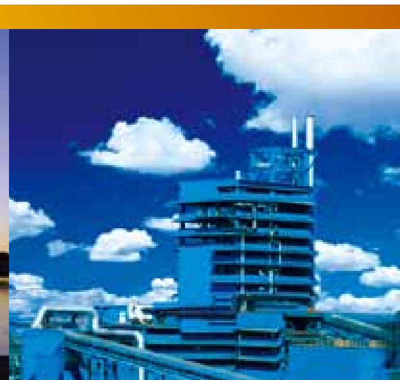
中國有色礦業有限公司
China Nonferrous Mining Corporation Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 01258






2012
Interim Report

CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE

Room 1201, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

32 Enos Chomba Road
Kitwe, Zambia

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

1258

DIRECTORS

Non-Executive Director
Mr. Tao Luo *(Chairman)*

Executive Directors
Mr. Xinghu Tao *(Vice Chairman and President)*
Mr. Chunlai Wang *(Vice President)*
Mr. Xingeng Luo *(Vice President)*
Mr. Xinguo Yang *(Vice President)*
Mr. Kaishou Xie *(Vice President)*

Independent Non-Executive Directors
Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Shuang Chen

THE COMMITTEES OF THE BOARD

Audit Committee
Mr. Jingwei Liu *(Chairman)*
Mr. Tao Luo
Mr. Shuang Chen

Nomination Committee
Mr. Chuanyao Sun *(Chairman)*
Mr. Tao Luo
Mr. Jingwei Liu

Remuneration Committee
Mr. Shuang Chen *(Chairman)*
Mr. Tao Luo
Mr. Chuanyao Sun

Compliance Committee
Mr. Tao Luo *(Chairman)*
Mr. Shuang Chen
Mr. Chuanyao Sun

JOINT COMPANY SECRETARIES
Mr. Aibin Hu
Ms. Man Yi Wong *(ACIS, ACS)*

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISOR
Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to extend my heartfelt gratitude to the shareholders and friends across all sectors for your care, support and help towards China Nonferrous Mining Corporation Limited (the "Company"). As the Chairman of the Company, I would also like to present the 2012 interim results report to all shareholders.

With dedication to development, the Company aspires for greater prospects. In retrospect of the history of the Company since 1998 when we first set foot in Zambia, we have imbibed the concept of "seeking joint development through the cooperation between China and Zambia" and developed ourselves into the most respectable Chinese enterprise in Zambia with the largest investment scale and the most complete industry chain, given unwavering concern from the governments of China and Zambia and strong support from friends from all sectors. As a paradigm and a representative in Sino-African friendly cooperation, the Company has made significant strides in the course of "friendship, cooperation and development".

The successful listing in Hong Kong boded well for the future prosperity of the Company. On 29 June 2012, the Company turned over a new chapter in its development. The entry into the capital market of Hong Kong made it the first African concept stock in the Hong Kong capital market, which was not only an evidence of the recognition of the Company's endeavors and the expectation on its future success, but also a greater touchstone for the reform and development of the Company. Based on the performance in the first half of 2012, despite a global downturn in the nonferrous metal industry, the Company still maintained a solid and sound growth momentum against all odds. The production volume of its major products, namely blister copper, copper cathode and sulfuric acid, increased by 44.1%, 143.1% and 52.2% respectively, over the same period of the previous year; its revenue and gross profit increased by 17.6% and 45.6% respectively, over the same period of the previous year; and the overall gross profit margin increased from 16.6% to 20.5%. Taking pride in the breakthroughs we made in terms of business scale, profitability, operational efficiency and overall performance, the Company has won the respect from the international capital market.

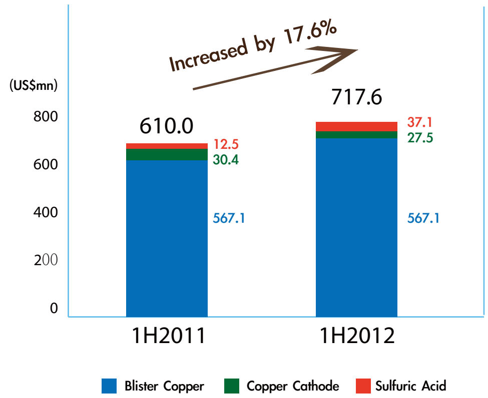
We crave for new achievements through concerted efforts. Under the care and support from all the shareholders and friends from all sectors, together with the joint efforts of our staff of Zambia and China, the management team of the Company strives to build successes on proven records. With the mission of fostering the international image of Chinese enterprises, it will further optimise the industrial layout, facilitate industrial upgrade, improve corporate governance and enhance the quality and efficiency of economic operations, thus bolstering up the Company's international competitiveness and market influence with increased scale and competence. We have confidence in building the Company into a world-class listed company with excellent business performance, generous returns and superb corporate image.

