



中国多金属矿业
CHINA POLYMETALLIC MINING

China Polymetallic Mining Company Limited

中國多金屬礦業有限公司

Interim Results for the Period Ending 30 June 2012
China Polymetallic Achieves Profit in the First Half of 2012

Records Revenue of RMB157.3 Million and
Profit for the Period Attributable to Owners of the Company of RMB45.3 Million

[29 August 2012, Hong Kong] **China Polymetallic Mining Limited** (“China Polymetallic” or the “Company”, together with its subsidiaries, the “Group”) (Stock code: 02133.HK), China's leading private silver, lead and zinc mining company, today announced its unaudited interim results for the six months ended 30 June 2012 (“the review period”).

- China Polymetallic achieved rapid growth and recorded revenue of RMB 157.3 million in the first half of 2012
- Total production volumes of lead-silver concentrates and zinc-silver concentrates during the first half of 2012 were approximately 11,950 tonnes and 11,532 tonnes respectively, containing 6.5 kilotonnes of lead, 5.6 kilotonnes of zinc and 12,416 kilograms of silver, with feed grades of 6.5%, 5.7% and 125 g/t respectively
- High-grade and large volumes of silver and maximizing the economies of scale enabled the Group to achieve a competitive cost structure. Gross profit amounted to approximately RMB126.2 million, representing a gross profit margin of 80.2%
- China Polymetallic commenced commercial production in October 2011, and has already successfully achieved profit for the period attributable to owners of the Company amounting to RMB45.3 million, compared to a loss of RMB245.4 million for the corresponding period last year
- Capital expenditure of the Group during the review period was RMB314.0 million
- As at 30 June 2012, cash and cash equivalents amounted to RMB515.1 million
- To preserve the Group’s cash position for future operation and expansion, the board of directors did not recommend an interim dividend for the review period

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The first half of 2012 was a period of rapid growth for China Polymetallic. The Group focused on developing its assets in Yunnan province with the aim of becoming a leading non-ferrous metal pure mining company. The Group started its commercial production in October 2011, and is currently engaged in ramping up production of lead-silver and zinc-silver concentrates. During the review period, the Group was proactively involved in asset acquisitions to expand and explore its resources through ramp-up, development and exploration.

Strong Financial Results Underpinned by Operational Success

The Group recorded strong results during the review period and achieved significant growth when compared with the same period in 2011. For the review period, the Group's revenue amounted to RMB157.3 million, arising from the sales of lead-silver and zinc-silver concentrates. Sales generated from lead-silver concentrates amounted to RMB114.2 million and accounted for 72.6% of the total revenue, while sales generated from zinc-silver concentrates amounted to RMB43.1 million and accounted for 27.4% of the total revenue.

Having only commenced commercial production in October 2011, the Group has recorded a strong financial performance in the review period with gross profit of approximately RMB126.2 million and a gross profit margin of 80.2%. Following the successful ramp up of production at the Shizishan Mine and effective cost management during the review period, the Group recorded profit for the period attributable to owners of the Company amounting to RMB45.3 million and a net profit margin of 29.2%. Meanwhile, basic and diluted earnings per share attributable to ordinary equity holders of the Company were RMB0.02. To preserve capital for future operation and expansion, in line with the Company's stated strategy, the board of directors did not recommend the payment of an interim dividend for the review period.

Strong Fundamentals Supporting Long-term Demand

Despite depressed metal prices during the period under review, China Polymetallic has been encouraged by the fact that the Chinese Government continues to promote the development of the PRC's western region as a significant mineral producing province. The "Twelfth Five-Year Plan" and favourable state policies for the development of the mining industry, including the China Western Development Program, indicate the potential for domestic demand for non-ferrous metal to remain stable. Therefore, domestic demand for non-ferrous metal stayed strong. The PRC remained a net importer of lead and zinc concentrates. According to the General Administration of Customs of the PRC, the accumulated import volume of lead concentrates for the first half of 2012 amounted to 757.6 kilotonnes, and the accumulated import volume of zinc concentrates for the first half of 2012 amounted to 922.0 kilotonnes.

