMCL and is therefore a connected person of the Company under the Listing Rules. CMCL is owned as to 97.5% by CMC. Shanxi Guanlv became a subsidiary of CMCL on 21 March 2011 when CMC transferred its 29.9% equity interest in Shanxi Guanlv to CMCL. In turn, Shanxi Guanlv became a subsidiary of CMC on 12 November 2010 after the shareholders of Shanxi Guanlv, at an EGM held on 12 November 2010, approved the appointment of an additional director nominated by CMC to fill a vacancy in the board of directors of Shanxi Guanlv (Shanxi Guanlv Board). This resulted in CMC, which held approximately 29.9% in the equity interests in Shanxi Guanlv, holding a majority of the voting rights at the Shanxi Guanlv Board and rendering Shanxi Guanlv a subsidiary of CMC.

Accordingly, the Shanxi Guanlv Purchase Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

3. On 26 August 2010, Minmetals Aluminium, formerly a wholly-owned subsidiary of the Company, entered into a sale and purchase framework agreement with Shanxi Guanlv (Shanxi Guanlv Sale Framework Agreement) pursuant to which Minmetals Aluminium agreed to sell alumina to Shanxi Guanlv for a term of one year and four months commencing 1 September 2010 until 31 December 2011. During the period from 1 January 2011 to 31 December 2011, the actual amount paid under the Shanxi Guanlv Sale Framework Agreement was approximately RMB334.8 million.

   As noted above, Shanxi Guanlv is a subsidiary of CMCL and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Shanxi Guanlv Sale Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

4. On 20 January 2011, LXML entered into a sale agreement with CMN for the sale of copper cathode to CMN, with the copper cathode to be delivered from February 2011 to April 2011 (2011 Testing Sales Agreement). The proposed annual cap for the transactions for the year ended 31 December 2011 was US$7.0 million. During the period from 1 January 2011 to April 2011, deliveries of copper cathode were made to CMN under the agreement with a total value of approximately US$5.6 million.

   CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2011 Testing Sales Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

5. On 18 May 2011, Minmetals Aluminium, formerly a wholly-owned subsidiary of the Company, entered into a sale and purchase framework agreement (Changshu Everbright Sale Framework Agreement) with Changshu Everbright Material Technology Co., Ltd (Changshu Everbright) in relation to the sale of aluminium-silicon alloy to Changshu Everbright for the period from 19 May 2011 to 31 December 2011. The proposed annual cap for the transactions for the year ended 31 December 2011 was RMB52 million. The actual amount paid under the Changshu Everbright Sale Framework Agreement was approximately RMB13.9 million for the year ended 31 December 2011.

   Changshu Everbright is an indirect non-wholly-owned subsidiary of CMC and is therefore an associate of CMC. Accordingly, the Changshu Everbright Sale Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

6. On 30 September 2011, the Company entered into an unsecured acquisition finance facility agreement with Album Enterprises pursuant to which Album Enterprises agreed to make available to the Company up to US$1,000 million for the purpose of acquiring all of the issued shares of Anvil (Anvil Loan Facility). During the year ended 31 December 2011, no amounts were advanced or outstanding under the Anvil Loan Facility. On 16 February 2012, a loan in the amount of US$300 million was advanced to the Company under the Anvil Loan Facility. This loan has a term of one year from the date the advance was made.

   Album Enterprises is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Anvil Loan Facility constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

7. On 23 December 2011, MMG Limited, a wholly-owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (MMR Loan Facility) pursuant to which MMG Limited agreed to make loan facilities available to Album Enterprises on an uncommitted basis for a term of one year commencing 23 December 2011.

The proposed annual cap for the transactions for the year ended 31 December 2011 was US$100 million. During the year ended 31 December 2011, the amount of US$95 million was advanced to Album Enterprises under the MMR Loan Facility. This loan was repaid by Album Enterprises on 15 February 2012.

Album Enterprises is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the MMR Loan Facility constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

8. On 17 January 2012, LXML, a 90% owned subsidiary of the Company, entered into a sale agreement with China Minmetals Non-ferrous Metals Trading Company Limited (CMN Trading) for the sale of copper cathode to CMN Trading, with the copper cathode to be delivered from January 2012 to December 2012 (2012 Cathode Sales Agreement). For the year ended 31 December 2011, there were no transactions under the sales agreement. During the period from 1 January 2012 to 28 March 2012, deliveries of copper cathode were made to CMN Trading under the agreement with a total value of approximately US$20.8 million.

   CMC is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As CMN Trading is a wholly-owned subsidiary of CMC, it is a connected person of the Company under the Listing Rules. Accordingly, the 2012 Cathode Sales Agreement described above (together, the 2011 MMG Connected Transactions) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Upon the completion of the acquisition of MMG on 31 December 2010 (Completion Date), the following material continuing transactions became continuing connected transactions with effect from the Completion Date (Grandfathered Continuing Connected Transactions) and details of these transactions for the year ended 31 December 2011 are set out below:

9. On 20 December 2010, MMG Management, a wholly-owned subsidiary of the Company, entered into an agreement for the supply of goods with Minmetals Australia Pty Ltd (Minmetals Australia) pursuant to which MMG Management agreed to purchase hot roll forged and hand forged grinding media from Minmetals Australia (Minmetals Supply Agreement) for a term of two years commencing 20 December 2010 (with two options for further periods of 12 months each which may be exercised by MMG Management in its discretion).

   For the year ended 31 December 2011, there were transactions under the Minmetals Supply Agreement to the value of US$5.6 million.

   Minmetals Australia is a subsidiary of CMC and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the Minmetals Supply Agreement constitutes a Grandfathered Continuing Connected Transaction for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.41 in respect of these transactions.

10. On 21 December 2010, LXML, a 90% owned subsidiary of the Company, entered into a sale agreement with CMN for the sale of copper cathode to CMN, with the copper cathode to be delivered from January 2011 to December 2011 (2011 Cathode Sales Agreement). For the year ended 31 December 2011, deliveries of copper cathode were made to CMN under the agreement with a total value of approximately US$69.7 million.

    CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2011 Cathode Sales Agreement constitutes a Grandfathered Continuing Connected Transaction for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.41 in respect of these transactions.

11. On 10 June 2010, MMG Management, a wholly-owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (MMG Loan Facility) pursuant to which MMG Management agreed to make loan facilities available to Album Enterprises on an uncommitted basis. During the year ended 31 December 2011, no amounts were advanced or outstanding under the MMG Loan Facility.

    Album Enterprises is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the MMG Loan Facility constitutes a Grandfathered Continuing Connected Transaction for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.41 in respect of this transaction.

12. MMG Laos Holdings Limited (MMG Laos Holdings) is a party to a Mineral Exploration and Production Agreement (MEPA) with the Government of Laos dated 15 June 1993 (as amended).

The MEPA, among other things, grants a licence to operate the project contemplated by the MEPA, being the Sepon project in Laos, which licence terms are in addition to rights granted by relevant Lao law in respect of mining operations. In accordance with the terms of the MEPA, LXML was established and incorporated in Laos to conduct the activities contemplated under the MEPA. Under the MEPA, LXML is appointed the sole contractor for the Government of Laos with respect to the area on which the Sepon project is located. The MEPA sets out the terms and conditions for LXML's mining and processing operations, and exploration activity, with respect to gold and copper in Laos, and confirms the taxes payable by LXML and concessions granted by the Government of Laos to LXML in respect of such taxes. For the year ended 31 December 2011, the actual amount payable under the MEPA was US$189.1 million, being an aggregated amount of all taxes and royalties payable to the Government of Laos.

The Lao Government holds a 10% equity interest in LXML, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the MEPA constitute Grandfathered Continuing Connected Transactions for the Company under Chapter 14A of the Listing Rules. The transactions between LXML and the Government of Laos became connected transactions for the Company on 31 December 2010 following the acquisition of MMG by the Company, and the Company will comply with Listing Rule 14A.41 in respect of these transactions.

13. On 26 February 2004, LXML, a 90%-owned subsidiary of the Company, entered into a Power Purchase Agreement with Electricite Du Laos (EDL), pursuant to which LXML agreed to purchase energy from EDL for the purposes of operating the Sepon mine in Laos (Power Purchase Agreement). The total consideration payable under the Power Purchase Agreement is subject to levels of energy consumption which vary from year to year. For the year ended 31 December 2011, the actual amount payable under the Power Purchase Agreement was US$31.6 million.

    EDL is a state-owned corporation operated by the Ministry for Energy and Mines, which is a department of the Government of Laos. The Government of Laos is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Power Purchase Agreement constitute Grandfathered Continuing Connected Transactions for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.41 in respect of these transactions.

The above continuing connected transactions for the year ended 31 December 2011, including the Grandfathered Continuing Connected Transactions, have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors of the Company have confirmed that the continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(c) in accordance with the respective terms of the Minmetals Aluminium Sale and Purchase Agreement, the Shanxi Guanlv Purchase Framework Agreement, the Shanxi Guanlv Sale Framework Agreement, the 2011 Testing Sales Agreement, the Changshu Everbright Sale Framework Agreement, the Anvil Loan Facility, the MMR Loan Facility, the 2011 Cathode Sales Agreement, the Minmetals Supply Agreement, the MMG Loan Facility, the Power Purchase Agreement, and the MEPA on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2011 disclosed above in accordance with Rule 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

In addition, the auditor of the Company has confirmed to the Board that the above continuing connected transactions for the year ended 31 December 2011:

(a) have been approved by the Board;

(b) have been entered into in accordance with the terms of the relevant agreements governing the transactions;

(c) are in accordance with the pricing policies of the Group where the transactions involved provision of goods by the Group; and

(d) that the following agreements – the Minmetals Aluminium Sale and Purchase Agreement, the 2011 Testing Sales Agreement, the Changshu Everbright Sale Framework Agreement and the MMR Loan Facility – have not exceeded the respective annual caps as disclosed in the announcements of the Company dated 4 December 2009, 28 March 2011, 18 May 2011 and 23 December 2011, respectively.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in Note 37 to the consolidated financial statements.

In relation to those related party transactions that also constitute connected transactions and continuing connected transactions of the Company under the Listing Rules, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

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

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

The Group's Emolument Policy is formulated by the Remuneration and Nomination Committee on the basis of employees' merit, market practice, qualifications and competence.

The determination of remuneration packages of the directors of the Company takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the directors, applicable regional employment conditions and appropriate 'at risk' performance-based remuneration.

The Company has adopted the Share Option Scheme as an incentive to the directors and eligible employees. Details of the scheme are set out under the section headed 'Share Option Scheme'. In relation to MMG, it has adopted both long-term and short-term 'at risk' incentive plans to reward its directors and eligible employees and to align their incentive remuneration with the performance of MMG.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in Note 32 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the directors and senior management of the Company are set out on pages 46 to 50 of this annual report.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, which will retire at the forthcoming AGM and, being eligible, offers itself for reappointment.

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 62 to 67 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

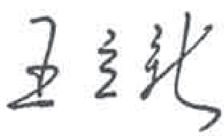
Based on information that is publicly available to the Company and within the knowledge of its Board, as at the latest practicable date prior to the printing of this report the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

EVENT AFTER THE BALANCE SHEET DATE

Other than the matters noted below, there have been no matters subsequent that have occurred to the reporting data which have significantly affected or may significantly affect the Group's operations, results or state of affairs in future years.

Anvil

The Company has successfully acquired Anvil for C$1,330 million. Details are set out in Note 39.



By order of the Board
Wang Lixin Chairman
28 March 2012

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices by emphasising a quality Board of Directors, sound internal controls, and transparency and accountability to all shareholders of the Company.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practice (CG Code) in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011, except for the deviation from code provision A4.1 with explanation provided under the section headed 'Re-election of Directors'.

The Company has adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and/or discharged. The Board Charter is adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a policy for securities transactions by directors of the Company (Securities Trading Policy) on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry with all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the Securities Trading Policy during the year ended 31 December 2011.

BOARD OF DIRECTORS

COMPOSITION

As at the time of publication, the Board comprised 11 directors of which four were executive directors, four were non-executive directors and three were independent non-executive directors. The members of the Board were as follows:

EXECUTIVE DIRECTORS

Mr Andrew Michelmore (Chief Executive Officer)
Mr Hao Chuanfu (Vice Chairman)*
Mr David Lamont (Chief Financial Officer)
Mr Li Liangang*

NON-EXECUTIVE DIRECTORS

Mr Wang Lixin (Chairman)
Mr Jiao Jian
Mr Xu Jiqing
Mr Gao Xiaoyu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Peter Cassidy
Mr Anthony Larkin
Mr Loong Ping Kwan

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal control and the conduct of business in conformity with applicable laws and regulations. The Board members are fully committed to their roles and have always acted in the best interests of the Group and its shareholders at all times. There is no financial, business, family or other material/relevant relationship among directors. The directors' biographical information is set out on pages 46 to 50 under the section headed 'Directors and Senior Management' of this annual report.

Board meetings are held regularly at approximately quarterly intervals and are also held on an ad hoc basis as required by business needs. Regular Board meetings and ad hoc Board meetings are attended by a majority of the directors in person or through other electronic means of communication. In addition, special Board meetings are convened from time to time for the Board to discuss issues that require the Board's timely attention.

Since the special Board meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the Executive Directors and senior management attend the meetings. During the year ended 31 December 2011, other than resolutions passed in writing by all the directors, the Board held a total of four regular Board meetings, a total of five ad hoc Board meetings and a total of five special Board meetings.

* Resigned on 29 March 2012.

The attendance of each member at the Board meetings is set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a Board member.

DIRECTORS	NOTES	NUMBER OF REGULAR AND AD HOC BOARD MEETINGS ATTENDED	NUMBER OF SPECIAL BOARD MEETINGS ATTENDED
EXECUTIVE DIRECTORS			
MR ANDREW MICHELMORE		9/(9)	6/(6)
MR HAO CHUANFU	(vii)	9/(9)	
MR DAVID LAMONT		9/(9)	6/(6)
MR LI LIANGANG	(iii)	8/(9)	
NON-EXECUTIVE DIRECTORS			
MR LI FULI (FORMER CHAIRMAN)	(i)	1/(2)	
MR WANG LIXIN (CHAIRMAN)	(ii)	9/(9)	
MR XU JIQING		9/(9)	
MR JIAO JIAN		8/(9)	
MR GAO XIAOYU	(iv)	7/(7)	
INDEPENDENT NON-EXECUTIVE DIRECTORS			
MR TING LEUNG HUEL, STEPHEN	(v)	6/(8)	
MR LOONG PING KWAN		8/(9)	
DR PETER CASSIDY		9/(9)	
MR ANTHONY LARKIN	(vi)	1/(1)	

Notes:

(i) Resigned as the Chairman and a Non-executive Director on 1 April 2011.
(ii) Redesignated as the Chairman on 1 April 2011.
(iii) Resigned as an Executive Director on 29 March 2012.
(iv) Appointed as a Non-executive Director on 1 April 2011.
(v) Resigned as an Independent Non-executive Director on 30 November 2011.
(vi) Appointed as an Independent Non-executive Director on 30 November 2011.
(vii) Resigned as the Vice Chairman and Executive Director on 29 March 2012.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is Mr Wang Lixin and the CEO of the Company is Mr Andrew Michelmore. The roles of the Chairman of the Board and the CEO of the Company are segregated to ensure their respective independence, accountability and responsibility.

The Chairman takes the lead in formulating overall strategies and policies of the Group, ensures the effective performance by the Board of its functions, including compliance with good corporate governance practices and encourages and facilitates active contribution of directors in Board activities.

The Chairman also ensures that all directors are properly briefed on issues arising at Board meetings and have received adequate, complete and reliable information in a timely manner.

The CEO, supported by a management committee comprising executive directors and senior management (Executive Committee), is responsible for managing day-to-day operations of the Group and executing the strategies adopted by the Board. The CEO is also accountable to the Board for the implementation of the Group's overall strategies, and coordination of overall business operations.

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

The Board has delegated the management of day-to-day operations of the Group to the CEO and his Executive Committee. The Executive Committee is also required to report regularly to the Board on the progress being made by the businesses of the Group.

The members of the Executive Committee are:

- Mr Andrew Michelmore
  (Chief Executive Officer and Executive Director);
- Mr David Lamont
  (Chief Financial Officer and Executive Director);
- Mr Marcelo Bastos
  (Chief Operating Officer);
- Mr Michael Nossal
  (Executive General Manager – Business Development);
- Mr Steve Ryan
  (Executive General Manager – Exploration); and
- Mr Tim Scully
  (Executive General Manager – Business Support).

NON-EXECUTIVE DIRECTORS

The non-executive directors (including the independent non-executive directors) provide a wide range of expertise and experience and bring independent judgement on issues relating to the Group's strategies, development, performance and risk management through their contribution at Board and committee meetings.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of shareholders. The Board has three independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that the Company has received from each of the independent non-executive directors a confirmation of independence for the year ended 31 December 2011 pursuant to Rule 3.13 of the Listing Rules and considers such directors to be independent.

RE-ELECTION OF DIRECTORS

Each of the non-executive directors has entered into a service agreement with the Company for a specific term of three years, except Dr Peter Cassidy. Dr Peter Cassidy's appointment agreement commences on 31 December 2010 and can be terminated by the Company with one month prior written notice.

However, as is the case with all other directors of the Company, his respective terms of office are subject to re-election by shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next AGM (in the case of an addition to the Board) following his appointment in accordance with the articles of association of the Company. Every director (including Dr Peter Cassidy) is also subject to retirement by rotation at least once every three years at the AGM.

THE BOARD COMMITTEES

The Board has established various Board committees to provide a forum for a more detailed analysis of key issues for the Group. Each committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisors and employees.