Chairman of China Nonferrous Mining Corporation Limited
27 August 2012

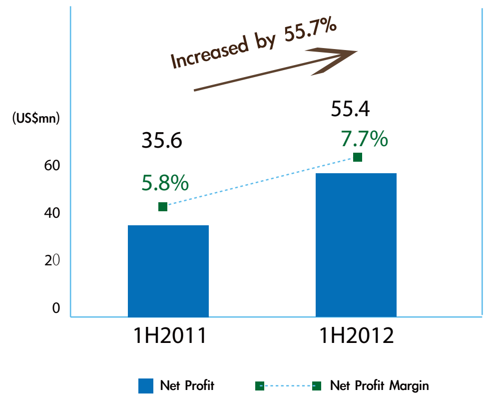
RESULTS HIGHLIGHTS

A SUBSTANTIAL GROWTH IN OPERATING RESULTS

Revenue

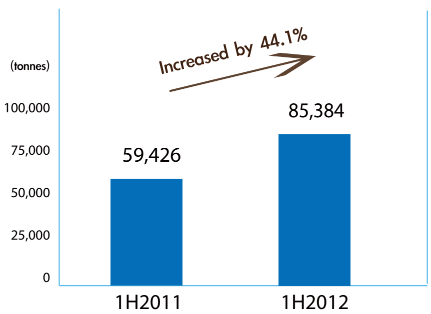


Profit Attributable to Owners of the Company

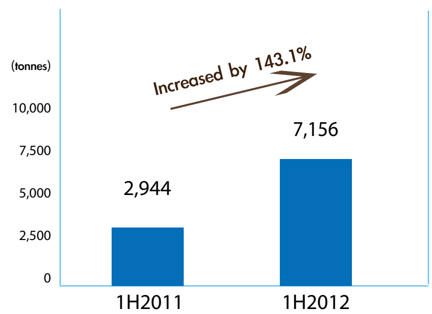


- In the first half of 2012, the Company and its subsidiaries (the "Group") recorded revenue of US$717.6 million, representing an increase of 17.6% as compared with the first half of 2011;
- In the first half of 2012, the Group recorded profit attributable to owners of the Company of US$55.4 million, representing an increase of 55.7% as compared with the first half of 2011; and
- Net cash flows generated from the operating activities increased substantially by 594.5% to US$242.6 million in the first half of 2012, as compared with the first half of 2011.

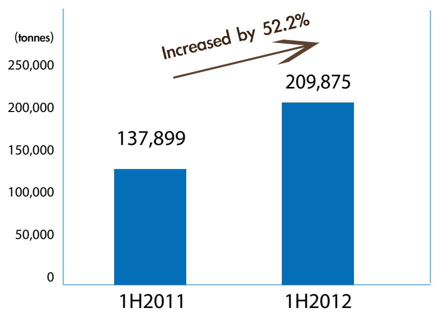
Production of Blister Copper



Production of Copper Cathode



Production of Sulfuric Acid



RAPID GROWTH IN PRODUCT OUTPUT

- In the first half of 2012, blister copper produced amounted to 85,384 tonnes, representing an increase of 44.1% as compared with the first half of 2011;
- In the first half of 2012, copper cathode produced amounted to 7,156 tonnes, representing an increase of 143.1% as compared with the first half of 2011; and
- In the first half of 2012, sulfuric acid generated amounted to 209,875 tonnes, representing an increase of 52.2% as compared with the first half of 2011.

STEADY PROGRESS IN PROJECT DEVELOPMENT

- Congo Huachin Leach Project commenced production officially;
- Muliashi Project commenced trial operation; and
- Phase II of the Expansion Project of Chambishi Copper Smelter Limited ("CCS"), Project of the Chambishi Southeast Mine, Mabende Project, Kakoso Project and other projects under construction progressed smoothly.

PROSPECT

In the short term, affected by the macro economy, the nonferrous metals industry is difficult to see significant improvements in the fundamentals. However, from the long term perspective, there will be no substantial change in the copper supply shortfall, and the long-term copper price prospect is still optimistic.