On Track to Achieve Full Production

During the review period, the Group continued to enhance its mining and processing capacity, in order to achieve full production. Since commencing commercial production from October 2011, the operational results of the Shizishan Mine have surpassed the production targets set by the Group, demonstrating not only the strong operational

capabilities of the Group but also the potential that the Shizishan Mine possesses. The mining capacity of the Shizishan Mine has significantly increased from 840 tpd in December 2011 to 1,211 tpd in June 2012, and is expected to reach full planned mining capacity of 2,000 tpd towards the end of 2012. Constant expansion of production capacity enabled the Group to achieve significant growth in the output volume of its products. During the review period, total production volumes of lead-silver concentrates and zinc-silver concentrates were approximately 11,950 tonnes and 11,532 tonnes respectively, containing 6.5 kilotonnes of lead, 5.6 kilotonnes of zinc and 12,416 kilogram of silver, with feed grades of 6.5%, 5.7% and 125 g/t respectively.

Strategic Asset Acquisitions

In addition to promoting organic growth, China Polymetallic is focused on pursuing strategic acquisitions to further expand its resources and reserves and enhance its production capacity. During the review period, the Group has completed three acquisitions, including Dakuangshan Mine (a lead-zinc-silver polymetallic mine), the Liziping Mine (a large-scale lead-zinc-silver polymetallic mine), and the Menghu Mine (a high-grade oxidized lead mine), with all mines situated in Yunnan province of the PRC. Leveraging off the significant potential scale of the Group's resource base, the high grade nature of these resources and operational efficiencies, the Group has established a robust platform from which to capitalize on opportunities to further increase its revenues and investment returns.

Favourable Outlook

Looking ahead, the Group has an aggressive exploration and development program in place, focused on expanding the Company's resources and reserves. Additionally China Polymetallic is focused on the optimization of its existing mining and processing facilities, to reduce costs, increase production and maximize cash flows.

Preliminary exploration has been completed at the Dazhupeng Mine and the exploration drilling activities will commence in the fourth quarter of 2012. In relation to facility optimization of the Lushan Mine, the construction work of the first phase of a new gravity-selection processing line is expected to be completed in the first quarter of 2013. This new gravity selection processing line is designed with daily processing capacity of 1,000 tpd to process the ore from the Lushan Mine. The mining and processing capacity of the Dakuangshan Mine is expected to expand to 600 tpd by the end of this year.

Mr. Ran Xiaochuan, Chairman and Executive Director of China Polymetallic said:

“With a significant opportunity in the non-ferrous metals industry, the Group is well placed to enhance its mining and processing capabilities and strengthen its position as China's leading private silver, lead and zinc producer. The first half of 2012 has been marked by a period of significant growth for China Polymetallic, and we have demonstrated our ability to deliver high quality projects through to production in time and on budget. We are working towards a number of strategic objectives, through which we will aim to realize full production from our current operations in order to achieve economies of scale and effectively manage our cost base, particularly in light of increasing cost pressure across the global mining industry.”

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We remain focused on further improving our operational efficiencies, strengthening our production profile and unlocking value for our shareholders through organic growth. Meeting international best practice for health and safety as well as environmental and social impacts remains core to our values and long term strategy. In line with these aims, we have reinforced our operational and management capabilities to ensure that operations are run to international standards and that we are able to set the bench-mark for best practice in the PRC. We continue to seek acquisition opportunities that demonstrate synergy with our strategy of expanding our production capacity and build our resource base. We remain focused on the development of China Polymetallic and endeavor to generate the greatest return for our shareholders.”

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About China Polymetallic Mining Limited

China Polymetallic Mining Limited (“China Polymetallic” or “The Company”) is China's leading private silver, lead and zinc mining company. China Polymetallic was the first non-ferrous metal pure mining company listed on the Hong Kong Stock Exchange. With a quality portfolio of assets in ramp-up, development and exploration stages, China Polymetallic controls a growing resource base with large and high-grade reserves. With all its current operations in Yunnan Province, China Polymetallic owns and operates Shizishan, a producing large-scale, high-grade lead-zinc-silver mine. The Company is developing the Liziping Mine, a large-scale lead-zinc project, the Menghu Mine, a high-grade oxidized lead mine and the lead-zinc-silver Dakuangshan Mine. It also owns an exploration permit to the lead-zinc Dazhupeng Mine and has secured exclusive long-term, low-cost polymetallic raw ore supply from Lushan, a tungsten-tin mine. China Polymetallic will leverage its unique position as a leading Chinese mining company and proximity to key customers to meet demand for silver, lead and zinc while maximizing returns for shareholders.

For more information, please visit <http://www.chinapolymetallic.com>