The current standing committees of the Board are the Audit Committee, the Remuneration and Nomination Committee, and the Safety Health, Environment and Community (SHEC) Committee.

AUDIT COMMITTEE

As at 31 December 2011, the Audit Committee comprised three independent non-executive directors, namely Mr Anthony Larkin, Dr Peter Cassidy and Mr Loong Ping Kwan, and one non-executive director, Mr Xu Jiqing. Mr Anthony Larkin is the Chairman of the Audit Committee.

The Audit Committee is accountable to the Board. Its principal duties include the review and supervision of the financial reporting process and internal control system of the Group. The terms of reference of the Audit Committee, incorporating all the duties set out in code provision C.3.3 of the CG Code, are posted on the Company's website.

During the year ended 31 December 2011, the Audit Committee held five meetings. The Audit Committee reviewed with the senior management and auditor of the Company the accounting policies and practices adopted by the Group and discussed auditing, the internal control system and financial reporting matters. It also reviewed the financial statements of the Company and the Company's annual and interim reports, the management letter from the auditor of the Company, the connected transactions and the continuing connected transactions entered into by the Group and the audit scope and fees for the year ended 31 December 2011.

The attendance of each member at the Audit Committee meetings is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Audit Committee.

MEMBERS	NOTES	NUMBER OF MEETINGS ATTENDED
NON-EXECUTIVE DIRECTORS		
MR XU JIQING		3/(3)
INDEPENDENT NON-EXECUTIVE DIRECTORS		
DR PETER CASSIDY		3/(3)
MR ANTHONY LARKIN (CHAIRMAN)	(i)	1/(1)
MR LOONG PING KWAN		3/(3)
MR TING LEUNG HUEL, STEPHEN	(ii)	2/(2)

Notes:

(i) Appointed as the Chairman and a member of the Audit Committee on 30 November 2011.
(ii) Resigned as the Chairman and a member of the Audit Committee on 30 November 2011.

MINERAL RESOURCES AND ORE RESERVES COMMITTEE

The Mineral Resources and Ore Reserves Committee is a sub-committee of the Audit Committee of the Company. The Committee oversees the Mineral Resources and Ore Reserves reporting processes of the Group. In doing so, the Committee facilitates and maintains free and open means of communication between the directors, the independent evaluators/auditors and management of the Group and ensures compliance with the JORC Code and the applicable Listing Rules.

The Committee comprises at least one Executive Committee member and two qualified staff:

» Executive Committee member (Chairman);

» General Manager Technical Services and Mining Engineering; and

» Principal Resource Geologist.

REMUNERATION AND NOMINATION COMMITTEE

As at 31 December 2011, the Remuneration and Nomination Committee comprised five members, a majority of whom are independent non-executive directors, and is chaired by Dr Peter Cassidy. The other members are Mr Jiao Jian, Mr Wang Lixin, Mr Anthony Larkin and Mr Loong Ping Kwan.

The Remuneration and Nomination Committee is responsible for, among other accountabilities:

» formulating and making recommendations to the Board on the Group's Remuneration Policy;

» the determination of specific remuneration packages of all executive directors in consultation with the Chairman and/or CEO and the determination of the appropriate mix of directors to constitute the Board;

» making recommendations to the Board on the remuneration of non-executive directors;

» developing policies and procedures for the selection and appointment of directors and identifying individuals suitably qualified to become directors, having regard to factors such as judgement, skills, diversity, experience in comparable businesses, the interplay of the candidate's experience with the experience of other Board members and the candidate's capacity to commit to the Board activities, and the extent to which the candidate would be a desirable addition to the Board or any Board committee;

» regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the boards of the Group companies; and

» reviewing succession plans for senior management annually to maintain an appropriate balance of skills, experience and expertise on the executive management team.

The terms of reference of the Remuneration and Nomination Committee are posted on the Company's website.

REMUNERATION

When determining or recommending to the Board the remuneration packages for directors and senior management, the Remuneration and Nomination Committee takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the role, applicable regional employment conditions and, for executive directors and senior management, appropriate 'at risk' performance-based remuneration.

During the year ended 31 December 2011, other than resolutions passed in writing by all the Committee members, the Remuneration and Nomination Committee held five meetings. The Remuneration Committee reviewed the Remuneration Policy of the Company and the remuneration of directors and senior management and made recommendations to the Board.

The attendance of each member at the Remuneration and Nomination Committee meetings during the year ended 31 December 2011 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Remuneration and Nomination Committee.

MEMBERS	NOTES	NUMBER OF MEETINGS ATTENDED
NON-EXECUTIVE DIRECTORS		
MR WANG LIXIN		5/(5)
MR JIAO JIAN	(i)	2/(5)
INDEPENDENT NON-EXECUTIVE DIRECTORS		
DR PETER CASSIDY (CHAIRMAN)	(ii)	5/(5)
MR ANTHONY LARKIN	(iii)	1/(1)
MR LOONG PING KWAN		5/(5)
MR TING LEUNG HUEL, STEPHEN	(iv)	4/(4)

Notes:

(i) Appointed as a member of the Remuneration and Nomination Committee on 15 February 2011.
(ii) Appointed as the Chairman of the Remuneration and Nomination Committee on 15 February 2011.
(iii) Appointed as a member of the Remuneration and Nomination Committee on 30 November 2011.
(iv) Resigned as a member of the Remuneration and Nomination Committee on 30 November 2011.

NOMINATION

The Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Following the resignation of Mr Ting Leung Huel, Stephen on 30 November 2011, the Board selected and appointed Mr Anthony Larkin to the Board. In doing so, the Board considered his qualifications, experience and expertise as well as the requirements under the Listing Rules, having regard to the balance of skills and experience appropriate to the Group's business.

SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY (SHEC) COMMITTEE

As at 31 December 2011, the SHEC Committee comprised three directors, namely Dr Peter Cassidy, Mr Andrew Michelmore and Mr Gao Xiaoyu. Dr Peter Cassidy is the Chairman of the SHEC Committee.

The purpose of the SHEC Committee is to assist the Board in the effective discharge of its responsibilities in relation to safety, health, environmental and community matters arising out of the activities of the Group as they affect employees, contractors and the communities in which the Group operates.

DISCLOSURE COMMITTEE

The Company has adopted a Disclosure Policy to ensure its compliance with the disclosure obligations under the Listing Rules and the timely disclosure of price-sensitive information to the market. In addition, the Company has also established a Disclosure Committee, which comprises the CEO, CFO, General Counsel, General Manager Stakeholder Relations, Group Manager Communications and Company Secretary. The Disclosure Policy requires employees to refer all information that potentially requires disclosure to a member of the Disclosure Committee.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing all information and representations contained in the financial statements for the year ended 31 December 2011 as disclosed in this annual report. The directors consider that the financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration to materiality. As at 31 December 2011, the directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

Accordingly, the directors have prepared the financial statements on a going concern basis.

The statement of the auditor of the Company regarding its responsibilities for the financial statements is set out in the Independent Auditor's Report on page 68 of this annual report.

INTERNAL CONTROLS

The Board is entrusted with overall responsibility for establishing and maintaining the Group's internal control system and reviewing its effectiveness to safeguard the Group's assets and to protect shareholders' interest. The management throughout the Group maintains and monitors the internal control system on an ongoing basis. During the year, the Group engaged an international independent external professional consultant to perform the internal control reviews over the Group's operations.

The reviews were based on the internal control framework recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a globally recognised framework. The internal control reviews covered certain key operational and financial processes of the selected entities of the Group and a follow-up review of the action plans to address the findings from last year's review. The consultant reported its findings and recommendations directly to the Audit Committee. The Audit Committee reported the findings to the Board.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the external auditor, PricewaterhouseCoopers (which for these purposes include any entity under common control, ownership or management with the external auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), for the year ended 31 December 2011 is set out as follows:

SERVICES RENDERED	FEE PAID/PAYABLE 2011 US$'000
STATUTORY AUDIT SERVICES	1,647
OTHER AUDIT-RELATED SERVICES – MAINLY INCLUDING REPORTING ACCOUNTANTS IN CONNECTION WITH THE MAJOR TRANSACTIONS DURING THE YEAR	606
NON-AUDIT SERVICES	
TAX SERVICES IN CONNECTION WITH THE MAJOR TRANSACTIONS DURING THE YEAR	414
OTHER TAX SERVICES – INCLUDING TAX COMPLIANCE, ADVISORY, DUE DILIGENCE AND PLANNING SERVICES	531
OTHER SERVICES (INCLUDING TAXATION SERVICES)	112
	3,310

COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to develop and maintain continuing relationships and effective communication with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication the Company has adopted a Shareholder Communication Policy, which is available on the Company website. In addition:

(i) The AGM provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The directors are available at the AGMs of the Company to address shareholders' queries.

(ii) Separate resolutions are proposed at the general meetings on each substantially separate issue.

(iii) Interim and annual results are announced as soon as practicably possible to keep shareholders of the Company informed of the Group's performance and operations.

(iv) Updated key information of the Group is available on the Company's website to enable the shareholders of the Company and the investors to have timely access to information about the Group.

A notice of meeting is sent to shareholders at least 20 clear business days before AGMs and at least 10 clear business days before EGMs.

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
MINMETALS RESOURCES LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Minmetals Resources Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages II-2 to II-76, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2012

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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GLOSSARY

lb	pound(s)
oz	ounce(s)
t	tonne(s)
A$	Australian dollar, the lawful currency of Australia
AGM	Annual General Meeting
ALBUM ENTERPRISES	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability
ALBUM INVESTMENT	Album Investment Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly-owned subsidiary of the Company
ALBUM RESOURCES	Album Resources Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly-owned subsidiary of the Company
ALL GLORIOUS	All Glorious Limited, a company incorporated on 8 September 2010 in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
ANVIL	Anvil Mining Limited, a corporation existing under the laws of the Northwest Territories, Canada
ASSOCIATE	has the meaning ascribed to it under the Listing Rules
AUSTRALIA	the Commonwealth of Australia
AUSTRALIAN GOVERNMENT	the Government of Australia
BOARD	the Board of Directors of the Company
BOARD CHARTER	the Board Charter of the Company
C$	Canadian dollar, the lawful currency of Canada
C1 COST	as defined in Brook Hunt Zinc and Lead Costs – Mines and Projects to 2018, 2005 edition
CHANGZHOU JINYUAN	Changzhou Jinyuan Copper Company Limited
CHINA	the People´s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
COMPANY	Minmetals Resources Limited, a company incorporated on 29 July 1998 in Hong Kong with limited liability, the shares of which have listed and traded on the Stock Exchange
CMC	China Minmetals Corporation, formerly known as China National Metals and Minerals Import and Export Corporation, a state-owned enterprise incorporated on 7 April 1950 under the laws of the PRC
CMC GROUP	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
CMN TRADING	China Minmetals Non-ferrous Metals Trading Company Limited
COMPANIES ORDINANCE	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
DISPOSAL GROUP	the Company's entire 100% equity interest in Minmetals Aluminium, Riseup Dragon Limited's entire 72.80% equity interest in NCA, Orienmet Industry's entire 51% equity interest in Yingkou Orienmet and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan
EBIT	earnings before net financing expenses and income tax
EBIT MARGIN	EBIT divided by revenue
EBITDA	earnings before depreciation and amortisation expenses, net financing expenses and income tax
EBITDA MARGIN	EBITDA divided by revenue
EGM	Extraordinary General Meeting

EIS	Environmental Impact Statement
EQUINOX	Equinox Minerals Limited
EXECUTIVE COMMITTEE	the Executive Committee of the Group, which consists of all executive directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration and Executive General Manager – Business Support.
GROUP	the Company and its subsidiaries, excluding jointly-controlled entities
g/t	grams per tonne
GUANGXI HUAYIN	Guangxi Huayin Aluminium Company Limited
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HONG KONG	the Hong Kong Special Administrative Region of the PRC
HNC	Hunan Nonferrous Metals Corporation Limited
HNG	Hunan Nonferrous Metals Holdings Group Company Limited
ICMM	International Council on Mining and Metals
INDICATED RESOURCES	as defined under the JORC Code, that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence
INFERRED RESOURCES	as defined under the JORC Code, that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence
JORC CODE	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee, as amended from time to time
LAOS	the Lao People's Democratic Republic (Lao PDR)
LISTING RULES	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metals Exchange
LTIFR	Lost time injury frequency rate
LXML	Lane Xang Minerals Limited, a company incorporated on 30 September 1993 in Laos as the holding company for the Sepon operation
M&A	merger and acquisition
MEASURED RESOURCES	as defined under the JORC Code, that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence
MINERAL RESOURCES	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
MINMETALS ALUMINIUM	Minmetals Aluminium Company Limited
MMG	Minerals and Metals Group, being the collective brand name of the portfolio of international mining assets held by Album Resources
MMG CENTURY	MMG Century Limited, a company incorporated on 25 November 1986 in Australia with limited liability and a member of MMG
MMG GOLDEN GROVE	MMG Golden Grove Pty Ltd, a company incorporated on 21 June 2005 in Australia with limited liability and a member of MMG
MMG MANAGEMENT	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability and a member of MMG
Mt	million tonnes
NCA	North China Aluminium Company Limited

NPAT	net profit after tax
ORE RESERVES	as defined under the JORC Code, the economically mineable part of a Measured Resource and/or Indicated Resource
ORIENMET INDUSTRY	Orienmet Industry Company Limited
PRC	the People's Republic of China
PRODUCTION DATA	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
PSCS	the Perpetual Sub-ordinated Convertible Securities issued by the Company
PSCS HOLDER(S)	the person(s) in whose names the PSCS are registered
QINGDAO M.C.	Qingdao M.C. Packaging Limited
RISEUP DRAGON	Riseup Dragon Limited
RMB	Renminbi, the lawful currency of the PRC
SAP	'Systems Applications and Products in Data Processing', enterprise application software
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SHANXI GUANLV	Shanxi Guanlv Company Limited
STOCK EXCHANGE	The Stock Exchange of Hong Kong Limited
TOP CREATE	Top Create Resources Limited, a company incorporated on 22 January 2004 in the British Virgin Islands with limited liability
TRADING, FABRICATION AND OTHER OPERATIONS	has the same meaning as Disposal Group
TRIFR	Total recordable injury frequency rate
US$	United States dollar, the lawful currency of the United States of America
YINGKOU ORIENMET	Yingkou Orienmet Plica Tube Company Limited

FINANCIAL STATEMENTS

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	NOTE	YEAR ENDED 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION (RESTATED)
CONTINUING OPERATIONS			
Revenue	5	**2,228.3**	**1,919.9**
Cost of sales	7	(1,301.9)	(1,041.6)
Gross profit		**926.4**	**878.3**
Selling expenses	7	(80.3)	(73.9)
Administrative expenses	7	(135.9)	(58.6)
Exploration expenses	7	(64.0)	(55.5)
Other gains/(losses) – net	6(a)	3.1	(16.2)
Other operating expenses	7	(129.0)	(75.4)
Other income	6(b)	19.1	9.0
Gain on disposal of available-for-sale financial assets	19	152.1	-
Business acquisition expenses	7	-	(86.4)
Write-back of business acquisition expenses	7	63.8	-
Operating profit		**755.3**	**521.3**
Finance income	8	2.4	4.3
Finance costs	8	(48.6)	(42.8)
Profit before income tax		**709.1**	**482.8**
Income tax expense	9	(225.5)	(126.6)
Profit for the year from continuing operations		**483.6**	**356.2**
DISCONTINUED OPERATIONS			
Profit from discontinued operations	38	90.9	74.2
Profit for the year		**574.5**	**430.4**
Profit for the year attributable to:			
Equity holders of the Company		540.9	409.4
Non-controlling interests		33.6	21.0
		574.5	**430.4**
Profit for the year attributable to equity holders of the Company arises from:			
Continuing operations		454.1	335.8
Discontinued operations		86.8	73.6
		540.9	**409.4**

	NOTE	YEAR ENDED 31 DECEMBER 2011	2010 (RESTATED)
Earnings per share for profit attributable to the equity holders of the Company	11		
Basic earnings per share			
From continuing operations		US 9.99 cents	US 11.32 cents
From discontinued operations		US 1.91 cents	US 2.48 cents
		US 11.90 cents	US 13.80 cents
Diluted earnings per share			
From continuing operations		US 8.99 cents	US 7.41 cents
From discontinued operations		US 1.72 cents	US 1.63 cents
		US 10.71 cents	US 9.04 cents

The notes on pages II-12 to II-76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	YEAR ENDED 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Profit for the year		**574.5**	**430.4**
Other comprehensive income/(loss)			
Net change in fair value of available-for-sale financial assets, net of tax		70.1	43.9
Transfer to income statement on disposal of available-for-sale financial assets, net of tax		(112.7)	-
Currency translation differences		12.3	13.1
Currency translation differences transfer to income statement on disposal of subsidiaries and investments accounted for using the equity method		(45.9)	-
Cash flow hedge		-	1.0
Other comprehensive (loss)/income for the year		**(76.2)**	**58.0**
Total comprehensive income for the year		**498.3**	**488.4**
Total comprehensive income attributable to:			
Equity holders of the Company		464.0	466.7
Non-controlling interests		34.3	21.7
		498.3	**488.4**
Total comprehensive income attributable to equity holders of the Company arises from:			
Continuing operations		411.5	379.6
Discontinued operations		52.5	87.1
		464.0	**466.7**

The notes on pages II-12 to II-76 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	NOTE	AS AT 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,754.9	1,671.5
Investment properties		1.8	2.0
Intangible assets	16	-	132.0
Investments accounted for using the equity method	18	0.1	227.3
Inventories	21	33.1	24.4
Deferred income tax assets	20	63.6	98.8
Other assets		2.7	1.5
		1,856.2	2,157.5
Current assets			
Inventories	21	278.4	363.8
Trade and other receivables	22	118.3	360.4
Loan to a related party	37	95.0	-
Current income tax assets		7.4	3.5
Available-for-sale financial assets	19	-	164.1
Other financial assets	23	1.7	19.4
Cash and cash equivalents	24	1,096.5	398.2
		1,597.3	1,309.4
Total assets		**3,453.5**	**3,466.9**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	33.9	19.0
Perpetual sub-ordinated convertible securities	27	-	690.0
Reserves and retained profits	26	1,401.5	(232.0)
		1,435.4	477.0
Non-controlling interests		59.0	56.4
Total equity		**1,494.4**	**533.4**

CONSOLIDATED BALANCE SHEET CONTINUED

	NOTE	AS AT 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION
LIABILITIES			
Non-current liabilities			
Deferred income	29	-	5.1
Deferred income tax liabilities	20	5.5	20.1
Borrowings	30	294.5	1,144.3
Loan from a related party	37	-	694.2
Provisions	33	491.1	317.6
		791.1	2,181.3
Current liabilities			
Trade and other payables	31	205.1	368.5
Receipts in advance		-	71.0
Advances from banks for discounted bills		-	43.6
Amounts due to related parties	37	-	2.5
Derivative financial instruments	23	-	1.2
Current income tax liabilities		117.9	129.1
Borrowings	30	787.2	83.2
Provisions	33	56.5	53.1
		1,166.7	752.2
Liabilities of disposal group classified as held for sale	38	1.3	-
		1,168.0	752.2
Total liabilities		**1,959.1**	**2,933.5**
Total equity and liabilities		**3,453.5**	**3,466.9**
Net current assets		**429.3**	**557.2**
Total assets less current liabilities		**2,285.5**	**2,714.7**

ANDREW MICHELMORE
CEO AND EXECUTIVE DIRECTOR

DAVID LAMONT
CFO AND EXECUTIVE DIRECTOR

The notes on pages II-12 to II-76 are an integral part of these consolidated financial statements.