The Group will continue to enhance resources reserves through further exploration and development. It also plans to expand its capacities in mining, as well as copper smelting and leaching operation, implementing the core strategy of tapping into the advantage of vertical integration in operations.

The Group will continue to promote the project construction in progress with a focus on the development of Muliashi Project. Through accelerating the construction of Mabende Project, the leaching capacity will be expanded. In the meantime, the Group plans to complete the expansion project of Phase II of CCS and speed up the exploration and development of the ore body of the Chambishi Southeast Mine and the Mwambashi Mine.

The Group will enhance the management and technology research and development, lowering the costs while increasing the production volume of the existing projects.

OVERVIEW

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

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

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

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

BUSINESS REVIEW

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

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

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

BUSINESS REVIEW *(CONTINUED)*

Production overview

NFCA

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

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

Luanshya

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

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

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

BUSINESS REVIEW *(CONTINUED)*

Production overview *(Continued)*

CCS

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

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

SML

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

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

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

BUSINESS REVIEW *(CONTINUED)*

Production overview *(Continued)*

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

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

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

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

Projects under progress

Phase II of the Expansion Project of CCS

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

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

BUSINESS REVIEW *(CONTINUED)*

Projects under progress *(Continued)*

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

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

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

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

The 3,000-tonne Kakoso Tailings Development Leach Project

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

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

FINANCIAL REVIEW

Results of Operations

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

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

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

Revenue

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

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

FINANCIAL REVIEW *(CONTINUED)*

Revenue *(Continued)*

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

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

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

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

FINANCIAL REVIEW *(CONTINUED)*

Cost of sales

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

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

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

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

FINANCIAL REVIEW *(CONTINUED)*

Gross profit and gross profit margin

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

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

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

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

Distribution and selling expenses

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

* Translation of English names for reference purposes only

FINANCIAL REVIEW *(CONTINUED)*

Administrative expenses

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

Finance costs

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

Gain/Loss arising on change in fair value of derivatives

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

Other expenses

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

Income tax expense

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

FINANCIAL REVIEW *(CONTINUED)*

Profit and net profit margin attributable to owners of the Company

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

Liquidity and capital resources

Cash flows

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

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

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and capital resources *(Continued)*

Net cash flows from operating activities

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

Net cash flows used in investing activities

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

Net cash flows from financing activities

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

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and capital resources *(Continued)*

Bank balances and cash

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

Trade receivables

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

Inventories

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

Trade payables

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

FINANCIAL REVIEW *(CONTINUED)*

Capital expenditure

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

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

Market Risk Disclosure

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

Commodity price risk

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

FINANCIAL REVIEW *(CONTINUED)*

Market Risk Disclosure *(Continued)*

Foreign currency exchange risk

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

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

Interest rate risk

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company raised US$252 million in aggregate from the global offering (including the proceeds raised from the issue of shares for over-allotment), which will be mainly used for the following purposes: 1) financing for the exploration and development of the Chambishi Southeast Mine; 2) financing for Phase II of the Expansion Project of Chambishi Copper Smelter; 3) financing for the Muliashi Project; 4) financing for the Mwambashi Project; 5) acquisition of companies with existing exploration rights and additional mining assets; 6) repayment of certain existing loans; and 7) working capital and other ordinary corporate purposes.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

CHANGE IN SHARE CAPITAL

Authorized Share Capital

Prior to the listing on 29 June 2012, the total authorized share capital of the Company amounted to HK$5,000,000,000, divided into 5,000,000,000 ordinary shares of HK$1.00 each.

Issued and Fully Paid Share Capital

Prior to the listing on 29 June 2012, the issued and fully paid total share capital of the Company amounted to HK$2,600,000,000, divided into 2,600,000,000 ordinary shares of HK$1.00 each.

Prior to the listing on 29 June 2012, 870,000,000 ordinary shares were issued and allotted through the global offering at the issue price of HK$2.2 per share.

See "Event after the end of the reporting period" in Note 25 to the condensed consolidated financial statements.

PARTICULARS OF SHAREHOLDERS

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

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

Long position in shares:

Substantial shareholder	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholding
China Nonferrous Mining Development Limited	Registered owner	2,600,000,000	74.93%
China Nonferrous Metal Mining (Group) Co., Ltd. ("CNMC")	Interest in a controlled corporation	2,600,000,000	74.93%

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

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Board is responsible for leading, supervising and managing the Company. The Board supervises the business, strategy and decision making as well as performance of the Group, in a bid to achieve a sound growth momentum and efficient functioning of the Company and further improve the value of investors. In the interests of the Company and its shareholders, each of the Directors shall execute their duties in good faith and make objective decisions in compliance with requirements of applicable laws and regulations.

