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五礦資源有限公司

MINMETALS RESOURCES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (**Board**) of Minmetals Resources Limited (**Company**) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the Group) for the six months ended 30 June 2012.

The Company's unaudited consolidated results are set out on the next pages.

COMPANY OVERVIEW

Minmetals Resources Limited (the Company) is a mid-tier global resources company that explores, develops and mines base metal projects around the world. The Company is headquartered in Melbourne, Australia and listed on the Hong Kong Stock Exchange (Stock Code: 1208).

The Company is uniquely positioned with an experienced international management team and the support of its major shareholder, China Minmetals Corporation.

The Company recently received Board and shareholder approval to change its registered English name to MMG Limited. This is intended to align the listed Company's English name with the name in common use throughout the operating assets. The Company expects that the name change will take effect in late September.

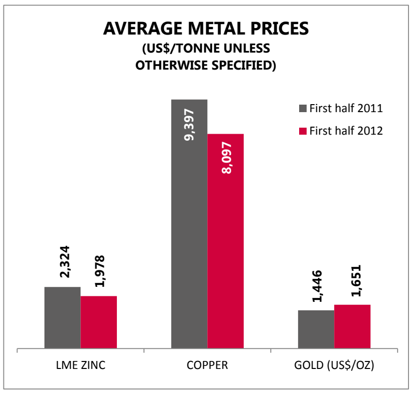
The Company currently operates the Century, Golden Grove and Rosebery mines in Australia, the Kinsevere mine in the Democratic Republic of Congo (DRC) and the LXML Sepon mine in Laos.

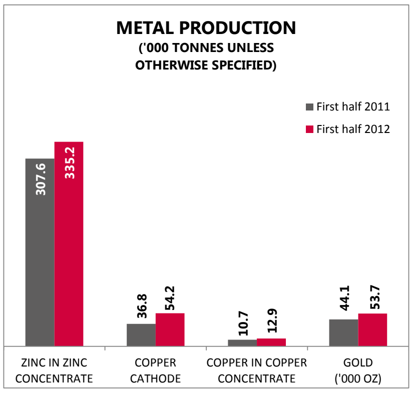
The Company's major development projects include the Dugald River undeveloped zinc-lead-silver deposit located in north-west Queensland, Australia, and the Izok Corridor base metals project in Nunavut, north-west Canada.

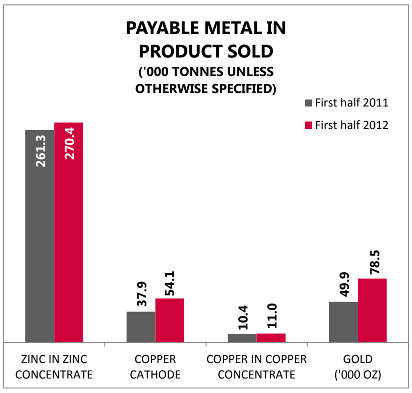
The Company also has significant exploration projects and partnerships in Australia, Africa and the Americas.

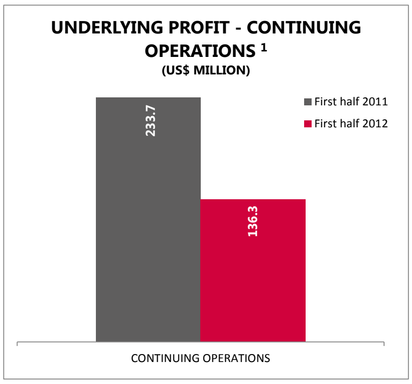
The Company is one of the world's largest producers of zinc and also produces significant amounts of copper, lead, gold and silver.