COMPANY BALANCE SHEET

	NOTE	AS AT 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	15(b)	-	0.3
Investment properties		1.8	1.8
Interests in subsidiaries	17	2,207.9	1,780.9
		2,209.7	1,783.0
Current assets			
Other receivables		0.4	0.1
Amounts due from subsidiaries	17	644.2	-
Cash and cash equivalents	24	222.3	17.1
		866.9	17.2
Total assets		**3,076.6**	**1,800.2**
EQUITY			
Capital and reserves			
Share capital	25	33.9	19.0
Perpetual sub-ordinated convertible securities	27	-	690.0
Reserves and retained profits	26	2,531.1	1,085.7
Total equity		**2,565.0**	**1,794.7**
LIABILITIES			
Non-current liabilities			
Provision	33	3.2	-
Current liabilities			
Other payables		1.2	0.5
Provision	33	1.3	-
Amounts due to subsidiaries	17	505.9	5.0
		508.4	5.5
Total liabilities		**511.6**	**5.5**
Total equity and liabilities		**3,076.6**	**1,800.2**
Net current assets		**358.5**	**11.7**
Total assets less current liabilities		**2,568.2**	**1,794.7**

ANDREW MICHELMORE
CEO AND EXECUTIVE DIRECTOR

DAVID LAMONT
CFO AND EXECUTIVE DIRECTOR

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ MILLION	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	Share capital	Perpetual sub-ordinated convertible securities	Total other reserves	Retained profits	Non-controlling interests	Total
At 1 January 2011	19.0	690.0	(677.2)	445.2	56.4	533.4
Profit for the year	-	-	-	540.9	33.6	574.5
Other comprehensive income/(loss)						
Change in fair value of available-for-sale financial assets, net of tax	-	-	70.1	-	-	70.1
Transfer to income statement on disposal of available-for-sale financial assets, net of tax	-	-	(112.7)	-	-	(112.7)
Currency translation differences	-	-	11.6	-	0.7	12.3
Currency translation differences transfer to income statement on disposal of subsidiaries and investments accounted for using the equity method	-	-	(45.9)	-	-	(45.9)
Total comprehensive income for the year	-	-	(76.9)	540.9	34.3	498.3
Transactions with owners						
Transfer (from)/to reserves	-	-	6.1	(6.1)	-	-
Dividends paid to non-controlling interests	-	-	-	-	(0.4)	(0.4)
Issue of shares	4.9	-	489.4	-	-	494.3
Conversion of perpetual sub-ordinated convertible securities into ordinary shares	10.0	(690.0)	680.0	-	-	-
Employees share option	-	-	0.1	-	-	0.1
Disposal of subsidiaries	-	-	(31.1)	31.1	(31.3)	(31.3)
Total transactions with owners	14.9	(690.0)	1,144.5	25.0	(31.7)	462.7
At 31 December 2011	**33.9**	**-**	**390.4**	**1,011.1**	**59.0**	**1,494.4**

US$ MILLION	Share capital	Perpetual sub-ordinated convertible securities	Total other reserves	Retained profits	Non-controlling interests	Total
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
At 1 January 2010	13.0	-	755.1	376.3	67.7	1,212.1
Profit for the year	-	-	-	409.4	21.0	430.4
Other comprehensive income						
Cash flow hedge	-	-	1.0	-	-	1.0
Net change in fair value of available-for-sale financial assets	-	-	43.9	-	-	43.9
Currency translation differences	-	-	12.4	-	0.7	13.1
Total comprehensive income for the year	-	-	57.3	409.4	21.7	488.4
Transactions with owners						
Transfer (from)/to reserves	-	-	0.5	(0.5)	-	-
Dividends paid	-	-	-	(340.0)	-	(340.0)
Dividends paid to non-controlling interests	-	-	-	-	(33.0)	(33.0)
Issue of shares	6.0	-	646.6	-	-	652.6
Issue of perpetual sub-ordinated convertible securities	-	690.0	-	-	-	690.0
Employees share option	-	-	0.1	-	-	0.1
Business combination under common control	-	-	(2,136.8)	-	-	(2,136.8)
Total transactions with owners	6.0	690.0	(1,489.6)	(340.5)	(33.0)	(1,167.1)
At 31 December 2010	19.0	690.0	(677.2)	445.2	56.4	533.4

The notes on pages II-12 to II-76 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	NOTE	YEAR ENDED 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Cash flows from operating activities			
Continuing operations			
Net cash generated from operations	34	909.3	846.2
Income tax paid		(209.6)	(81.6)
		699.7	764.6
Discontinued operations		100.8	51.6
Net cash generated from operating activities		**800.5**	**816.2**
Cash flows from investing activities			
Continuing operations			
Acquisition of subsidiaries		-	(100.0)
Capital injection into a jointly-controlled entity		(0.1)	-
Purchase of property, plant and equipment		(380.3)	(307.7)
Proceeds from disposal of property, plant and equipment		4.2	2.5
Proceeds from disposal of investment properties		0.3	-
Proceeds from disposal of available-for-sale financial assets		311.2	-
Proceeds from disposal of investments		509.1	0.3
Purchase of financial assets		(66.4)	(100.2)
Dividends received from investments accounted for using the equity method		1.3	2.5
Interest received		1.0	4.3
Loan to a related party		(95.0)	-
		285.3	(498.3)
Discontinued operations		(99.1)	(7.3)
Net cash generated from/(used in) investing activities		**186.2**	**(505.6)**

	NOTE	YEAR ENDED 31 DECEMBER 2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Cash flows from financing activities			
Continuing operations			
Repayments of borrowings		(17.2)	-
Repayments of loan from a related party		(694.2)	-
Proceeds from issue of shares		494.3	-
Interest paid		(26.3)	(25.1)
Dividends paid to non-controlling interests		-	(32.9)
Dividends paid to former owner of Album Resources Private Limited		-	(340.0)
Repayments of finance lease liabilities		(1.0)	(1.7)
		(244.4)	(399.7)
Discontinued operations		(48.2)	9.8
Net cash used in financing activities		**(292.6)**	**(389.9)**
Net increase/(decrease) in cash and cash equivalents		694.1	(79.3)
Cash and cash equivalents at 1 January		398.2	471.1
Exchange gains on cash and bank balances		4.2	6.4
Cash and cash equivalents at 31 December	24	**1,096.5**	**398.2**
Analysis of balances of cash and cash equivalents			
Cash and bank balances from:			
Continuing operations		1,096.5	240.8
Discontinued operations		-	157.4
		1,096.5	**398.2**

The notes on pages II-12 to II-76 are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Minmetals Resources Limited (Company) is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Units 8501-8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company was an investment holding company and is listed on the Stock Exchange of Hong Kong. The principal activities of the Company and its subsidiaries (Group) are the exploration for, and the mining, processing and sale of zinc, copper, lead, gold, silver and other minerals into both metal and metal in concentrates.

The consolidated financial statements for the year ended 31 December 2011 comprise the Group and the Group's interest in jointly-controlled entities and associates. These consolidated financial statements are presented in United States dollars (US$) unless otherwise stated and have been approved for issue by the Board of Directors on 28 March 2012.

Divestment of the trading, fabrication and other operations of the Company

Following the decision by the Board of the Company on 28 March 2011, the trading, fabrication and other operations were made available for sale at their present state as a disposal group (Disposal Group). On 15 September 2011, the directors of the Company announced that the Company had entered into the Master Sale and Implementation Agreement with a controlling shareholder of the Company, China Minmetals Non-ferrous Metals Co., Ltd. (CMN), to sell its entire interest in four entities (Disposal Entities) out of the Disposal Group for an aggregate consideration of US$726.8 million (Disposal). The Disposal Entities represent majority components of the Disposal Group. The Disposal was approved by the independent shareholders of the Company on 28 October 2011 and completed in December 2011.

Analysis on the results, assets and liabilities of the Disposal Group, and details of the Disposal are presented in Note 38.

Common control combination in 2010

The Group completed the acquisition of the entire equity interest in Album Resources from Album Enterprises, a wholly-owned subsidiary of CMN, on 31 December 2010 for a total consideration of US$2,136.8 million. Album Resources is the holding company for Minerals and Metals Group (MMG), a significant producer of zinc, copper, lead, gold and silver. This business combination was regarded and accounted for as a business combination under common control in 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The financial statements have been prepared on the basis that the Company and Group are able to continue as a going concern, including to meet its obligations in the ordinary course of business. The Board of Directors is confident about its ability to successfully refinance its current borrowings during 2012.

(a) New and amended standards adopted by the Group

The HKICPA has issued the following new and revised standards, amendments to standards and interpretations that are effective in 2011 but not relevant to the Group.

HKFRSs (Amendment)	Improvements to HKFRSs 2010
HKAS 32 (Amendment)	Classification of right issues
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

(b) New standards and amendments to standards issued but not effective for the financial year beginning 1 January 2011 and not early adopted

The Group has not early adopted the following new/revised standards and amendments to standards that have been issued but are not effective for 2011. The Group is in the process of assessing their impact to the Group's results and financial position.

HKAS 1 (Amendment)	Presentation of Financial Statements(2)
HKAS 12 (Amendment)	Deferred tax- recovery of underlying assets(1)
HKAS 19 (2011)	Employee Benefits(2)
HKAS 27 (2011)	Separate Financial Statements(2)
HKAS 28 (2011)	Investments in Associates and Joint Ventures(2)
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities(3)
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters(1)
HKFRS 7 (Amendment)	Disclosures- transfers of financial assets(1)
HKFRS 9	Financial instruments(4)
Additions to HKFRS 9	Financial instruments – financial liabilities(4)
HKFRS 10	Consolidated Financial Statements(2)
HKFRS 11	Joint Arrangements(2)
HKFRS 12	Disclosures of Interests in Other Entities(2)
HKFRS 13	Fair Value Measurement(2)
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine(2)

Effective for the Group for annual period beginning:

(1) 1 January 2012

(2) 1 January 2013

(3) 1 January 2014

(4) 1 January 2015

2.2 Consolidation

(a) Purchase method of accounting for non-common control combination

The Group uses the purchase method of accounting to account for business combinations other than common control combination. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiaries. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(b) Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or business first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as expenses in the year in which they are incurred.

(c) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Transactions with non-controlling interests
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly-controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Separate financial statements
Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Investments accounted for using equity method
The Group applies equity method of accounting to account for its investments in jointly-controlled entities and associates.

(a) Jointly-controlled entities
Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly-controlled entities. The Group's interests in jointly-controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly-controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

(b) Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate or jointly-controlled entity is reduced but significant influence/jointly control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate/a jointly-controlled entity equals or exceeds its interest in the associate/jointly-controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/jointly-controlled entity.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate/jointly-controlled entity and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate/a jointly-controlled entity' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate/jointly-controlled entity are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates/jointly-controlled entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates/jointly-controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates/jointly-controlled entities are recognised in the income statement.

2.4 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Executive Committee.

2.5 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Company's functional currency is US dollars which is the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale financial assets reserve in equity.

(c) Group companies
The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the dates of the transactions, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Major spare parts and stand-by equipment are carried as property, plant and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. Only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the accounting period in which they are incurred.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and also includes subsequent costs to develop the mine to the production phase.

(a) Depreciation and amortisation

Amortisation of mine property and development assets and depreciation of assets within the mining and processing streams of property, plant and equipment are calculated on the basis of units of production unless their useful life is less than that of the mine. Amortisation of mine, property and development assets is based on assessments of developed proven and probable reserves and a proportion of resources available to be mined by the current production equipment to the extent that such resources are considered to be economically recoverable. Reserves and resource estimates are revised annually. The depreciation expense calculation reflects the Board approved estimates in place at the balance sheet date, prospectively. The amortisation of mine, property and development assets commences when the mine starts commercial production. Depreciation of all other items of property, plant and equipment commences when an asset is available for use. All other non-operating items of property, plant and equipment are depreciated over the shorter of the asset's useful life and the life of mine on a reducing balance basis, as follows:

- Freehold land – Not depreciated
- buildings –depreciated at 2.5% over the life of the mine to a maximum of 40 years
- Plant and equipment – lower of life of mine and 3-5 years;

(b) Overburden and waste removal

Overburden and other waste removal costs incurred in the development of a mine before production commences are capitalised as part of the construction of the mine as mine property and development assets. These costs include direct costs and an allocation of relevant overhead expenditure. These costs are subsequently amortised over the life of mine on a units of production basis upon commencement of commercial production.

Overburden and other waste costs incurred once an operation commences production activity (production stripping costs) are capitalised as mine property and development assets. A proportion of the costs is charged to the income statement as an operating cost on the basis of the quantity of ore mined or the quantity of the minerals contained in the ore, as a proportion of the known mineral reserves of the operation.

Changes in the technical and/or other economic parameters that impact on reserves will also have an impact on the depreciation and amortisation of capitalised mine property and development assets. These changes are accounted for prospectively from the date of change.

(c) Disposal of property, plant and equipment
On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement within other income or other (losses)/gains – net as applicable.

(d) Exploration and evaluation expenditure
Exploration and evaluation costs, including costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal right to explore an area are recognised in the income statement.

Exploration and evaluation assets are classified as part of property, plant and equipment. As the assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- activities in the area of interest have not at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see recoverable amount and fair value estimation accounting policy Note 2.9).

For the purposes of the impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating units shall not be larger than the area of interest. Refer to Note 2.9 for further details.
Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets within property, plant and equipment.

Acquired mineral rights comprise identifiable exploration and evaluation assets including mineral reserves and mineral resources, which are acquired as part of a business combination and are recognised at fair value at the date of acquisition. The acquired mineral rights are reclassified as mine property and development from commencement of development and amortised when commercial production commences on a unit of production basis over the estimated economic reserve of the mine.

2.7 Investment properties
Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by any Group company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used. Changes in fair values are recognised in the consolidated income statement.

2.8 Intangible assets

(a) Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Alumina purchasing rights
Alumina purchasing rights represent the rights to purchase pre-determined quantities of alumina from an alumina supplier over certain periods of time pursuant to the legal binding agreements entered into between the alumina supplier and the Group. Alumina purchasing rights are stated at cost less accumulated amortisation and impairment losses. Alumina purchasing rights are amortised over the unexpired periods of the agreements or in accordance with the quantities of alumina delivered.

2.9 Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Non-current assets held for sale
Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.11 Financial assets
Classification
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period, in which case they are classified as non-current assets.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurements
Regular purchases and sales of financial assets are recognised on the trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the consolidated income statement within other gains/(losses) in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

(a) Assets carried at amortised cost
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

2.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

Certain derivatives instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the consolidated income statement within other gains/(losses).

During the year, the Group did not enter into any derivative instruments used for hedging purposes.

2.13 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

2.14 Inventories

Inventories comprise raw materials, stores and consumables, work in progress, finished goods, and commodities purchased for re-sale. Inventories are stated at the lower of cost and net realisable value.

Cost of commodities purchased for re-sale, mainly comprising purchase costs and custom duty, is determined using the first-in, first-out method. The cost of work in progress and finished goods, comprising raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads, is determined using the weighted average method. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include the costs of direct materials, overburden removal, mining, processing, labour, related transportation cost to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

2.15 Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.16 Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.17 Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Equity instruments (including ordinary shares and perpetual sub-ordinated convertible securities) are any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities. Subsequent to initial recognition, the equity instrument is not re-measured.

2.18 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.19 Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in the consolidated income statement on a straight-line basis over the expected useful lives of the related assets.