To further enhance corporate governance, the Company also made endeavors in the following aspects: firstly, enhancing structural construction. The Company fostered the compliance work among its subsidiaries in Zambia by building a three-tiered compliance work system consisting of the Board (the Compliance Committee), the management (Chief Compliance Officer) and person-in-charge of compliance work of each subsidiary, and establishing a compliance work reporting system; secondly, further refining the systems. In order to regulate the behaviors of the Company and investing enterprises, improve internal control, safeguard investors' interests and enhance operational management, pursuant to the Listing Rules and other relevant laws and regulations of Hong Kong, the Company promulgated and implemented 18 systems including the "Management System of Code on Corporate Governance Practices of China Nonferrous Mining Corporation Limited"(《中國有色礦業有限公司管治常規守則管理制度》). Besides, it subsequently specified and announced the terms of reference of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Compliance Committee under the Board and clarified the appointment procedures for the Director candidates nominated by shareholders. The Company also published the "Notice on Enhancing Compliance and Information Disclosure Management Work (《關於加強合規與信息披露管理工作的通知》)", based on which the corporate compliance work reporting procedures and systems were established; and, thirdly, further strengthening the work in education and training. The Company circulated the Guide on Disclosure of Price Sensitive Information, published by Hong Kong Exchanges and Clearing Limited, within the Company, and, in respect of its application and implementation of rules, maintained close contact with compliance advisors and the correspondence secretary in Hong Kong, in an effort to make relevant provisions on corporate governance in Hong Kong fully understood by all the staff of the Company and ensure the continuing operation of the Company in compliance with relevant laws and regulations.

EMPLOYEE INFORMATION

EMPLOYEE PROFILE

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

"Delivering returns to shareholders, employees and the society through corporate development" is the mission of the Group. From January to June 2012, the subsidiaries of the Company strived to improve corporate development and increase economic benefits in compliance with relevant laws and regulations in Zambia concerning safety and environmental protection. Meanwhile, it spared no efforts in fulfilling its corporate social responsibility in respect of production safety, environment protection, employment provision and local public welfare undertakings, which received accolades from the government of and local residents in Zambia.

In the principle of safety management featuring "zero tolerance" against unsafe conditions and behaviors, the Group continuously enhanced efforts in production safety evaluation. Based on results of comprehensive and special examinations as well as safety supervision, the Group conducted dynamic management on the duty performance at various levels and fulfillment of commissioning targets strictly under the safety management system. From January to June 2012, the Group achieved remarkable results in safety management, as evidenced by steady performance in production safety operations with no serious injuries or death, or environmental pollution accidents.

The Group vigorously participated in social welfare undertakings with commitment to fulfilling its corporate social responsibility. During the reporting period, the new classrooms of Chambishi High School invested and established by the Group were put into use upon delivery; the Group completed the drinking water renovation project in the mining areas by investing and purchasing water purification equipments, thus ensuring 24-hour supply of clean water for all the staff; the clinic funded and established by the Group had been handed over to the local government; an iron bridge built for civil use by the Group improved the transportation conditions for residents. Donations from the Group have benefited education, health, culture, sports and public welfare in Zambia and helped build a sound corporate image of the Group in the country.

It is worth mentioning that the Company engaged third-party health and safety consultants to further fulfill its commitment on improving the overall health and safety of the Company after listing. From 26 July 2012 to 6 August 2012, three health and safety experts delegated by the Company from Institute of Occupational Hazards of China Academy of Safety and Technology (中國安全生產科學研究院職業危害研究所), Mine Safety Institute of Technology of China Academy of Safety and Technology (中國安全生產科學研究院礦山安全技術研究所) and the Department of Technology and Equipment of National Workplace Emergency Management Center (國家安全生產應急救援指揮中心技術裝備部) visited Zambia and carried out surveys and assessment on production safety and vocational health for the subsidiaries of the Company, according to which they considered that the production safety management systems of the subsidiaries of the Company were complete and complied with the provisions of the laws and regulations in Zambia, given their well-established structure and systems and efficient production safety measures. In general, the Company has built a favorable working environment for its employees.

The Company contributed RMB1.1 million to fund cataract operations for 109 poor Zambian patients in 2011.

STRATEGIES AND PROSPECTS

In adherence to expanding exploration and development, the Group kept on increasing copper and cobalt reserves and resources. Meanwhile, the Group enhanced the capacities in mining and processing business as well as in copper leaching and smelting operation. Focused on the research and development along the copper industry chain, especially the separation of copper and cobalt and bioleaching technology, the Group continued to seek for proper acquisition opportunities.

The Group's primary concern lies in expanding exploration and development and increasing copper and cobalt reserves as well as resources continuously. We will proceed with increasing the Company's resources through exploiting new mines such as the Mwambashi Mine and through merger and acquisition as well as other means. Through developing projects such as Muliashi, Mabende and copper smelting engineering phase II, the Group will also continue to enhance the leaching and smelting capacities, tapping into the advantage of vertical integration in operations. The Group is in the preparation for recycling cobalt from smelting slag and projects such as Luanshya's recycling of cobalt from copper concentrate currently, and more efforts will be paid towards the development of cobalt in the future. At the same time, the Group will continue to find acquisition targets in regions with rich copper resources such as Zambia and Democratic Republic of the Congo to achieve expansion at a fast speed.

From the long term perspective, the copper supply shortfall will not change drastically, and the Group is still optimistic about the long term copper price. Against this background, the Group will further expand its business scale and improve its profitability, in order to bring more returns for the shareholders.

FUTURE PROSPECTS

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

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

1. CONTINUE TO PROMOTE THE CONSTRUCTION OF PROJECTS UNDER CONSTRUCTION

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

2. ENHANCING THE MANAGEMENT AND TECHNOLOGY RESEARCH AND DEVELOPMENT, LOWERING THE COSTS WHILE INCREASING THE PRODUCTION VOLUME OF EXISTING PROJECTS

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

OTHER SIGNIFICANT EVENTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

AUDIT COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this Interim Report, there were no other significant investments held, material acquisitions, or disposals of subsidiaries during the period for six months ended 30 June 2012. Apart from those disclosed in this Interim Report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this Interim Report.

CHARGES ON ASSETS

Details of charges on the Group's assets are included in note 20 to the condensed consolidated financial statements of this Interim Report.

GEARING RATIO

As at 30 June 2012, the gearing ratio was 17.9% (31 December 2011: 127.9%) which is calculated by the net debts (being total bank and other borrowings minus bank balances and cash, and restricted bank balances) divided by the total equity attributable to owners of the Company.

CONTINGENT LIABILITIES

Details of contingent liabilities are included in note 24 to the condensed consolidated financial statements of this Interim Report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CHINA NONFERROUS MINING CORPORATION LIMITED
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries set out on pages 34 to 64, which comprise the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2011 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	NOTES	At 30 June 2012 US$'000 (Unaudited)	At 31 December 2011 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**976,080**	875,833
Interest in an associate	13	**2,143**	—
Restricted bank balances		**9,975**	9,978
Other assets		**14,445**	14,414
Finance lease receivables	14	**31,568**	23,351
Deferred tax assets	8	**1,701**	2,149
		1,035,912	925,725
CURRENT ASSETS			
Inventories	15	**206,216**	164,281
Finance lease receivables	14	**8,883**	6,483
Trade receivables	16	**21,805**	95,786
Prepayments and other receivables	17	**56,621**	56,084
Derivatives, at fair value		**455**	—
Restricted bank balances		**3,675**	7,557
Bank balances and cash		**498,979**	217,303
		796,634	547,494
CURRENT LIABILITIES			
Trade payables	18	**108,839**	107,364
Other payables and accrued expenses	19	**157,717**	57,116
Income tax payable		**483**	87
Bank and other borrowings - due within one year	20	**228,729**	199,000
Derivatives, at fair value		**—**	775
		495,768	364,342
NET CURRENT ASSETS		**300,866**	183,152
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,336,778**	1,108,877

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 30 JUNE 2012

	NOTES	**At 30 June 2012 *US$'000* (Unaudited)**	At 31 December 2011 *US$'000* (Audited)
CAPITAL AND RESERVES			
Share capital	21	**445,447**	333,333
Share premium		**162,241**	35,256
Retained profits		**59,159**	3,715
Equity attributable to owners of the Company		**666,847**	372,304
Non-controlling interests		**153,644**	117,046
TOTAL EQUITY		**820,491**	489,350
NON-CURRENT LIABILITIES			
Bank and other borrowings - due after one year	20	**403,450**	512,179
Deferred revenue		**11,458**	11,458
Provision for restoration, rehabilitation and environmental costs		**15,973**	17,452
Deferred tax liabilities	8	**85,406**	78,438
		516,287	619,527
		1,336,778	1,108,877