2.20 Mine rehabilitation, restoration and dismantling obligations
Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of re-contouring, topsoiling and re-vegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated costs arising within 12 months) and non-current components based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as a finance cost in the income statement. Changes to capitalised cost result in an adjustment to future depreciation charges.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

2.21 Provisions and contingent liabilities
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

A provision is recognised for the amount expected to be paid under short-term or long-term bonus entitlements if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the Director or employee and the obligation can be estimated reliably.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Workers' compensation
Provision is made for outstanding claims, including any incurred but not reported claims, where any subsidiary self-insures for risks associated with workers' compensation. Outstanding claims are recognised when an incident occurs that may give rise to a claim and are measured at the cost that the entity expects to incur in settling the claims, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability. An independent actuary provides the calculation of the value of outstanding claims. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost.

2.22 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 Current and deferred income tax
The tax expense recognised for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the places where the Company's subsidiaries, jointly-controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly-controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax consolidation – Australia
The Australian subsidiaries of the Company are an income tax consolidation group and are taxed as a single entity. MMG Australia Limited is the head company of the Australian tax consolidated group. The subsidiaries in the Australian tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer in its own right. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements between entities within the tax consolidated group entities are utilised as amounts receivable from or payable to other entities within the tax consolidated group.

2.24 Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due with one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.25 Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods
Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of the significant risks and rewards to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This is generally when title passes, which for the majority of commodity sales is the bill of lading date when the commodity is delivered for shipment. For non-commodity sales, it is usually the date when a Group entity has delivered products to the customer, the customer has accepted the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Contract terms for many of the Group's zinc, copper, lead, gold, silver and metal in concentrate sales allow for a price adjustment based on a final assay of the goods by the customer to determine content. Recognition of the sales revenue for these commodities is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

The terms of concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustment to the sales price occurs based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between 60 and 120 days.

The fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses.

(b) Servicing income
Revenue from sales of services is recognised when the related services are rendered.

(c) Interest income
Interest income is recognised on a time proportion basis, using the effective interest method.

(d) Rental income
Operating lease rental income is recognised on a straight-line basis over the lease periods.

2.26 Employee benefits

(a) Employee leave entitlements
Employee entitlements to annual leave are recognised when they are accrued by employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations – defined contribution plans
Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(c) Long-term employee benefits
Long service leave is a period of paid leave granted to an employee in recognition of a long period of service to an employer. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and sales growth targets and remaining employees of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.27 Leases

Leases of property, plant and equipment where the Group has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as interest-bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board of Directors, as appropriate.

2.29 Comparatives

Certain comparative figures have also been reclassified to conform with the current year presentation to align the financial statements presentation for the discontinued operations.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including commodity price risk, equities price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivative instruments should strictly follow the yearly plans approved by the Board of Directors of the Company and its subsidiaries. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under policies approved by the Board of Directors. Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as those identified above.

(a) Commodity price risk

The Group is exposed to commodity price volatility on commodity sales made by the mines. This arises from sale of metal and metal in concentrate products such as zinc, copper, lead, gold and silver, which are priced on, or benchmarked to, open market exchanges. The Group generally believes commodity price hedging would not provide long-term benefit to its shareholders. There are no commodity hedges in place as at 31 December 2011. Prior to the divestment of the Disposal Group, the Group was also exposed to aluminium price risk and commodity derivative contracts had been entered in its aluminum operations from time to time in accordance with the policies and yearly plans approved by the Board of Directors.

The following table details the Group's sensitivity to movement in commodity prices. At reporting date, if the commodity prices increased/(decreased) by 10% and all other variables were held constant, the Group's after tax profit would have increased/(decreased) as set out below.

	2011			2010		
Commodity	**Commodity price movement**	**Increase profit US$ million**	**Decrease profit US$ million**	**Commodity price movement**	**Increase profit US$ million**	**Decrease profit US$ million**
Aluminium	N/A	-	-	10%	3.2	(3.2)
Zinc	10%	0.8	(0.8)	10%	1.8	(1.8)
Copper	10%	1.8	(1.8)	10%	4.3	(4.3)
Gold	10%	0.5	(0.5)	10%	0.9	(0.9)
Lead	10%	1.5	(1.5)	10%	0.4	(0.4)
Total		**4.6**	**(4.6)**		**10.6**	**(10.6)**

(b) Equities price risk
Equity securities price risk arises from investments held by the Group and classified in the balance sheet as available-for-sale and other short term investments. The majority of the Group's equity investments are publicly traded.

The Group does not have significant equity securities exposed to price risk as at 31 December 2011. The table below summarises the impact of an increase/(decrease) of an index of securities traded on relevant exchanges on the Group's equity as at 31 December 2010.

	2010				
US$ MILLION	Equity securities	12-month movement in price (increase 21%)	Impact on equity (net of tax)	12-month movement in price (decrease 21%)	Impact on equity (net of tax)
Available-for-sale financial assets					
Value of investment at year-end	164.1	198.6	24.2	129.6	(24.2)

Equity would increase/(decrease) as a result of gains/losses on equity securities classified as available-for-sale.

(c) Interest rate risk
The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents have been disclosed in Note 24 while the details of the Group's borrowings are set out in Note 30.

The Group regularly monitors its interest rate risk to ensure there are no undue exposures to significant interest rate movements. Any decision to hedge interest rate risk is assessed at the inception of each floating rate debt facility in light of the overall Group's exposure, the prevailing interest rate market and any funding counterparty requirements. Monthly reporting is provided to the Executive Committee, which summarises the Group's debt and interest rates. As at 31 December 2011, if the interest rate had increased/decreased by 100 basis points with all other variables held constant, post-tax profit for the year would have increased/(decreased) as follows:

	2011				2010			
	+100 basis points		-100 basis points		+100 basis points		-100 basis points	
US$ MILLION	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
- Cash and cash equivalents	7.7	-	(7.7)	-	2.5	-	(2.5)	-
Financial liabilities								
- Borrowings	(7.5)	-	7.5	-	(8.7)	-	8.7	-
Total	0.2	-	(0.2)	-	(6.2)	-	6.2	-

(d) Foreign exchange risk
The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US$. The majority of revenue received by the Group is US$. The Group's foreign currency exchange risk arises predominantly from the currency in which the Group's operations are located.

The Group is exposed to foreign exchange risk primarily with respect to Renminbi (RMB), Australian dollars (A$), Hong Kong dollars (HK$) and the Canadian dollar (C$). Given the exchange rate peg between HK$ and US$, it is not foreseen that the Group will be exposed to significant exchange rate risk for the transactions conducted in HK$ or US$. However, exchange rate fluctuations of C$ or A$ against US$ could affect the Group's performance and asset value. Upon the completion of divestment of the trading, fabrication and other operations, the Group does not have significant foreign exchange risk with respect to RMB. The A$ is the most important currency influencing costs.

Under normal market conditions, the Group does not believe that active currency hedging of transactions would provide long-term benefit to shareholders. The Group tries to minimise these exposures through natural hedges wherever possible. For instance, the majority of external debt and surplus cash is denominated in US$. A portion of cash may be held in Australian dollars and Renminbi to meet operating costs.

The Group purchased a US$ put / C$ call option with a notional value of US$434.8 million to hedge the currency risk associated with its all-cash offer to acquire all of the Common Shares in Anvil Mining Limited ("Anvil").

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a 4.9 % (2010: 2.5%) change in the A$/US$ and a 2.9 % (2010: 5.5%) change in the C$/US$ foreign exchange rate. This percentage change reflects the market consensus 12-month forecast foreign exchange rate movement.

As at 31 December 2011, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by the above foreign exchange rate changes, and all other variables were held constant, the Group's after-tax profit and equity would have increased/(decreased) by US$4.2 million.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions.

At the reporting date, the carrying amount of the Group's financial assets including cash and cash equivalents, trade and other receivables and other bank deposits represents the maximum credit exposure.

The credit risk on investments in cash, short-term deposits and similar assets are with approved counterparty banks and the intermediate holding company. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure.

The Group's most significant customer is Nyrstar. The revenue earned from Nyrstar by the Group was approximately 18.7 per cent (2010: 21.7 per cent) of revenue for the year. The largest debtor at 31 December 2011 was CMN with a balance of $29.9 million and the five largest debtors accounted for 47.8% (2010: 27.4%) of the Group's trade and other receivables as at 31 December 2011, respectively.

Credit risk arising from sales to Nyrstar and other large concentrate customers are managed by contracts that stipulate a provisional payment of at least 90 per cent of the estimated value of each sale. This is payable either promptly after vessel loading or upon vessel arriving at the discharge port. Title to the concentrate does not pass to the buyer until this provisional payment is made. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is recorded after completion of the quotation period and assaying.

The maximum exposure to credit risk for trade receivables, from its continuing operations, at the reporting date by geographic region was:

	AS AT 31 DECEMBER	
US$ MILLION	2011	2010
Australia	14.1	30.0
Europe	8.3	57.1
Asia	43.6	63.4
USA	0.1	1.8
	66.1	**152.3**

The Group does not have any significant receivables which are past due at the reporting date.

The Group is also exposed to credit risk due from related parties which amount to US$123.5 million (2010: US$1.2 million). Management does not expect any loss arising from default by these counterparties.

(f) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management utilises short and long-term cash flow forecasts and other consolidated information to ensure appropriate liquidity buffers are maintained to support the Group's activities.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

US$ MILLION	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2011					
Financial liabilities					
Trade and other payables	205.1	-	-	-	205.1
Borrowings (including interest)	803.6	43.1	272.9	-	1,119.6
	1,008.7	43.1	272.9	-	1,324.7
At 31 December 2010					
Financial liabilities					
Trade and other payables	368.2	0.1	0.2	-	368.5
Advances from banks for discounted bills	43.6	-	-	-	43.6
Amounts due to related parties	2.5	-	-	-	2.5
Loan from a related party (including interest)	14.1	14.1	778.5	-	806.7
Borrowings (including interest)	107.2	821.6	168.4	220.7	1,317.9
	535.6	835.8	947.1	220.7	2,539.2
Derivative financial liabilities					
Net settled derivative financial instruments	1.2	-	-	-	1.2
Financial guarantee issued					
Maximum amount guaranteed	5.4	-	-	-	5.4

3.2 Fair value estimation

HKFRS 7 requires disclosure of financial instruments that are measured in the balance sheet at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The US$ put / C$ call option with a notional value of US$434.8 million in relation to the offer for Anvil was valued by reference to quoted prices. The fair value of the option was insignificant as at 31 December 2011.

The Group does not have any other significant financial instruments that are measured in the balance sheet at fair value as at 31 December 2011. The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2010.

US$ MILLION	Level 1	Level 2	Level 3	Total
At 31 December 2010				
Assets				
Derivative financial instruments				
- Aluminium futures contracts	-	0.2	-	0.2
Available-for-sale financial assets	164.1	-	-	164.1
	164.1	0.2	-	164.3
Liabilities				
Derivative financial instruments				
- Aluminium futures contracts	-	1.2	-	1.2

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the relevant reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of aluminium futures contracts is determined by using valuation techniques, that reference the listed market prices as quoted on the London Metal Exchange and Shanghai Futures Exchange.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date.

The nominal values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of non-current bank borrowings equal their carrying amounts, as the impact of discounting is not significant. As the fair value of the issued financial guarantee contract of the Company is not material, no disclosure of its fair value has been made.

3.3 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern, support the Group's sustainable growth, enhance shareholders' value and provide capital for potential acquisitions and investment.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and business strategies. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, issue new shares or raise/repay debts.

The Group monitors capital by using a gearing ratio defined as total borrowings less cash and bank deposits divided by shareholders' equity. The change in gearing ratio from 2.9 to net cash position is mainly attributable to the net proceed received from disposal of discontinued operations as well as the cash generated from operating activities during the year.

	2011 US$ MILLION	2010 US$ MILLION
Cash and cash equivalents	1,096.5	398.2
Time deposits	-	12.8
Pledged bank deposits	-	6.4
Less: Total borrowings including a loan from a related party and advances from banks for discounted bills	1,081.7	1,965.3
Net (cash)/debt	(14.8)	1,547.9
Total equity	1,494.4	533.4
Gearing ratio	N/A	2.9

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 2.20. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

(b) Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement. The changes are effective from the month following Board approval of the revised ore reserves and resources estimates.

(c) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the accounting period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

(d) Recoverability of non-financial assets

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use in accordance with the accounting policy in Note 2.9. These value in use calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

(e) Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with accounting policy in Note 2.5. Determination of an entity's functional currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations that impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken. Applying the principles described above, management has come to the conclusion that the functional currency of the majority of subsidiaries within the Group is US$ based on the following factors:

- Sales are predominantly denominated in US$;
- A significant portion of costs are denominated in US$;
- A significant portion of debt and finance costs are denominated in US$; and
- Senior management and Board reporting is conducted in US$.

5. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and assess its performance.

The chief operating decision-maker has been identified as the Company`s Executive Committee, which consist of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration and Executive General Manager – Business Support. They review the Group's internal reporting of these operations in order to assess performance and allocate resources.

The Group's reportable segments are as follows:

Continuing operations

Century	Century is Australia's largest open pit zinc mine located in Queensland's North West. Century comprises two sites – the mine and processing operation at Lawn Hill, and associated concentrate dewatering and ship-loading facilities at Karumba, on the Gulf of Carpentaria.
Sepon	Sepon is an open pit, copper and gold mining operation located in Laos' south west. Sepon comprises a number of open pit mines, a copper processing plant and gold processing plant.
Golden Grove	Golden Grove is an underground base and precious metals mining operation located in Western Australia's Mid West. Golden Grove comprises two underground mines and surface processing operations.
Rosebery	Rosebery is an underground polymetallic base metal mine located on Tasmania's West Coast. Rosebery comprises an underground mine and surface processing operation.
Other	The Group has built a portfolio of exploration and development projects in Australia, Asia and the Americas. These exploration and development projects, include the Dugald River Project and the Canadian projects; the Avebury mine, which remains on care and maintenance; and corporate office entities, that are not required to be disclosed as a separate segment at this stage, and accordingly are included within Other.

Discontinued operations

Trading, fabrication and other	This segment engages in the trading of alumina and aluminium ingot, the production and sale of aluminium foil, plate, strip and extrusions, the production and sale of aluminium processing equipment, the production and sale of plica tubes and the provision of port logistics services, as well as certain jointly-controlled entities and associates of the Group.

A segment result represents the profit earned by each segment. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

Segment assets exclude current income tax assets, deferred income tax assets, available-for-sale financial assets and interests in jointly-controlled entities and associates. Segment liabilities exclude current income tax liabilities and deferred income tax liabilities. The excluded assets and liabilities are presented as part of the reconciliation to total balance sheet assets or liabilities.

Finance costs for inter-segment loans are charged at prevailing market interest rate.

The segment revenue and result for the year ended 31 December 2011 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2011								
US$ MILLION	Century	Sepon	Golden Grove	Rosebery	Other	Total continuing operations	Trading, fabrication & other	Total discontinued operations	Group
External revenue	741.5	741.6	342.9	272.5	-	2,098.5	2,324.9	2,324.9	4,423.4
Revenue from related parties	8.9	75.3	45.6	-	-	129.8	52.4	52.4	182.2
Revenue	750.4	816.9	388.5	272.5	-	2,228.3	2,377.3	2,377.3	4,605.6
EBITDA	293.0	529.4	101.6	108.6	31.2	1,063.8	53.6	53.6	1,117.4
Depreciation and Amortisation	(176.8)	(58.1)	(48.3)	(21.8)	(3.5)	(308.5)	-	-	(308.5)
Operating profit /(loss) (EBIT)	116.2	471.3	53.3	86.8	27.7	755.3	53.6	53.6	808.9
Finance income	-	1.0	-	-	7.3	8.3	3.3	3.3	11.6
Finance costs	(16.0)	(15.4)	(7.2)	(1.3)	(14.6)	(54.5)	(9.2)	(9.2)	(63.7)
Segment result	100.2	456.9	46.1	85.5	20.4	709.1	47.7	47.7	756.8
Profits on disposal of subsidiaries and investments accounted for using equity method						-		53.4	53.4
Income tax expense						(225.5)		(10.2)	(235.7)
Profit for the year						483.6		90.9	574.5
Non-controlling interests						(29.5)		(4.1)	(33.6)
Profit attributable to equity holders of the Company						454.1		86.8	540.9
Other segment information:									
Assets impairment	9.2	-	-	-	24.3	33.5	-	-	33.5
Additions to non-current assets	242.9	86.6	48.6	57.1	81.0	516.2	23.0	23.0	539.2

FOR THE YEAR ENDED 31 DECEMBER 2010 (RESTATED)

US$ MILLION	Century	Sepon	Golden Grove	Rosebery	Other	Total continuing operations	Trading, fabrication & other	Total discontinued operations	Group
External revenue	659.8	542.7	384.4	220.5	-	1,807.4	1,591.3	1,591.3	3,398.7
Revenue from related parties	51.6	54.0	6.9	-	-	112.5	70.9	70.9	183.4
Revenue	711.4	596.7	391.3	220.5	-	1,919.9	1,662.2	1,662.2	3,582.1
EBITDA	356.2	358.6	192.4	104.5	(190.8)	820.9	57.6	57.6	878.5
Depreciation and Amortisation	(219.5)	(14.9)	(36.8)	(25.7)	(2.7)	(299.6)	(18.9)	(18.9)	(318.5)
Operating profit /(loss) (EBIT)	136.7	343.7	155.6	78.8	(193.5)	521.3	38.7	38.7	560.0
Finance income	-	0.5	-	-	3.8	4.3	4.3	4.3	8.6
Finance costs	(14.3)	(10.0)	(7.9)	(2.0)	(8.6)	(42.8)	(6.7)	(6.7)	(49.5)
Segment result	122.4	334.2	147.7	76.8	(198.3)	482.8	36.3	36.3	519.1
Share of net profits of investments accounted for using the equity method						-		41.0	41.0
Income tax expense						(126.6)		(3.1)	(129.7)
Profit for the year						356.2		74.2	430.4
Non-controlling interests						(20.4)		(0.6)	(21.0)
Profit attributable to equity holders of the Company						335.8		73.6	409.4
Other segment information:									
Additions to non-current assets	187.2	102.1	61.1	36.9	13.4	400.7	15.5	15.5	416.2

AS AT 31 DECEMBER 2011

US$ MILLION	Century	Sepon	Golden Grove	Rosebery	Other	Total continuing operations	Trading, fabrication & other	Total discontinued operations	Group
Segment assets	719.9	1,045.4	318.4	281.8	1,016.9	3,382.4	-	-	3,382.4
Investments accounted for using the equity method						0.1		-	0.1
Deferred income tax assets						63.6		-	63.6
Current income tax assets						7.4		-	7.4
						3,453.5		-	3,453.5
Segment liabilities	675.2	390.9	122.5	105.4	540.4	1,834.4	1.3	1.3	1,835.7
Deferred income tax liabilities						5.5		-	5.5
Current income tax liabilities						117.9		-	117.9
						1,957.8	1.3	1.3	1,959.1

AS AT 31 DECEMBER 2010 (RESTATED)

US$ MILLION	Century	Sepon	Golden Grove	Rosebery	Other	Total continuing operations	Trading, fabrication & other	Total discontinued operations	Group
Segment assets	654.1	753.3	328.7	281.2	192.6	2,209.9	763.3	763.3	2,973.2
Investments accounted for using the equity method						-		227.3	227.3
Available-for-sale financial assets						164.1		-	164.1
Deferred income tax assets						90.7		8.1	98.8
Current income tax assets						-		3.5	3.5
						2,464.7		1,002.2	3,466.9
Segment liabilities	150.8	262.8	114.7	80.4	1,797.3	2,406.0	378.3	378.3	2,784.3
Deferred income tax liabilities						20.1		-	20.1
Current income tax liabilities						128.9		0.2	129.1
						2,555.0		378.5	2,933.5

Century's, Golden Grove's and Rosebery's operations are located in Australia. Sepon's operations are located in Laos. Trading, fabrication and other business operations are located in China, while all other segments are immaterial by location.