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the Company						
	Capital	**Share premium**	***Other reserves**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 June 2011							
At 1 January 2011 (Audited)	15,652	—	130,253	172,798	318,703	86,357	405,060
Profit and total comprehensive income for the period	—	—	—	35,620	35,620	15,362	50,982
Dividend recognised as distribution *(Note 10)*	—	—	—	(16,413)	(16,413)	(6,337)	(22,750)
At 30 June 2011 (Unaudited)	15,652	—	130,253	192,005	337,910	95,382	433,292
Six months ended 30 June 2012							
At 1 January 2012 (Audited)	333,333	35,256	—	3,715	372,304	117,046	489,350
Shares issued	112,114	134,535	—	—	246,649	—	246,649
Share issue expenses	—	(7,550)	—	—	(7,550)	—	(7,550)
Profit and total comprehensive income for the period	—	—	—	55,444	55,444	36,598	92,042
At 30 June 2012 (Unaudited)	445,447	162,241	—	59,159	666,847	153,644	820,491

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended	
	30 June 2012	30 June 2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**242,642**	34,938
Net cash used in investing activities		
Acquisition of property, plant and equipment	**(109,451)**	(138,968)
Decrease in restricted bank balances	**3,885**	12,809
Purchase of property, plant and equipment under finance leases to a fellow subsidiary	**(14,388)**	—
Repayment of finance lease receivables from a fellow subsidiary	**3,771**	—
Investment in an associate	**(2,143)**	—
Interest received	**141**	97
Finance income earned under finance leases to a fellow subsidiary received	**930**	—
Proceeds from disposal of property, plant and equipment	**1,556**	59
	(115,699)	(126,003)
Net cash from financing activities		
Shares issued	**246,649**	—
Share issue expenses paid	**(4,376)**	—
New bank and other borrowings raised	**—**	145,000
Repayment of bank and other borrowings	**(79,000)**	(29,400)
Dividends paid	**—**	(9,363)
Dividends paid to non-controlling shareholders	**—**	(3,537)
Interest paid	**(8,230)**	(6,692)
	155,043	96,008
Net increase in cash and cash equivalents	**281,986**	4,943
Cash and cash equivalents at beginning of the period	**217,303**	336,789
Effect of foreign exchange rate changes	**(310)**	(92)
Cash and cash equivalents at the end of the period represented by bank balances and cash	**498,979**	341,640

1. GENERAL INFORMATION

China Nonferrous Mining Corporation Limited (the "Company") was incorporated in Hong Kong on 18 July 2011 with limited liability. Its parent and ultimate holding company are China Nonferrous Mining Development Limited, incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd. ("CNMC"), incorporated in the People's Republic of China (the "PRC"), respectively. The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal place of business is located at 32 Enos Chomba Road, Kitwe, Zambia.

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

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

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

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

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

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

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

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

Investments in associates

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

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

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

4. REVENUE

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

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

5. SEGMENT INFORMATION

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

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

- Mining — Exploration and mining of copper and production of copper concentrate;

- Leaching — Production and sale of copper cathodes which are produced using the solvent extraction-electrowinning technology; and

- Smelting — Production and sale of blister copper and sulfuric acid which are produced using ISA smelting technology.

Segment revenue and results

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

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

5. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

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

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

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

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

5. SEGMENT INFORMATION *(CONTINUED)*

Segment assets and liabilities

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

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

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

5. SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The Group's operation is mainly in Zambia and nearly all its non-current assets (other than financial instruments and deferred tax assets) are in Zambia.

The Group's revenue from external customers by their geographical locations is detailed below:

	Six months ended	
	30 June 2012	30 June 2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
The PRC	**548,238**	418,416
Switzerland	**89,512**	169,514
United Kingdom	**41,921**	—
Zambia	**37,124**	12,478
Luxembourg	**828**	9,568
	717,623	609,976

6. FINANCE COSTS

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

7. OTHER EXPENSES

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

8. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss:

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

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

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

8. INCOME TAX EXPENSE *(CONTINUED)*

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

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

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

In the opinion of the Company's Zambian counsel, pursuant to the Convention between the Republic of Zambia and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Tax on Income, distribution of dividends to China Nonferrous Mining Holdings Limited ("CNMH"), a wholly owned subsidiary of the Company and an investment holding company incorporated under the laws of Ireland, from its Zambian subsidiaries is exempt from such withholding tax save for instances where CNMH has a permanent establishment in Zambia. The directors of the Company confirm that CNMH has no permanent establishment in Zambia, and therefore are of the view that no provision for withholding tax on the undistributed profit of the Zambian subsidiaries is required to be made for both periods.