6. OTHER INCOME AND EXPENSES

a) Other gains/(losses) – net

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Exchange gains/(losses) – net	3.1	(16.5)
Fair value gains on investment properties	-	0.3
	3.1	(16.2)

b) Other income

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Sale of other assets	-	4.3
Agency commission	-	2.2
Gain on disposal of investments	17.3	-
Gain on disposal of property, plant and equipment and investment properties	0.6	0.1
Other income	1.2	2.4
	19.1	9.0

7. EXPENSES

Profit before income tax includes the following specific expenses:

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Changes in inventories of finished goods and work in progress	23.2	77.2
Raw materials and other direct costs	(0.3)	(9.6)
Employee benefit expenses (Note 13)	(246.2)	(196.4)
Contracting and consulting expenses	(237.9)	(166.7)
Royalties expense	(94.5)	(76.6)
Energy costs	(144.9)	(125.1)
Stores and consumables costs	(292.8)	(244.8)
Depreciation and amortisation expense	(308.5)	(299.6)
Total cost of goods sold	**(1,301.9)**	**(1,041.6)**
Exploration and evaluation expenditure	(64.0)	(55.5)
Employee benefit expenses (including Directors' emoluments) (Note 13)	(85.3)	(66.2)
Operating lease rental on properties	(22.6)	(13.4)
Auditor's remuneration	(1.6)	(1.1)
Business acquisition expenses (note)	-	(86.4)
Write-back of business acquisition expenses (note)	63.8	-
Impairment of property, plant and equipment	(33.5)	-
Selling expenses	(80.3)	(73.9)
Other administrative expenses	(121.9)	(53.3)
Total other expenses	**(345.4)**	**(349.8)**
Total expenses	**(1,647.3)**	**(1,391.4)**

Note:
Business acquisition expenses of US$86.4 million were incurred and accrued in 2010 for the acquisition of MMG under common control and mainly comprised of provision for government duties as well as legal and professional expenses and provision for tax and duties. During the current year US$63.8 million of the accrual was reversed.

8. FINANCE COSTS- NET

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Finance costs		
Interest on borrowings wholly repayable within five years	(26.5)	(16.4)
Interest on borrowings not wholly repayable within five years	-	(7.8)
Unwind of discount provisions	(20.8)	(17.7)
Other finance cost	(1.3)	(0.9)
	(48.6)	(42.8)
Finance income		
Interest income	2.4	4.3
Finance costs – net	(46.2)	(38.5)

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has tax losses brought forward to offset the assessable profit generated in Hong Kong for the year (2010: US$Nil). Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Current income tax expense		
Overseas income tax	(192.8)	(151.0)
Deferred income tax (Note 20)	(32.7)	24.4
Income tax expense	(225.5)	(126.6)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate to profits of the consolidated companies as follows:

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Profit before income tax	709.1	482.8
Calculated at domestic tax rates applicable to profits in the respective countries	(221.0)	(166.2)
Net non-taxable/(non–deductible) amounts	0.8	(9.1)
Net (unrecognised deferred tax assets)/recognition of previously unrecognised deferred tax assets	(7.6)	51.6
Over/(under) provision in prior years	2.3	(2.9)
Income tax expense	(225.5)	(126.6)

Note:
The Group's entities are mainly operated in Australia and Laos and the taxation rates applicable in Australia and Laos are 30% and 33% respectively. The change in effective tax rate is caused by a change in the profitability of the Group's subsidiaries in the respective countries as well as the applicable tax rate for certain income generated and expenses incurred in the current year and prior year.

Deferred tax impact relating to other items of other comprehensive income:

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Available-for-sale financial assets	18.8	(18.8)

10. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit/(loss) attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US$278.6 million (2010: US$(1.7) million).

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year. In 2010, the weighted average number of ordinary shares also adjusted for the effect of the 2010 Business Combination.

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Profit from continuing operations attributable to equity holders of the Company	454.1	335.8
Profit from discontinued operations attributable to equity holders of the Company	86.8	73.6

	NUMBER OF SHARES	
	2011 '000	2010 '000
Weighted average number of ordinary shares in issue	4,545,099	2,026,217
Adjustment for the weight average number of ordinary shares to reflect the business combination of MMG	-	940,779
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	4,545,099	2,966,996
Basic earnings per share- continuing operations	US 9.99 cents	US 11.32 cents
Basic earnings per share- discontinued operations	US 1.91 cents	US 2.48 cents

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and Perpetual Sub-ordinated Convertible Securities. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The PSCS are assumed to have been converted into ordinary shares.

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Profit from continuing operations attributable to equity holders of the Company	454.1	335.8
Profit from discontinued operations attributable to equity holders of the Company	86.8	73.6

	NUMBER OF SHARES	
	2011 '000	2010 '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	4,545,099	2,966,996
Adjustments for:		
– Share options	4,929	2,380
– Perpetual sub-ordinated convertible securities	500,055	1,560,000
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	5,050,083	4,529,376
Diluted earnings per share- continuing operations	US 8.99 cents	US 7.41 cents
Diluted earnings per share- discontinued operations	US 1.72 cents	US 1.63 cents

12. DIVIDENDS

No interim dividend was paid (2010: US$Nil) and the Directors do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: US$Nil).

13. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Salaries and other benefits	314.8	248.9
Retirement scheme contributions (Note 32)	16.7	13.7
	331.5	262.6

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2011 is set out below:

Name of Director	Fees US$'000	Salaries US$'000	Other Benefits (h) US$'000	Incentive plans (i) US$'000	Total US$'000
Mr Wang Lixin [(a)]	419	-	-	-	419
Mr Hao Chuanfu [(f)]	-	267	61	41	369
Mr Andrew Gordon Michelmore	-	2,294	28	4,595	6,917
Mr David Mark Lamont	-	1,110	23	1,185	2,318
Mr Li Liangang [(g)]	13	171	38	-	222
Mr Jiao Jian	137	-	-	-	137
Mr Xu Jiqing	141	-	-	-	141
Mr Gao Xiaoyu [(b)]	65	-	-	-	65
Mr Loong Ping Kwan	38	-	-	-	38
Dr Peter William Cassidy	219	-	-	-	219
Mr Anthony Charles Larkin [(c)]	17	-	-	-	17
Mr Li Fuli [(d)]	34	-	-	-	34
Mr Ting Leung Huel, Stephen [(e)]	35	-	-	-	35
	1,118	3,842	150	5,821	10,931

Note:

(a) Appointed as the Chairman whilst remaining as a Non-executive Director on 1 April 2011.

(b) Appointed as a Non-executive Director on 1 April 2011.

(c) Appointed as an Independent Non-executive Director on 30 November 2011.

(d) Resigned as the Chairman and Non-executive Director on 1 April 2011.

(e) Resigned as a Non-executive Director on 30 November 2011.

(f) Resigned as the Vice Chairman and Executive Director on 29 March 2012.

(g) Resigned as an Executive Director on 29 March 2012.

(h) Other benefits include statutory superannuation and pension contributions, non-monetary benefits and housing allowance. Not all benefits apply to each executive; benefits are applied variably based on contractual and statutory obligations.

(i) Incentive plans include at risk performance linked remuneration of both short and long-term incentives and discretionary bonuses.

The Short Term Incentive (STI) Plan is an annual cash reward determined by performance against Group financial and safety targets and individual performance. For operational roles, additional components include performance targets related to production rates, unit costs, and operational safety.

The Long Term Incentive (LTI) Plan is a cash settled reward at the conclusion of three performance years. Performance measures for the current LTI plans are differentiated from the STI plan and include three equally weighted metrics of:

- Earnings Per Share (diluted) Growth (EPS)
- Resources Growth
- Relative performance to Total Shareholder Return (TSR) HSBC Global Mining Index

Participation in the at risk incentives plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group.

All employees on long term employment contracts are eligible to participate in the STI plan whilst the LTI plan is limited to senior managers.

The remuneration of every Director for the year ended 31 December 2010 is set out below:

Name of Director	Fees US$'000	Salaries US$'000	Other Benefits [h] US$'000	Discretionary bonuses US$'000	Total US$'000
Mr Li Fuli	13	-	-	-	13
Mr Hao Chuanfu (a)	-	246	63	82	391
Mr Andrew Gordon Michelmore (b)	-	-	-	-	-
Mr David Mark Lamont (c)	-	-	-	-	-
Mr Li Liangang (d)	13	208	3	191	415
Mr Wang Lixin	13	-	-	-	13
Mr Xu Jiqing	13	-	-	-	13
Mr Jiao Jian (e)	-	-	-	-	-
Mr Ting Leung Huel, Stephen	29	-	-	-	29
Mr Loong Ping Kwan	29	-	-	-	29
Dr Peter William Cassidy (f)	-	-	-	-	-
Mr Zhan Wei (g)	-	143	37	81	261
Ms Shen Ling (g)	13	-	-	-	13
Mr Zong Qingsheng (g)	13	-	-	-	13
Mr Li Dongsheng (g)	29	-	-	-	29
	165	597	103	354	1,219

Note:

(a) Re-designated as the Vice Chairman while remaining as an Executive Director on 31 December 2010.

(b) Appointed as an Executive Director and Chief Executive Officer on 31 December 2010.

(c) Appointed as an Executive Director and Chief Financial Officer on 31 December 2010.

(d) Re-designated as an Executive Director on 31 December 2010.

(e) Appointed as a Non-executive Director on 31 December 2010.

(f) Appointed as an independent Non-executive Director on 31 December 2010.

(g) Resigned on 31 December 2010.

(h) Other benefits include housing allowances.

(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two Directors (2010: 2) whose emoluments is reflected in the analysis presented above. The two Directors were appointed as Directors of the Company on 31 December 2010 and accordingly received the emoluments as employees rather than Directors during 2010. Details of the emoluments payable to all five individuals during the year are as follows:

	2011 US$ '000	2010 US$ '000
Salaries and other short-term employee benefits	5,784	5,684
Long term incentives scheme	3,926	1,136
Discretionary bonuses	3,920	2,729
	13,630	9,549

The emoluments fell within the following bands:

	NUMBER OF INDIVIDUALS	
	2011	2010
HK$8,000,001 – HK$8,500,000 (US$1,025,641 – US$1,089,744)	-	1
HK$8,500,001 – HK$9,000,000 (US$1,089,745 – US$1,153,846)	1	-
HK$9,500,001 – HK$10,000,000 (US$1,217,949 – US$1,282,051)	1	-
HK$10,000,001 – HK$10,500,000 (US$1,282,052 – US$1,346,154)	-	1
HK$11,000,001 – HK$11,500,000 (US$1,410,257 – US$1,474,359)	-	1
HK$13,000,001 – HK$13,500,000 (US$1,666,667 – US$1,730,769)	-	1
HK$15,500,001 – HK$16,000,000 (US$1,987,180 – US$2,051,282)	1	-
HK$18,000,001 – HK$18,500,000 (US$2,307,692 – US$2,371,795)	1	-
HK$31,500,001 – HK$32,000,000 (US$4,038,462 – US$4,102,564)	-	1
HK$53,500,001 – HK$54,000,000 (US$6,858,974 – US$6,923,077)	1	-
	5	5

During the year, no Director waived any emoluments and no emoluments were paid or payable by the Group to the Directors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

US$ MILLION	Land and buildings	Plant and machinery	Mine property and development	Exploration and evaluation	Construction in progress	Total property, plant and equipment
As at 1 January 2011						
Cost	169.8	1,123.4	853.1	1.9	124.3	2,272.5
Accumulated depreciation	(37.9)	(284.3)	(278.2)	(0.6)	-	(601.0)
Net book amount at 1 January 2011	131.9	839.1	574.9	1.3	124.3	1,671.5
Year ended 31 December 2011						
At the beginning of the year	131.9	839.1	574.9	1.3	124.3	1,671.5
Additions	2.3	21.7	366.6	-	177.0	567.6
Depreciation	(9.2)	(99.4)	(202.8)	(0.1)	-	(311.5)
Disposals	(0.2)	(4.9)	(17.3)	-	(0.4)	(22.8)
Asset impairment	(0.5)	(28.4)	(4.0)	-	(0.6)	(33.5)
Transfers	21.1	65.7	12.5	(0.4)	(102.0)	(3.1)
Transferred to disposal group classified as held for sale (Note 38)	(27.2)	(79.5)	-	-	(6.6)	(113.3)
At the end of the year	118.2	714.3	729.9	0.8	191.7	1,754.9
As at 31 December 2011						
Cost	184.4	1,144.1	1,230.9	1.5	192.3	2,753.2
Accumulated depreciation and impairment	(66.2)	(429.8)	(501.0)	(0.7)	(0.6)	(998.3)
Net book amount at 31 December 2011	118.2	714.3	729.9	0.8	191.7	1,754.9

US$ MILLION	Land and buildings	Plant and machinery	Mine property and development	Exploration and evaluation	Construction in progress	Total property, plant and equipment
As at 1 January 2010						
Cost	174.1	1,002.8	587.8	3.9	85.3	1,853.9
Accumulated depreciation	(22.7)	(174.1)	(56.3)	-	-	(253.1)
Net book amount at 1 January 2010	151.4	828.7	531.5	3.9	85.3	1,600.8
Year ended 31 December 2010						
At the beginning of the year	151.4	828.7	531.5	3.9	85.3	1,600.8
Additions	2.7	57.4	239.9	-	116.2	416.2
Depreciation	(15.1)	(109.8)	(222.4)	(0.1)	-	(347.4)
Disposals	(0.2)	(0.5)	-	-	-	(0.7)
Transfers	(7.4)	62.3	25.9	(2.5)	(78.3)	-
Exchange differences	0.5	1.0	-	-	1.1	2.6
At the end of the year	131.9	839.1	574.9	1.3	124.3	1,671.5
As at 31 December 2010						
Cost	169.8	1,123.4	853.1	1.9	124.3	2,272.5
Accumulated depreciation	(37.9)	(284.3)	(278.2)	(0.6)	-	(601.0)
Net book amount at 31 December 2010	131.9	839.1	574.9	1.3	124.3	1,671.5

(b) The Company

US$ MILLION	Land and buildings	Plant and machinery	Total property, plant and equipment
As at 1 January 2011			
Cost	0.5	0.3	0.8
Accumulated depreciation	(0.3)	(0.2)	(0.5)
Net book amount at 1 January 2011	0.2	0.1	0.3
Year ended 31 December 2011			
At the beginning of the year	0.2	0.1	0.3
Disposals	(0.1)	(0.1)	(0.2)
Depreciation	(0.1)	-	(0.1)
At the end of the year	-	-	-
As at 31 December 2011			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book amount at 31 December 2011	-	-	-

US$ MILLION	Land and buildings	Plant and machinery	Total property, plant and equipment
As at 1 January 2010			
Cost	0.5	0.4	0.9
Accumulated depreciation	(0.2)	(0.3)	(0.5)
Net book amount at 31 December 2010	0.3	0.1	0.4
Year ended 31 December 2010			
At the beginning of the year	0.3	0.1	0.4
Depreciation	(0.1)	-	(0.1)
At the end of the year	0.2	0.1	0.3
As at 31 December 2010			
Cost	0.5	0.3	0.8
Accumulated depreciation	(0.3)	(0.2)	(0.5)
Net book amount at 31 December 2010	0.2	0.1	0.3

16. INTANGIBLE ASSETS

	ALUMINA PURCHASING RIGHTS	
	2011 US$ MILLION	2010 US$ MILLION
Cost		
At 1 January	174.0	174.0
Transferred to disposal group classified as held for sale	(174.0)	-
At 31 December	-	174.0
Accumulated amortisation		
At 1 January	(42.0)	(34.0)
Amortisation	-	(8.0)
Transferred to disposal group classified as held for sale	42.0	-
At 31 December	-	(42.0)
Net book amount		
At 31 December	-	132.0

As at 31 December 2010, the alumina purchasing rights represent the Group's rights to source alumina from a third party supplier, amounting to approximately 400,000 tonnes per annum up to mid-2027, at prices which correlate to the production costs of the supplier. As at 31 December 2010, the Group's alumina purchasing rights have been pledged to a bank to secure certain banking facilities of the Group.

17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2011 US$ MILLION	2010 US$ MILLION
Investments in subsidiaries		
Unlisted shares/investments at cost	6.2	316.8
Less: Provision for impairment	(0.4)	(0.4)
	5.8	316.4
Amounts due from subsidiaries (note i)	2,351.8	1,587.1
Less: Provision for impairment	(149.7)	(122.6)
	2,202.1	1,464.5
Interests in subsidiaries	2,207.9	1,780.9
Amounts due from subsidiaries (note ii)	644.2	-
Amounts due to subsidiaries (note iii)	(505.9)	(5.0)

Note:

(i) The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms.

(ii) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(iii) The amounts due to subsidiaries of which US$501.6 million are unsecured, interest bearing loans with no fixed repayment term and the remaining US$4.3 million are unsecured, interest-free and repayable on demand.

The following is a list of the principal subsidiaries as at 31 December 2011:

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid up capital	Proportion of issued capital held by the Company	
				Directly	Indirectly
Allegiance Mining Pty Ltd	Australia	Mineral exploration and production	782,455,310 Ordinary Shares at A$1 a share	-	100%
MMG Australia Limited	Australia	Mineral exploration and production, management and employment services	490,000,000 Ordinary Shares at A$1 a share	-	100%
MMG Century Limited	Australia	Mineral exploration and production	30 Ordinary Shares at A$1 a share	-	100%
MMG Exploration Pty Ltd	Australia	Investment holding	1 Ordinary Share at A$1 a share	-	100%
MMG Golden Grove Pty Ltd	Australia	Mineral exploration and production	1 Ordinary Share at A$1 a share	-	100%
MMG Management Pty Ltd	Australia	Treasury and management services	1 Ordinary Share at A$1 a share	-	100%
All Glorious Limited	The British Virgin Islands (BVI)	Investment holding	1 share of US$1	100%	-
MMG Resources Inc.	Canada	Mineral exploration	90,750,378 Common Shares at C$1 a share	-	100%

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid up capital	Proportion of issued capital held by the Company	
Minmetals Resources Copper Company Limited	Hong Kong	Non-ferrous metals trading	28,800 ordinary shares of HK$100 each	100%	-
Minmetals Resources Aluminium Company Limited	Hong Kong	Non-ferrous metals trading	28,800 ordinary shares of HK$100 each	100%	-
Orienmet Industry Company Limited	Hong Kong	Investment holding	5,000,000 ordinary shares of HK$1 each	100%	-
Lane Xang Minerals Limited	Laos	Mineral exploration and production	342,979 Ordinary Shares at US$1 a share	-	90%
Album Investment Pte Ltd	Singapore	Investment holding	488,211,900 Ordinary Share at S$1 a share	-	100%
Album Resources Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Share at S$1 a share	-	100%

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2011 US$ MILLION	2010 US$ MILLION
Interests in jointly-controlled entities (a)	0.1	208.5
Interests in associates (b)	-	18.8
Total investments accounted for using the equity method	0.1	227.3

(a) Interests in jointly-controlled entities

	2011 US$ MILLION	2010 US$ MILLION
Share of net assets at 1 January	179.0	127.5
Share of jointly-controlled entities' results		
- Profit before income tax	-	44.9
- Income tax expense	-	(6.0)
	-	38.9
Capital injection into jointly-controlled entities	0.1	10.4
Dividends received	-	(2.3)
Exchange differences	-	4.5
Less: amounts classified as held for sale	(179.0)	-
	(178.9)	51.5
Share of net assets at 31 December	0.1	179.0
Goodwill	29.5	29.5
Less: amounts classified as held for sale	(29.5)	-
Interests in jointly-controlled entities at 31 December	0.1	208.5

As at and for the year ended 31 December 2011, the Group's share of the results of its jointly-controlled entities, all of which are unlisted, and its aggregated assets and liabilities and capital commitments are as follows:

US$ MILLION	Country of incorporation	Assets	Liabilities	Revenues	Profit	Capital commitments	Interest Held
At 31 December 2011							
Mincenco Limited [3]	Jamaica	0.1	-	-	-	-	51%
		0.1	-	-	-	-	
At 31 December 2010							
Changzhou Jinyuan Copper Company Limited [1]	The PRC	130.1	(105.6)	568.3	2.5	-	36%
Guangxi Huayin Aluminium Company Limited [2]	The PRC	424.4	(269.9)	197.4	36.4	4.0	33%
Mincenco Limited [3]	Jamaica	-	-	-	-	-	51%
		554.5	(375.5)	765.7	38.9	4.0	

Note:

[1] Sino-foreign equity joint venture registered under The PRC law.

[2] Limited liability company incorporated under The PRC law.

[3] Limited liability company incorporated in Jamaica.

As at 31 December 2010, the Company provided a corporate guarantee of RMB36,000,000 (equivalent to approximately US$5.4 million) to a bank in respect of a banking facility granted to a jointly-controlled entity. This guarantee was released on 30 June 2011.

(b) Interests in associates

	2011 US$ MILLION	2010 US$ MILLION
Share of net assets at 1 January	18.8	15.0
Share of associates' results		
- Profit before income tax	-	2.9
- Income tax expense	-	(0.8)
	-	2.1
Dividends received	-	(0.2)
Exchange differences	-	1.9
Less: amounts classified as held for sale	(18.8)	-
	(18.8)	3.8
Interests in associates at 31 December	-	18.8

As at and for the year ended 31 December 2010, the Group's share of the results of its principal associates, all of which are unlisted, and its aggregated assets and liabilities, are as follows:

US$ MILLION	Country of incorporation	Assets	Liabilities	Revenues	Profit	Interest Held
Qingdao M. C. Packaging Limited [1]	The PRC	6.7	(2.7)	7.8	0.5	20%
Sino Nickel Pty Ltd [2]	Australia	21.2	(6.4)	51.0	1.6	40%
		27.9	(9.1)	58.8	2.1	

Note:
[1] Sino-foreign equity joint venture registered under The PRC law.
[2] Limited liability company incorporated in Australia.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 US$ MILLION	2010 US$ MILLION
At 1 January	164.1	-
Additions	58.9	100.2
Fair value transferred from equity	(152.1)	-
Fair value transferred to equity	88.2	63.9
Disposals	(159.1)	-
At 31 December	-	164.1
Available-for-sale financial assets represent:		
Listed equity securities – outside of Hong Kong	-	164.1
Market value of listed securities	-	164.1

The Group realised a gain before income tax of US$152.1 million on disposal of available-for-sale financial assets during the year which related to the disposal of shares held in Equinox Minerals Limited.

20. DEFERRED INCOME TAX

a) The movement in deferred income tax assets/(liabilities) account during the year is as follows:

US$ MILLION	Property, plant and equipment	Provisions	Tax losses	Others	Total
At 1 January 2010	51.7	-	13.8	4.3	69.8
(Charged)/credited to the income statement	(23.8)	62.8	(13.8)	(0.8)	24.4
Charged to equity	-	-	-	(18.8)	(18.8)
Exchange differences	-	-	-	3.3	3.3
At 31 December 2010	27.9	62.8	-	(12.0)	78.7
(Charged)/credited to the income statement	(79.1)	54.1	-	(7.7)	(32.7)
Credited to equity	-	-	-	18.8	18.8
Amounts classified as held for sale	-	-	-	(6.7)	(6.7)
At 31 December 2011	(51.2)	116.9	-	(7.6)	58.1

b) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to income tax levied by the same taxation authority on either the taxation entity or different taxation entities, there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2011 US$ MILLION	2010 US$ MILLION
Deferred income tax assets	63.6	98.8
Deferred income tax liabilities	(5.5)	(20.1)
	58.1	78.7

c) The Group only recognises deferred tax assets for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. At 31 December 2011, the Group has unrecognised deferred tax assets in respect of the following items:

	2011 US$ MILLION	2010 US$ MILLION
Tax losses	16.1	8.5
Deductible temporary differences	106.0	98.7
At 31 December	122.1	107.2

21. INVENTORIES

	2011 US$ MILLION	2010 US$ MILLION
Current		
Stores and consumables	106.9	90.3
Less: impairment	(24.7)	(20.1)
	82.2	70.2
Raw materials	-	9.3
Work in progress	99.2	110.3
Finished goods	97.0	114.0
Commodities held for sale	-	37.0
Goods-in-transit	-	23.0
	278.4	363.8
Non-Current		
Work in progress	33.1	24.4
Total	311.5	388.2

The cost of inventories recognised as expense and included in cost of sales amounted to US$270.0 million (2010 restated: US$177.3 million).

As at 31 December 2011, certain banking facilities of the Group were secured by the Group's inventories with a carrying amount of US$Nil (2010: US$33.8 million).

22. TRADE AND OTHER RECEIVABLES

As at 31 December 2011, trade and other receivables of the Group is attributable to the continuing operations which mainly comprises of the mining operations, and the trade and other receivables of the Group as at 31 December 2010 also comprised the discontinued operations – trading, fabrication and other. The majority of sales for mining operations are made under contractual arrangements whereby provisional payment is received after delivery and the balance within 30 to 90 days from delivery. The majority of sales derived from the trading segment are under the arrangement of delivery upon payment from customers, with the remaining amounts on letters of credit while for the aluminium fabrication, sales are normally made with credit periods ranging from 30 to 90 days. The ageing analysis of the trade receivables is as follows:

	2011		2010	
	US$ MILLION	%	US$ MILLION	%
Trade receivables				
Less than 6 months	66.1	100.0	145.2	95.3
6 months-1 year	-	-	0.5	0.3
1–2 years	-	-	0.6	0.4
Over 2 years	-	-	6.0	4.0
	66.1	100.0	152.3	100.0
Less: Provision for impairment	-		(6.9)	
Trade receivables – net	66.1		145.4	
Bills receivable (note)	-		150.0	
Prepayments, deposits and other receivables	52.2		65.0	
	118.3		360.4	

Note:
Bills receivable are with maturity of less than 6 months. As at 31 December 2010, bills receivable of approximately US$117.1 million were discounted to banks or endorsed to suppliers.

As at 31 December 2011, the Group's trade receivables included an amount of US$29.9 million (2010: US$1.2 million), which was due from a related company of the Group.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2011 US$ MILLION	2010 US$ MILLION
Renminbi	-	175.8
US dollars	66.1	119.6
	66.1	295.4

Movements on the provision for impairment of trade receivables are as follows:

	2011 US$ MILLION	2010 US$ MILLION
At 1 January	6.9	6.4
Provision for impairment of receivables	-	0.6
Receivables written off as uncollectable	-	(0.1)
Amounts classified as held for sale	(6.9)	-
At 31 December	-	6.9

As at 31 December 2011, no trade receivables were impaired (2010: US$6.9 million). The ageing analysis of these receivables is as follows:

	2011 US$ MILLION	2010 US$ MILLION
Less than 6 months	-	0.7
6 months-1 year	-	-
1-2 years	-	0.4
Over 2 years	-	5.8
	-	6.9

As at 31 December 2011, no trade receivables were past due but not impaired (2010: US$3.1 million).

Prepayments, deposits and other receivables consist of the following:

	2011 US$ MILLION	2010 US$ MILLION
Prepayments	14.9	33.0
Cash accounts kept at futures brokerage firms	-	9.3
Value added tax refundable	-	8.2
Consideration receivables from CMN (Note 38)	28.5	-
Other	5.0	14.5
	48.4	65.0

As at 31 December 2011, the prepayments, deposits and other receivables of the Group included an amount of US$Nil (2010: US$7.9 million), which was due from intermediate and ultimate holding companies and fellow subsidiaries of the Group.

23. OTHER FINANCIAL ASSETS

	2011 US$ MILLION	2010 US$ MILLION
Short-term investment	1.7	-
Derivative financial instruments (a)	-	0.2
Time deposits	-	12.8
Pledged bank deposits	-	6.4
	1.7	19.4

(a) Derivative financial instruments

	2011		2010	
	ASSETS US$ MILLION	LIABILITIES US$ MILLION	ASSETS US$ MILLION	LIABILITIES US$ MILLION
Carried at fair value				
- Aluminium future contracts	-	-	0.2	(1.2)

24. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2011 US$ MILLION	2010 US$ MILLION	2011 US$ MILLION	2010 US$ MILLION
Cash and cash equivalents				
- Cash at bank and in hand	64.0	198.6	3.4	7.1
- Short-term bank deposits	1,032.5	199.6	218.9	10.0
	1,096.5	398.2	222.3	17.1

The weighted average effective interest rate on short-term bank deposits as at 31 December 2011 was 0.9% (2010: 1.4%). These deposits have an average maturity of 21 days (2010: 24 days).

The carrying amounts of the cash and cash equivalents and are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2011 US$ MILLION	2010 US$ MILLION	2011 US$ MILLION	2010 US$ MILLION
US dollars	1,086.4	256.9	218.9	15.5
Renminbi	-	88.3	-	-
Australian dollars	3.4	47.8	-	-
Hong Kong dollars	4.9	3.0	3.4	1.6
Others	1.8	2.2	-	-
	1,096.5	398.2	222.3	17.1

25. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		NOMINAL VALUE	
	2011 '000	2010 '000	2011 US$ MILLION	2010 US$ MILLION
Authorised:				
Ordinary shares of HK$0.05 each				
At 1 January	18,000,000	6,000,000	115.4	38.5
Increase in authorised share capital (note (a))	-	12,000,000	-	76.9
At 31 December	18,000,000	18,000,000	115.4	115.4
Issued and fully paid:				
At 1 January	2,966,996	2,026,217	19.0	13.0
Issue of shares (notes (b) & (c))	762,612	940,779	4.9	6.0
Conversion of perpetual sub-ordinated convertible securities into ordinary shares (note (d))	1,560,000	-	10.0	-
At 31 December	5,289,608	2,966,996	33.9	19.0

Notes:

(a) Pursuant to a resolution passed on 9 December 2010, the authorised share capital of the Company was increased from HK$300,000,000 (equivalent to US$38.5 million) divided into 6,000,000,000 shares to HK$900,000,000 (equivalent to US$115.4 million) divided into 18,000,000,000 shares by the creation of an additional 12,000,000,000 new shares of HK$0.05 each. These shares rank pari passu in all respects with the then existing shares.

(b) The Company issued 940,779,090 new shares on 31 December 2010 to Album Enterprises as part of the purchase consideration for the acquisition of the entire issued share capital of Album Resources. These shares rank pari passu in all respects with the then existing shares. The fair value of the new shares issued at the completion date of the acquisition amounted to approximately US$652.6 million (HK$5.39 per share).

(c) On 28 April 2011, the Company issued and placed aggregate 762,612,000 ordinary shares to certain independent third parties at HK$5.10 per share. These shares rank pari passu in all respect with the then existing shares.

(d) On 28 April 2011, 1,560,000,000 ordinary shares have been issued and allotted to Album Enterprises upon the conversion of the PSCS. These shares rank pari passu in all respect with the then existing shares.