8. INCOME TAX EXPENSE *(CONTINUED)*

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

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

8. INCOME TAX EXPENSE *(CONTINUED)*

The deferred tax balances are as follows:

	At 30 June 2012 US$'000 (Unaudited)	At 31 December 2011 US$'000 (Audited)
Deferred tax assets	**1,701**	2,149
Deferred tax liabilities	**(85,406)**	(78,438)

The following are the major deferred tax balances recognised and movements thereon during the period:

	Property, plant and equipment US$'000	Tax losses US$'000	Total US$'000
Balance at 1 January 2011 (Audited)	(116,835)	54,536	(62,299)
(Charge) credit to profit or loss	(32,913)	19,513	(13,400)
Balance at 30 June 2011 (Unaudited)	(149,748)	74,049	(75,699)
(Charge) credit to profit or loss	(49,161)	48,571	(590)
Balance at 1 January 2012 (Audited)	(198,909)	122,620	(76,289)
(Charge) credit to profit or loss	(27,531)	20,115	(7,416)
Balance at 30 June 2012 (Unaudited)	(226,440)	142,735	(83,705)

As at 30 June 2012, the Group has unused tax losses of US$475,783,000 (31 December 2011: US$408,733,000) in respect of the subsidiaries in Zambia available for offset against future profits.

Deferred tax assets of US$142,735,000 have been recognised as at 30 June 2012 in respect of the losses of these subsidiaries in Zambia (31 December 2011: US$122,620,000). Subject to agreement with the Zambia Revenue Authority, the above tax losses of these subsidiaries are available to be carried forward up to a maximum of ten years from the year in which they are incurred for set off against future taxable profits from the same source of those subsidiaries.

8. INCOME TAX EXPENSE *(CONTINUED)*

No deferred tax asset has been recognised in respect of US$5,864,000 (31 December 2011: Nil) for the Company's losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

9. PROFIT FOR THE PERIOD

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

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

10. DIVIDEND

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

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

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

11. EARNINGS PER SHARE

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

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

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

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

12. PROPERTY, PLANT AND EQUIPMENT

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

13. INTEREST IN AN ASSOCIATE

In February 2012, the Group invested in an associate, Huachin Minerals SPRL which was incorporated in the Republic of Congo ("Congo"), amounting to US$2,143,000 pursuant to the relevant joint venture agreement of that associate and owns 30% shareholding in it. Huanchin Minerals SPRL is principally involved in exploration, mining and sale of copper ores in Congo.

As at 30 June 2012, the amount represents the Group's share of net assets of Huachin Minerals SPRL.

14. FINANCE LEASE RECEIVABLES

The Group has purchased certain machinery and equipment which were leased out under finance leases to a fellow subsidiary. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2012	At 31 December 2011
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Analysed as:		
— Current	**8,883**	6,483
— Non-current	**31,568**	23,351
	40,451	29,834

14. FINANCE LEASE RECEIVABLES *(CONTINUED)*

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2012	31 December 2011	**30 June 2012**	31 December 2011
	(US$'000)	*(US$'000)*	***(US$'000)***	*(US$'000)*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance lease receivables comprise:				
Within one year	**10,782**	8,083	**8,883**	6,483
In more than one year but not more than two years	**10,782**	7,473	**9,290**	6,242
In more than two years but not more than five years	**24,298**	18,460	**22,278**	17,109
	45,862	34,016	**40,451**	29,834
Less: Unearned finance income	**(5,411)**	(4,182)	**N/A**	N/A
Present value of minimum lease payment receivables	**40,451**	29,834	**40,451**	29,834

Effective interest rates of the above finance leases range from 5.6% to 6.1% per annum for both periods.

The finance leases are not used to pledge as security for any borrowings of the Group. In the event of default by the lessee, the Group has the right to sell the lease assets. At the end of the lease term, the lease assets will be transferred to the fellow subsidiary at nil consideration.