26. RESERVES AND RETAINED PROFITS

(a) The Group

US$ MILLION	Share premium	Capital reserve	Special capital reserve	PRC statutory reserves	Exchange translation reserve	Available-for-sale financial assets reserve	Merger reserve	Other reserves	Total other reserves	Retained profits	Total
At 1 January 2011	1,151.9	11.2	9.4	19.9	33.4	43.5	(1,946.9)	0.4	**(677.2)**	445.2	**(232.0)**
Profit for the year	-	-	-	-	-	-	-	-	**-**	540.9	**540.9**
Other comprehensive (loss)/income											
Change in fair value of available-for-sale financial assets	-	-	-	-	-	88.2	-	-	**88.2**	-	**88.2**
Deferred income tax	-	-	-	-	-	(18.1)	-	-	**(18.1)**	-	**(18.1)**
Transfer to income statement on disposal of available-for-sale financial assets	-	-	-	-	-	(149.1)	-	-	**(149.1)**	-	**(149.1)**
Income tax expense	-	-	-	-	-	36.4	-	-	**36.4**	-	**36.4**
Currency translation differences	-	-	-	-	11.6	-	-	-	**11.6**	-	**11.6**
Currency translation differences transfer to income statement on disposal of subsidiaries and investments accounted for using the equity method	-	-	-	-	(45.9)	-	-	-	**(45.9)**	-	**(45.9)**
Total comprehensive income for the year	-	-	-	-	(34.3)	(42.6)	-	-	**(76.9)**	540.9	**464.0**
Transactions with owners											
Transfer (from)/to reserves	-	5.8	-	0.3	-	-	-	-	**6.1**	(6.1)	**-**
Issue of shares	489.4	-	-	-	-	-	-	-	**489.4**	-	**489.4**
Conversion of perpetual sub-ordinated convertible securities into ordinary shares	677.3	-	-	-	2.7	-	-	-	**680.0**	-	**680.0**
Employee share option	-	-	-	-	-	-	-	0.1	**0.1**	-	**0.1**
Disposal of subsidiaries	-	(10.8)	-	(20.2)	0.9	(0.9)	-	(0.1)	**(31.1)**	31.1	**-**
Total transactions with owners	1,166.7	(5.0)	-	(19.9)	3.6	(0.9)	-	-	**1,144.5**	25.0	**1,169.5**
At 31 December 2011	2,318.6	6.2	9.4	-	2.7	-	(1,946.9)	0.4	**390.4**	1,011.1	**1,401.5**

US$ MILLION	Share premium	Capital reserve	Special capital reserve	PRC statutory reserves	Exchange translation reserve	Available-for-sale financial assets reserve	Merger reserve	Other reserves	Total other reserves	Retained profits	Total
At 1 January 2010	505.3	11.2	9.4	19.4	20.4	0.2	189.9	(0.7)	**755.1**	376.3	**1,131.4**
Profit for the year	-	-	-	-	-	-	-	-	**-**	409.4	**409.4**
Other comprehensive (loss)/income											
Change in fair value of available-for-sale financial assets	-	-	-	-	-	62.7	-	-	**62.7**	-	**62.7**
Deferred income tax	-	-	-	-	-	(18.8)	-	-	**(18.8)**	-	**(18.8)**
Cash flow hedge	-	-	-	-	-	-	-	1.0	**1.0**	-	**1.0**
Currency translation differences	-	-	-	-	13.0	(0.6)	-	-	**12.4**	-	**12.4**
Total comprehensive income for the year	-	-	-	-	13.0	43.3	-	1.0	**57.3**	409.4	**466.7**
Transactions with owners											
Transfer (from)/to reserves	-	-	-	0.5	-	-	-	-	**0.5**	(0.5)	**-**
Dividends paid to former owner of Album Resources	-	-	-	-	-	-	-	-	**-**	(340.0)	**(340.0)**
Issue of shares	646.6	-	-	-	-	-	-	-	**646.6**	-	**646.6**
Employee share option	-	-	-	-	-	-	-	0.1	**0.1**	-	**0.1**
Business combination under common control	-	-	-	-	-	-	(2,136.8)	-	**(2,136.8)**	-	**(2,136.8)**
Total transactions with owners	646.6	-	-	0.5	-	-	(2,136.8)	0.1	**(1,489.6)**	(340.5)	**(1,830.1)**
At 31 December 2010	1,151.9	11.2	9.4	19.9	33.4	43.5	(1,946.9)	0.4	**(677.2)**	445.2	**(232.0)**

(b) The Company

US$ MILLION	Share premium	Capital reserve	Special capital reserve	Capital redemption reserve	Share option reserve	(Accumulated losses)/ retained profits	Total
At 1 January 2010	505.3	6.2	9.4	0.2	-	(80.3)	440.8
Loss for the year	-	-	-	-	-	(1.7)	(1.7)
Issue of shares upon 2010 business combination under common control	646.6	-	-	-	-	-	646.6
At 31 December 2010	1,151.9	6.2	9.4	0.2	-	(82.0)	1,085.7
Profit for the year	-	-	-	-	-	278.6	278.6
Issue of shares	489.4	-	-	-	-	-	489.4
Conversion of perpetual sub-ordinated convertible securities into ordinary shares	677.3	-	-	-	-	-	677.3
Employee share options	-	-	-	-	0.1	-	0.1
At 31 December 2011	2,318.6	6.2	9.4	0.2	0.1	196.6	2,531.1

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

The application of the share premium account and the capital redemption reserve is governed by sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

(ii) Capital reserve

The capital reserve comprises of the excess of consideration of US$6.2 million paid by Coppermine Resources Limited, the previous immediate holding company of the Company, over the nominal value of 475,376,917 shares of the Company issued on 12 January 2004.

(iii) Special capital reserve

In relation to the capital reorganisation as confirmed by the High Court of the Hong Kong Special Administrative Region on 13 February 2007, the Company has provided an undertaking (Undertaking) for its petition to the court that as long as any debt or liability of claim against the Company as at the effective date of this capital reorganisation remains outstanding, the Company should credit the following amounts to a special reserve (Special Reserve):

- all retained profits, if any, accruing to the Company between 1 November 2006 and 13 February 2007 (the effective date of the capital reorganisation);
- any recovery in excess of the written down value of or the reversal of impairment loss in respect of certain investments in subsidiaries, listed securities, properties and loans or receivables of the Company as at 31 October 2006; and
- an amount equal to the change in fair value in respect of certain share options not yet vested as at 31 October 2006.

The standing to the credit of the Special Reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Hong Kong Companies Ordinance. As at 31 December 2011, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the Undertaking, amounted to approximately US$9.4 million (2010: US$9.4 million).

(iv) PRC statutory reserves
PRC statutory reserves comprise statutory reserve fund and enterprise expansion reserve, which are reserves required by the relevant PRC laws applicable to the Group's subsidiaries and cannot be used for distribution in the form of cash dividends.

For the Group's subsidiaries registered under the PRC law on jointly-controlled entities with Chinese and foreign investment, the appropriations to statutory reserve fund and enterprise expansion reserve are determined at the discretion of the Board of Directors of the respective subsidiaries.

For the Group's subsidiaries registered under the PRC law on Enterprises Operated Exclusively with Foreign Capital, the appropriations to statutory reserve fund and enterprise expansion reserve are determined at the discretion of the Board of Directors of the respective subsidiaries. However, the appropriation to the statutory reserve fund should not be less than 10% of their profit after income tax as stated in the PRC statutory financial statements unless the statutory reserve fund reaches 50% of their registered capital.

The statutory reserve fund can be used to set off accumulated losses while the enterprise expansion reserve can be used for expansion of production facilities or to increase the capital of the subsidiaries upon approval by the regulatory authority.

(v) Exchange translation reserve
The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.5(c).

(vi) Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2.12.

(vii) Available-for-sale financial assets reserve
In 2009, the Group acquired a subsidiary through piecemeal acquisition. Available-for-sale financial assets reserve represents the increase in fair value of the identifiable net assets attributable to the initial interest held by the Group immediately before the completion of the piecemeal acquisition in the acquired business. This reserve also reflects revaluation of the listed equity securities acquired in 2010.

(viii) Merger reserve
Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 against their share capital.

(d) Distributability of reserves
At 31 December 2011 the Company had US$202.8 million reserves available for distribution to shareholders (2010: Nil).

27. PERPETUAL SUB-ORDINATED CONVERTIBLE SECURITIES (PSCS)

The Company issued an aggregate principal sum of US$690.0 million PSCS on 31 December 2010 to Album Enterprises as part of the purchase consideration for the acquisition of the entire issued share capital of Album Resources . These PSCS being convertible into 1,560,000,000 new shares of the Company at an initial conversion price of HK$3.45 per share. The fair value of these PSCS issued at the completion date of the acquisition amounted to approximately US$690.0 million.

The PSCS constitutes direct, unsecured and sub-ordinated obligations of the Company and rank pari passu without any preference or priority among themselves. In the event of the winding-up of the Company, the rights and claims of the PSCS Holder(s) would; (i) rank ahead of those persons whose claims are in respect of any class of share capital (including preference shares) of the Company, (ii) be sub-ordinated in right of payment to the claims of all other present and future senior creditors of the Company, and (iii) pari passu with each other and with claims of holders of any security issued or guaranteed by the Company which ranks or is expressed to rank pari passu with the PSCS (Parity Securities). The PSCS Holder(s) were not entitled to receive notice of, attend or vote at general meetings of the Company by reason only of its being a PSCS holder.

The PSCS conferred a right to receive distribution(s) from and including the date of issue of the PSCS at 1% per annum on any outstanding principal amount of distribution payable annually in arrears on 31 July each year, subject to the terms of the PSCS. The Company was entitled to elect to defer a distribution pursuant to the terms of the PSCS, provided that no dividend or distribution or other payment was made on any class of its share capital (including preference shares) or Parity Securities. Any arrears of distribution(s) due in respect of the PSCS would be extinguished by the Company in full through the delivery by the Company of its shares issuable by it upon the exercise of the PSCS Holder's conversion right.

The conversion of the PSCS held by Album Enterprises into new shares took place on 28 April 2011 converting the principal amount of US$690,000,000 at the conversion price of HK$3.45 per new share, based on the exchange rate of US$1.00 = HK$7.8. Accordingly 1,560,000,000 new shares have been issued and allotted to Album Enterprises.

28. SHARE OPTION SCHEME

2004 Share Option Scheme

Pursuant to the share option scheme adopted by the Company on 28 May 2004 (2004 Share Option Scheme), there were 7,300,000 options outstanding as at 31 December 2011, which represented approximately 0.14% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2011, the movements of the options which have been granted under the 2004 Share Option Scheme are as follows:

				NUMBER OF OPTIONS					
Category and name of participant	Date of grant	Exercise price per share	Exercise period	Balance as at 1 January 2011	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2011
	(note 1)	HK$	(note 2)					(note 3)	
Directors									
Li Fuli	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,300,000	-	-	-	(1,300,000)	-
Hao Chuanfu	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,600,000	-	-	-	-	1,600,000
Li Lianggang	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,100,000	-	-	-	-	1,100,000
Jiao Jian	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	-	-	-	-	1,200,000
Xu Jiqing	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	-	-	-	-	1,000,000
Employees of the Group	3 June 2010	2.75	3 June 2012 to 2 June 2015	6,400,000	-	-	-	(4,000,000)	2,400,000
				12,600,000	-	-	-	(5,300,000)	7,300,000

Notes:

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.69 per share.
2. The options granted may be exercised according to the following three tranches, which are subject to certain terms and conditions, including amongst others, the achievement of certain performance targets by the Group and the grantee:
   (i) Up to 33% of the options granted to each grantee shall be exercisable at any time after the expiration of 24 months from the date of grant of options;
   (ii) Up to 67% of the options granted to each grantee shall be exercisable at any time after the expiration of 36 months from the date of grant of options; and
   (iii) Up to 100% of the options granted to each grantee shall be exercisable at any time after the expiration of 48 months from the date of grant of options,

   and in each case, not later than 2 June 2015.
3. Options lapsed due to cessation of employment.

The estimated fair value of the options granted on 3 June 2010 was approximately US$0.1183 each, estimated as at the date of grant by using the binomial option pricing model and taking into account the terms and conditions (except vesting conditions other than market conditions) upon which the options were granted, of which the Group recognised a share option expense of approximately US$48,000 for the year ended 31 December 2011 (2010: US$116,000).

29. DEFERRED INCOME

	2011 US$ MILLION	2010 US$ MILLION
At 1 January	5.1	5.1
Government grants obtained	-	0.2
Exchange differences	-	0.2
Amortisation	-	(0.4)
Less: amounts classified as held for sale	(5.1)	-
At 31 December	-	5.1

Deferred income represents grants obtained from the PRC government in relation to: i) the construction of new production line; and ii) the purchase of certain plant and machinery by the Group.

30. BORROWINGS

	2011 US$ MILLION	2010 US$ MILLION
Non-current		
Borrowings	292.4	1,141.1
Finance lease liabilities	2.1	3.2
	294.5	1,144.3
Current		
Borrowings	785.4	81.8
Finance lease liabilities	1.2	1.1
Other loans	0.6	0.3
	787.2	83.2
	1,081.7	1,227.5
Analysed as:		
- Secured	1,077.8	1,171.0
- Unsecured	3.9	56.5
	1,081.7	1,227.5
Borrowings are repayable as follows:		
- Within 1 year	787.2	83.2
- Between 1 and 2 years	35.8	799.6
- Between 2 and 5 years	258.7	136.5
- Repayable within 5 years	1,081.7	1,019.3
- Over 5 years	-	208.2
	1,081.7	1,227.5
Borrowings are:		
- wholly repayable within 5 years	1,081.7	834.5
- not wholly repayable within 5 years	-	393.0
	1,081.7	1,227.5

An analysis of the carrying amounts of the borrowings excluding finance leases by type and currency is as follows:

	2011 US$ MILLION	2010 US$ MILLION
Renminbi		
- at fixed rates	-	9.0
- at floating rates	-	69.9
	-	78.9
United States dollars		
- at floating rates	1,077.8	1,144.0
	1,077.8	1,222.9

The effective interest rates at the balance sheet date were as follows:

	2011		2010	
	US$	RMB	US$	RMB
Borrowings	1.8%	-	2.0%	5.59%

As at 31 December 2011, the borrowings of the Group were secured by:

(i) approximately US$190.0 million were secured by a charge on entire share capital of a wholly-owned subsidiary of the Company, Album Investment Private Limited ("Album Investment"), a mortgage on 70% of the issued shares in certain wholly-owned subsidiaries of Album Investment and a mortgage on 70% of issued shares in MMG Laos Holdings Limited, a 90%-owned subsidiary of Album Investment; and

(ii) approximately US$366.0 million with China Development Bank (CDB), approximately US$136.8 million with Bank of China (Singapore Branch) and approximately US$385.0 million with Bank of China (Sydney Branch) are guaranteed by CMN.

As at 31 December 2010, the borrowings of the Group were also secured by:

(i) equity interests in a wholly owned subsidiary, Sino Mining Alumina Limited (Sino Mining) and the assets of Sino Mining;

(ii) certain property, plant and equipment, land use rights and inventories of the Group with a total carrying amount of approximately US$65.4 million; and

(iii) pledged bank deposits of approximately US$6.4 million.

31. TRADE AND OTHER PAYABLES

The ageing analysis of the trade payables is as follows:

	2011		2010	
	US$ MILLION	%	US$ MILLION	%
Trade payables				
Less than 6 months	188.1	100.0%	186.5	99.7%
6 months - 1 year	-	-	0.3	0.2%
1 - 2 years	-	-	0.1	0.0%
Over 2 years	-	-	0.2	0.1%
	188.1	100.0%	187.1	100.0%
Other payables and accruals	17.0		107.9	
Trade payables under endorsed bills	-		73.5	
	205.1		368.5	

As at 31 December 2011, the Group's accruals included payables in respect of the transaction cost arising from the Business Combination of approximately US$Nil (2010: US$78.1 million), of which approximately US$Nil (2010: US$74.4 million) are denominated in A$.

32. RETIREMENT SCHEMES

The Group provides retirement benefits to all Hong Kong eligible employees under the Mandatory Provident Fund (MPF Scheme). Under the MPF Scheme, the Group and their employees make monthly contributions to the MPF Scheme at 5% of the employees' salaries as defined under the Mandatory Provident Fund legislation. Contributions of both the Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,000 per month and thereafter contributions are voluntary and are not subject to any limitation. The MPF Scheme is administered by an independent trustee and its assets are held separately from those of the Group. The Group provides a superannuation contribution for all Australian based employees to their nominated superannuation fund. This contribution is to provide benefits for employees and their dependants in retirement, and for relevant employees, disabilities or death. In accordance with the applicable regulation in Australia, the Group is required to contribute at a minimum rate of 9% of ordinary time earnings (OTE) of the Australian based employee.

Total contributions made for the year ended 31 December 2011 amounted to approximately US$16.7 million (2010 restated: US$13.7 million).

33. PROVISIONS

(a) Provision – The Group

	2011 US$ MILLION	2010 US$ MILLION
Current		
Employee benefits	53.2	40.2
Workers' compensation	1.4	2.0
Mine rehabilitation, restoration and dismantling (note (b))	-	4.9
Other provisions (note (c))	1.9	6.0
Total current provisions	56.5	53.1
Non–current		
Employee benefits	7.8	6.8
Workers' compensation	5.0	5.3
Mine rehabilitation, restoration and dismantling (note (b))	471.8	305.5
Other provisions (note (c))	6.5	-
Total non–current provisions	491.1	317.6
Aggregate		
Employee benefits	61.0	47.0
Workers' compensation	6.4	7.3
Mine rehabilitation, restoration and dismantling (note (b))	471.8	310.4
Other provisions (note (c))	8.4	6.0
Total provisions	547.6	370.7

(b) Mine rehabilitation, restoration and dismantling

	2011 US$ MILLION	2010 US$ MILLION
Opening carrying amount	310.4	221.3
Additional provisions recognised	161.4	71.6
Reversal of provisions	(28.8)	(0.2)
Payments made	0.4	–
Unwind of discount	20.8	17.7
Exchange rate differences	7.6	–
Closing carrying amount	471.8	310.4

Of the above mine rehabilitation, a restoration and dismantling provision of US$13.9 million (2010: US$16.0 million) relates to exploration activities.

(c) Other provisions

	2011 US$ MILLION	2010 US$ MILLION
Opening carrying amount	6.0	10.7
Additional provisions recognised	2.4	0.7
Write back of onerous leases	-	(5.4)
Closing carrying amount	8.4	6.0

Other provisions relate predominantly to provisions for other taxes and onerous contracts where the expected benefit to be derived by the Group from a contract is lower than the unavoidable cost of meeting its obligation under the contract. The obligation for the discounted future payments has been provided for.