15. INVENTORIES

	At 30 June 2012 ***US$'000*** **(Unaudited)**	At 31 December 2011 *US$'000* (Audited)
Raw materials	**60,781**	42,071
Spare parts and consumables	**52,845**	41,078
Work in progress	**4,461**	10,604
Finished goods	**88,129**	70,528
	206,216	164,281

16. TRADE RECEIVABLES

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

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

The Group sells blister copper and copper cathodes under provisional pricing arrangements where final grades of copper, gold and silver in copper products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenues are recognised when title and risk pass to the customer using past history of grades of copper, gold and silver in copper products based on internal examination statistics and forward prices for the expected date of final settlement. The Group normally requires prepayments from customers before goods dispatch with the remainder to be settled not exceeding one month upon issuance of sales invoice. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

16. TRADE RECEIVABLES *(CONTINUED)*

Included in the Group's trade receivables are balances with the following related parties:

	At 30 June 2012 *US$'000* (Unaudited)	At 31 December 2011 *US$'000* (Audited)
CNMC and fellow subsidiaries	**11,387**	58,591
A subsidiary of a non-controlling shareholder of a subsidiary	**—**	13,784
	11,387	72,375

The above balances with related parties are unsecured, interest-free and are repayable according to the relevant sales contracts.

17. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2012 *US$'000* (Unaudited)	At 31 December 2011 *US$'000* (Audited)
Prepayments for inventories	**31,211**	9,461
VAT receivables	**11,057**	23,336
Deposits for futures margin accounts	**8,504**	14,359
Other receivables	**5,849**	8,928
	56,621	56,084

Included in the Group's prepayments and other receivables are balances with the following related parties:

	At 30 June 2012 *US$'000* (Unaudited)	At 31 December 2011 *US$'000* (Audited)
CNMC and fellow subsidiaries	**4,779**	12,886
Associate	**—**	897
Non-controlling shareholders of subsidiaries	**448**	444
	5,227	14,227

The above balances with related parties are unsecured, interest-free and are repayable on demand.

18. TRADE PAYABLES

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

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

The average credit period on purchases of certain goods is within 3 months and most payables are paid within the credit timeframe. The trade payables aged over 1 year are mainly due to CNMC and fellow subsidiaries.

Included in the Group's trade payables are balances with the following related parties:

	At 30 June 2012	At 31 December 2011
	US$'000	*US$'000*
	(Unaudited)	(Audited)
CNMC and fellow subsidiaries	**7,641**	3,044
Associate	**1,142**	—
	8,783	3,044

The above balances with related parties are unsecured, interest-free and are repayable on demand.

19. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2012 ***US$'000*** **(Unaudited)**	At 31 December 2011 *US$'000* (Audited)
Receipts in advance from customers	**59,033**	9,124
Accrued expenses	**40,733**	20,005
Payables for property, plant and equipment	**38,738**	15,168
Dividends payable	**1,500**	1,500
Other payables	**17,713**	11,319
	157,717	57,116

Included in the Group's other payables and accrued expenses are balances with the following related parties:

	At 30 June 2012 ***US$'000*** **(Unaudited)**	At 31 December 2011 *US$'000* (Audited)
CNMC and fellow subsidiaries	**41,902**	26,276
A subsidiary of a non-controlling shareholder of a subsidiary	**40,912**	—
Non-controlling shareholders of subsidiaries	**1,500**	1,500
	84,314	27,776

The above balances with related parties are unsecured, interest-free and are repayable on demand.

20. BANK AND OTHER BORROWINGS

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

The bank loans as at 30 June 2012 and 31 December 2011 bore interest at rates varied based on London Interbank Offered Rate ("LIBOR"), ranging from 1.2% to 2.6% per annum and the secured bank loans were secured by certain restricted bank balances of US$4,144,000 (31 December 2011: US$4,130,000). The remaining restricted bank balances were pledged for banking facilities for issuing letters of credit, customs clearance and issuing letters of guarantee to secure future restoration costs as required by the government of Zambia.

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

20. BANK AND OTHER BORROWINGS *(CONTINUED)*

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

21. SHARE CAPITAL

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

21. SHARE CAPITAL *(CONTINUED)*

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

22. COMMITMENTS

(A) CAPITAL COMMITMENTS

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

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

22. COMMITMENTS *(CONTINUED)*

(B) LEASE COMMITMENTS — THE GROUP AS LESSEE

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

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

23. RELATED PARTY TRANSACTIONS

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

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

23. RELATED PARTY TRANSACTIONS *(CONTINUED)*

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(ii) The interest expense arose from unsecured loans from CNMC and a non-controlling shareholder of a subsidiary (see note 20).

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

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

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

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

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

24. CONTINGENT LIABILITIES

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

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

25. EVENT AFTER THE END OF THE REPORTING PERIOD

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