(d) Provisions – The Company

	2011 US$ MILLION	2010 US$ MILLION
Current		
Employee benefits	1.3	-
Total current provisions	1.3	-
Non–current		
Employee benefits	3.2	-
Total non–current provisions	3.2	-
Aggregate		
Employee benefits	4.5	-
Total provisions	4.5	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit for the year to net cash generated from operations is as follows:

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Profit for the year from continuing operations	483.6	356.2
Adjustments for:		
- Income tax expense/(benefit)	225.5	126.6
- Finance income	(2.4)	(4.3)
- Finance expenses	27.8	25.1
- Depreciation and amortisation	308.5	299.6
- (Gain)/loss on disposal of property, plant and equipment	(0.5)	(2.4)
- (Gain)/loss on disposal of investment properties	(0.1)	-
- (Gain)/loss on disposal of available-for-sale assets	(152.1)	-
- (Gain)/loss on disposal of investment	(17.3)	-
- Provision for impairment of property, plant and equipment	33.5	-
- Provision for impairment of short-term investment	0.8	-
- Fair value gains on investment properties	-	(0.3)
- Share options granted to Directors and employees	-	0.1
- Non-cash borrowing costs	20.8	17.7
- Other non-cash items	7.6	8.7
- Foreign exchange (gains)/losses	(3.1)	17.1
- Reversal of business acquisition cost	(63.8)	-
Changes in working capital (excluding the effects of discontinued operations and exchange differences on consolidation):		
- Inventories	(35.2)	(75.3)
- Trade and other receivables	20.7	(18.8)
- Trade payables and accruals, receipts in advance and other payables	51.7	97.8
- Other assets	3.3	(1.6)
Net cash generated from operations	909.3	846.2

(b) In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2011 US$ MILLION	2010 US$ MILLION (RESTATED)
Net book amount (Note 15)	22.8	0.1
Assets disposed as part of sale of investment	(19.1)	-
Gain/(loss) on disposal of property, plant and equipment	0.5	2.4
Proceeds from disposal of property, plant and equipment	4.2	2.5

(a) Included in net cash generated from operations is US$64.0 million (2010: US$55.5 million) paid in relation to exploration activities.

35. COMMITMENTS

(a) Operating leases

The Group leases various warehouses, offices and factory premises under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2011 US$ MILLION	2010 US$ MILLION
Not later than one year	4.5	3.8
Later than one year but not later than five years	17.0	18.6
Later than five years	7.1	8.9
	28.6	31.3

(b) Capital and non-capital commitments

Commitments for acquisition of capital and non-capital commitments contracted for at the reporting date but not recognised as liabilities, are set out in the table below.

	2011 US$ MILLION	2010 US$ MILLION
Not later than one year	63.8	45.7
Later than one year but not later than five years	4.1	18.2
	67.9	63.9

The Group had the following capital commitments not provided for at the reporting date:

	2011 US$ MILLION	2010 US$ MILLION
Property, plant and equipment		
Contracted but not provided for	44.0	28.2
Authorised but not contracted for	156.2	-
	200.2	28.2

36. CONTINGENT LIABILITIES

Legal proceedings

The Company and its subsidiaries are defendants from time to time in legal proceedings arising from the conduct of their businesses. The Group does not consider that the outcome of any of these proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company, primarily associated with the terms of mining leases or exploration licences. At the end of the year, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees amount to US$91.5 million (2010: US$112.8 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licenses (refer Note 33).

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by CMN through Top Create Resources Limited, a company incorporated in the British Virgin Islands, which owns 24.28% of the Company's shares, and Album Enterprises, which owns 47.28% of the Company's shares, both of them are wholly owned subsidiaries of CMN. The remaining 28.44% of the Company's shares are widely held. The Directors of the Company consider the ultimate holding company is CMC, a company incorporated in the PRC.

CMC itself is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of productive assets in the PRC. In accordance with HKAS 24 *Related Party Disclosures* issued by the Hong Kong Institute of Certified Public Accountants, other state-owned enterprises and their subsidiaries (other than subsidiaries of CMC), directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include CMC and its related companies, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, the Company's jointly-controlled entities and associates, and key management personnel of the Company and CMC as well as their close family members.

For the purposes of the related party transaction disclosures, the Directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered in the ordinary course of business between the Group and its related parties during the year.

(a) Transactions with jointly-controlled entities and associates of the Group

	2011 US$ MILLION	2010 US$ MILLION
Expenses		
Purchases of non-ferrous metals from a jointly-controlled entity (Note (i))	223.9	196.7

Note:

(i) The purchases were made with Guangxi Huayin Aluminium Company Limited, a 33%-owned jointly controlled entity of the Group before disposal of discontinued operation in December 2011.

(b) Transactions with CMC and its group companies (other than those within the Group)

	2011 US$ MILLION	2010 US$ MILLION
Revenue		
Sales of non-ferrous metals to a related company	182.2	183.4
Expenses		
Construction contract fees to a fellow subsidiary (Note (i))	-	0.8
Transportation fees to fellow subsidiaries (Note (ii))	-	0.2
Rental to fellow subsidiaries (Note (iii))	0.2	0.2
Commission fees to fellow subsidiaries (Note (iii))	0.3	0.1
Interest paid to a related company	5.2	-
Purchases of non-ferrous metals from a related company	79.2	176.0
Financial guarantees provided by ultimate holding company for the bank loans granted to a subsidiary	-	83.3

Notes:

(i) The construction contract fees were paid to Ershisanye Construction Group Co., Ltd. (Ershisanye), a non-wholly owned subsidiary of the Company's ultimate holding company, by a subsidiary of the Company. Details of the transactions are set out in the Company's announcement dated 20 March 2008.

(ii) The transportation fees were paid by the Company's subsidiaries to Minmetals Logistics & Forwarding Tianjian Company Limited, a non-wholly owned subsidiary of the Company's ultimate holding company. Details of the transactions are set out in the Company's announcement dated 6 November 2008.

(iii) De minimis transactions entered into in the usual course of business and under normal commercial terms, exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.31 of the Listing Rules.

(c) Transactions and balances with other state-owned enterprises

During the year ended 31 December 2011, the Group's transactions with other state-owned enterprises (excluding CMC and its subsidiaries) are sales of goods and purchases of non-ferrous metals, raw materials, electricity, property, plant and equipment and services and the related receivables and payables balances. In addition, a portion of fixed deposits, cash and cash equivalents and borrowings as of 31 December 2011 and the relevant interest earned or paid during the year are transacted with banks and other financial institutions controlled by the PRC government.

The transactions of revenues and expenses in nature conducted with government-related entities were based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

(d) Key management compensation

The key management personnel remuneration for the Group was as follows:

	2011 US$ MILLION	2010 US$ MILLION
Salaries and other short-term employee benefits	12.4	11.6
Other long-term benefits	4.0	3.1
Post-employment benefits	0.1	0.1
Termination benefits	0.5	1.0
Share based payments	-	0.1
	17.0	15.9

(e) Year-end balances

	2011 US$ MILLION	2010 US$ MILLION
Payables to		
- a jointly-controlled entity	-	2.2
- intermediate and ultimate holding company	-	0.1
- fellow subsidiaries	-	0.2
	-	2.5
Loan from Album Enterprises (i)	-	694.2
Loan to Album Enterprises (ii)	95.0	-
Consideration receivables from CMN	28.5	-
Trade receivable from CMN	29.9	-

Notes:

(i) The loan from Album Enterprises represented an unsecured 5 year term loan, with fixed interest rate of 2.0%, 3.0%, 4.0% and 5.0% per annum for the first two years, third year, fourth year and fifth year respectively. The loan was settled during the year.

(ii) The loan to Album Enterprises represented the amount drawn by Album Enterprises pursuant to a Facility Agreement, dated 23 December 2011, entered by MMG Limited, a wholly owned subsidiary of the Company, and Album Enterprises. According to the Facility Agreement, a loan facility of US$100.0 million is make available to Album Enterprises on an uncommitted basis, available for a period of 1 year commencing on the date of the Facility Agreement, interest accrues on outstanding balance drawn under the facility at LIBOR plus 1.50% per annum and repayable based on the agreed term but no later than the expiry date of the Facility Agreement or repayable on demand.

38. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On 28 March 2011, the Board of the Company approved the program of strategic divestments, of assets that are assessed as not being core to the company's future and these assets include the trading, fabrication and other operations (the Disposal Group). Accordingly, these operations were regarded as discontinued.

On 15 September 2011, the directors of the Company announced that the Company had entered into the Master Sale and Implementation Agreement with a controlling shareholder of the Company, China Minmetals Non-ferrous Metals Co., Ltd. (CMN), to sell its entire interest in four entities (Disposal Entities) out of the Disposal Group for an aggregate consideration of US$726.8 million (Disposal). The Disposal Entities represent majority components of the Disposal Group. The Disposal was approved by the independent shareholders of the Company on 28 October 2011 and completed in December 2011. During the year, an additional US$11.2 million was received on disposal of remaining discontinued entities.

Analysis on the results, assets and liabilities of the Disposal Group are as follows:

Results from discontinued operations

The results of the Disposal Group are presented in these consolidated financial statements as discontinued operations.

	2011 US$ MILLION	2010 US$ MILLION
Revenue	2,377.3	1,662.2
Expenses	(2,323.7)	(1,623.5)
Profit before net financing costs and income tax	53.6	38.7
Finance income	3.3	4.3
Finance costs	(9.2)	(6.7)
Share of net profits of associates and jointly-controlled entities accounted for using the equity method	-	41.0
Profit before income tax	47.7	77.3
Income tax expense	(10.2)	(3.1)
Profit after income tax	37.5	74.2
Profits on disposal	53.4	-
Profit from discontinued operations	90.9	74.2
Profit from discontinued operations attributable to:		
Equity holders of the Company	86.8	73.6
Non-controlling interests	4.1	0.6
	90.9	74.2

(a) Profits on disposal

	2011 US$ MILLION
Net assets disposed	
Property, plant and equipment	139.4
Intangible assets	132.9
Investments accounted for using the equity method	216.3
Deferred income tax assets	4.7
Inventories	100.1
Trade and other receivables	242.1
Other financial assets	115.7
Current income tax assets	3.3
Cash and cash equivalents	171.2
Total assets	1,125.7
Deferred income	6.2
Deferred income tax liabilities	0.1
Borrowings	133.6
Trade and other payables	157.5
Receipts in advance	100.1
Current income tax liabilities	0.5
Total liabilities	398.0
Net assets disposed	727.7
Non-controlling interests	(31.3)
Net assets disposed, attributable to equity owners	**696.4**
Total consideration	738.0
Exchange translation differences realised on disposal	45.9
Income tax expense	(32.6)
Transaction cost	(1.5)
Profits on disposal	**53.4**

Analysis of net cash received

Total consideration	738.0
Transaction cost	(33.8)
Income tax paid	(1.5)
Receivables	(28.5)
Cash and cash equivalents disposed	(171.2)
	503.0

(b) Carrying amounts of assets and liabilities of the Disposal Group

The assets and liabilities related to the Disposal Group have been presented as held for sale following the divestment program. These assets and liabilities were measured at the lower of carrying amount and fair value less costs to sell at the date of held for sale classification. After the completion of disposal to CMN and as at 31 December 2011, the assets and liabilities related to the Disposal Group are as follows:

	2011 US$ MILLION
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	1.3
Total liabilities of the Disposal Group	1.3

On 1 April 2010, the Group entered into the Share Transfer Agreement with an independent third party, to conditionally dispose of the Group's entire equity interest (42%) in an associate, Yantai Penghui Copper Industry Company Limited at a consideration of RMB85,590,000 (equivalent to approximately US$12.5 million). Accordingly, the carrying amount of the investment in this associate was re-classified to non-current asset held for sale. This reclassification does not have a material impact on the consolidated financial statements as full provision had already been made for this associate and the net carrying amount was nil at the balance sheet date.

The transaction would be completed upon the fulfillment of conditions as stipulated in the agreement and the transfer of significant risks and rewards of the ownership concerned. As at 31 December 2011, the transaction remains open.

39. EVENTS AFTER BALANCE SHEET DATE

On 19 October 2011, MMG Malachite Limited, a wholly owned subsidiary of the Company, made an all-cash recommended takeover offer to acquire all of the Common Shares in Anvil Mining Limited ("Anvil"), a company incorporated in Canada and its Common Shares are listed on the Toronto Stock Exchange at a price of C$8.00 on a fully-diluted basis (the "Offer"). Details of the Offer have been set out in the Company's circular to the Shareholders dated 24 February 2012. The Offer expired on 17 February 2012 and 98.07% of the shares in Anvil were acquired by the Group. The Group exercised its rights under the compulsory acquisition provision of the Business Corporations Act (Northwest Territories) to acquire all of the outstanding Common Shares, which completed on 19 March 2012.

Anvil is an African focused base metals mining and exploration group. The principal assets of Anvil are a 95% interest in the Kinsevere Project and a 70% equity interest in the Mutoshi Project, each located in the Katanga province of the Democratic Republic of the Congo ("DRC"). Anvil also holds 14.5% of the issued and outstanding capital in Mawson West Limited, and has a number of exploration properties in the DRC.

The total acquisition price is approximately C$1,330 million and was financed through cash reserves of C$1,030 million and a loan from Album Enterprises of C$300 million which has a term of 12 months. In addition, the Group has entered into a currency swap contract with an independent third party financial institution to limit any potential foreign exchange movement exposure.

Due to the timing of the transaction, the Group is in the preliminary stages of determining fair values of the assets and liabilities acquired and the associated accounting for the business combination. The Group has not yet been able to analyse all books and records, and therefore the initial accounting for the business combination is incomplete. Accordingly certain disclosures in relation to the business combination as at the date of acquisition such as the fair value of net assets acquired and acquisition related transaction costs have not been presented. Certain publicly available financial information regarding Anvil is presented below.

The unaudited financial information of Anvil as at 30 September 2011, as extracted from its published interim financial statements, is summarised below for information purpose:

	AS AT 30 SEPTEMBER 2011 US$ MILLION (UNAUDITED)
Property, plant and equipment *(note)*	561.2
Inventories	53.5
Trade and other receivables	47.0
Other financial assets	23.0
Cash and cash equivalents and restricted cash	41.2
Deferred income tax liabilities	(9.9)
Borrowings	(41.7)
Provisions	(23.8)
Trade and other payables	(21.7)
Derivative financial instruments	(24.9)
	603.9
Non-controlling interests	(4.2)
	599.7

Note:
As part of the lodgement of the Circular for the Offer, a valuation report in respect of the Kinsevere Mine is prepared by an external valuer in accordance with the requirements of Chapter 18 of the Listing Rules and amounted to approximately US$1,160.1 million. In accordance with Chapter 18 of the Listing Rules, the valuation did not include any consideration of Inferred Mineral Resources in determining the value for Kinsevere Mine.

FIVE-YEAR FINANCIAL SUMMARY

US$ MILLION	2011	2010 (RESTATED)	2009 *(Note)*	2008 *(Note)*	2007 *(Note)*
Results – the Group					
Continuing operations					
Revenue	2,228.3	1,919.9	1,649.7	1,083.4	940.7
Operating profit	755.3	521.3	242.4	27.2	96.1
Finance income	2.4	4.3	4.2	4.8	10.7
Finance costs	(48.6)	(42.8)	(30.5)	(7.9)	(14.3)
Share of net profits/(losses) of associates and jointly-controlled entities accounted for using the equity method	-	-	4.2	(5.0)	6.1
Profit before income tax	709.1	482.8	220.3	19.1	98.6
Income tax (expense)/benefit	(225.5)	(126.6)	4.5	(0.4)	(19.4)
Profit for the year from continuing operations	483.6	356.2	224.8	18.7	79.2
Discontinued operations					
Profit for the year from discontinued operations	90.9	74.2	-	-	-
Profit for the year	574.5	430.4	224.8	18.7	79.2
Attributable to:					
Equity holders of the Company	540.9	409.4	215.8	17.7	77.1
Non-controlling interests	33.6	21.0	9.0	1.0	2.1
	574.5	430.4	224.8	18.7	79.2

FIVE-YEAR FINANCIAL SUMMARY CONTINUED

US$ MILLION	2011	2010	2009	2008	2007
Assets and liabilities - the Group					
Property, plant and equipment, investment properties	1,756.7	1,673.5	1,602.5	83.0	66.4
Investments accounted for using the equity method	0.1	227.3	171.5	155.7	26.2
Alumina purchasing rights	-	132.0	140.0	148.0	156.0
Inventories	311.5	388.2	324.0	89.0	94.6
Trade and other receivables	118.3	360.4	283.7	168.5	157.0
Loan to a related party	95.0	-	-	-	-
Cash and cash equivalents	1,096.5	398.2	471.1	239.5	345.6
Available-for-sale financial assets	-	164.1	-	39.8	61.0
Other financial assets	1.7	19.4	33.0	5.4	7.0
Other assets	2.7	1.5	0.9	23.6	4.1
Current income tax assets	7.4	3.5	0.9	2.2	-
Deferred income tax assets	63.6	98.8	70.6	7.7	2.0
Total assets	3,453.5	3,466.9	3,098.2	962.4	919.9
Capital and reserves attributable to equity holders of the Company	1,435.4	477.0	1,144.4	617.1	628.8
Non-controlling interests	59.0	56.4	67.7	24.8	32.3
Total equity	1,494.4	533.4	1,212.1	641.9	661.1
Borrowings	1,081.7	1,227.5	1,231.4	108.8	89.4
Trade and other payables	205.1	368.5	223.2	119.6	114.7
Advances from banks for discounted bills	-	43.6	25.1	11.2	6.3
Receipts in advance	-	71.0	62.1	44.4	38.5
Loan from a related party	-	694.2	-	-	-
Other liabilities	-	8.8	15.9	35.9	6.5
Current income tax liabilities	117.9	129.1	60.7	0.2	3.4
Provisions	547.6	370.7	266.9	-	-
Deferred income tax liabilities	5.5	20.1	0.8	0.4	-
Liabilities of disposal group classified as held for sale	1.3	-	-	-	-
Total liabilities	1,959.1	2,933.5	1,886.1	320.5	258.8
Total equity and liabilities	3,453.5	3,466.9	3,098.2	962.4	919.9
Net current assets	429.3	557.2	623.5	258.1	411.2
Total assets less current liabilities	2,285.5	2,714.7	2,632.5	715.9	726.9

Note:
The results of discontinued operations prior to 2010 have not been restated or reclassified.

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