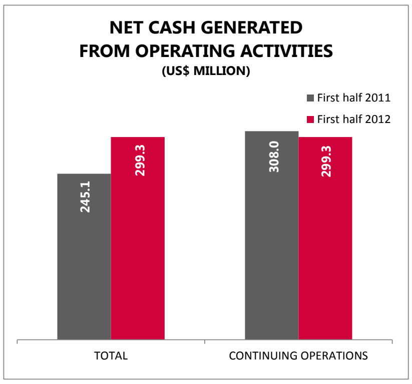
FINANCIAL HIGHLIGHTS

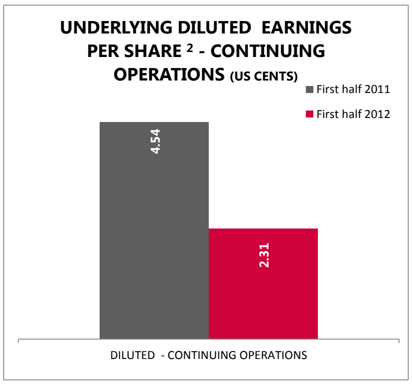












- Robust production performance with higher sales volumes reported across all commodities when compared to the first half 2011.
- Revenue at all operating sites was higher than the first half 2011; however additional revenue generated from higher sales volumes was partially offset by lower average realised prices.
- Higher operating costs due to the inclusion of Kinsevere, increased production and sales volumes, increases to depreciation and amortisation and higher costs associated with the Group's mining processing and support activities including employee, contractor, electricity and fuel costs.
- Completion of the acquisition of Anvil and its Kinsevere copper cathode operation in the DRC achieving expansion into the southern African copper belt.
- A focus on investment and development of the business foundations necessary to deliver the Company's future growth potential. This includes implementing a scalable and systemised business model and management system, common across all operations.

Notes:

1 Underlying profit represents total profit from continuing operations adjusted for significant non-recurring items (after tax) – refer to page 11.

2 Underlying diluted earnings per share represents diluted earnings per share adjusted for significant non-recurring items (after tax).

CHAIRMAN'S REVIEW

Dear Shareholder

On behalf of the Board I am pleased to report the Company's interim results for 2012. In a challenging global economic environment the Company has delivered a profit to shareholders while continuing to invest in its long term strategy and vision.

That vision remains to build the next generation's leading global diversified minerals and metals group. In line with this we recently received shareholder approval to change the Company's registered company name from Minmetals Resources Limited to MMG Limited. The Chinese name of the Company 五礦資源有限公司 and Hong Kong Stock Exchange code of 1208 will remain unchanged. This change will align the Company's English name with the name in common use throughout the operating assets. The Company expects that the name change will take effect in late September.

As part of our long-term strategy to create shareholder value, we completed the US$1,310.5 million acquisition of Anvil Mining Limited (Anvil) which includes the Kinsevere copper cathode operation in the Democratic Republic of Congo. This strategic acquisition established our foothold in the southern African copper belt and provides a platform for further growth.

In the first half 2012, the Company demonstrated robust production performance with higher sales volumes reported across all commodities when compared to the first half 2011. Operational highlights during the period included record copper cathode production from the expanded plant at Sepon, record second quarter zinc production at Century and the continuing ramp up of Kinsevere.

However, metal prices retreated during the first half 2012 on heightened fears concerning political and economic developments in the Euro zone. Indicators of weakening economic growth and metal demand in China added to the negative market sentiment. As a result, additional revenue generated from higher sales volumes was partially offset by lower average realised prices.

On 29 August 2012, the Company reported its financial performance for the first half 2012. Revenue was US$1,218.7 million, an increase of US$148.0 million on the first half 2011 and underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was US$444.5 million. Higher revenue was the result of the inclusion of Kinsevere and all operating sites reporting higher revenue compared to the first half 2011, despite lower commodity prices.

There were however, a number of contributing factors that resulted in lower earnings before interest and tax (EBIT) of US$247.4 million, down on the first half 2011. This included higher costs of sales related to increased production and sales volumes, increased depreciation and amortisation and higher input cost rates associated with the Group's mining processing and support activities (for example employee, contractor, electricity and fuel costs). There was also an increase to costs associated with supporting the Company's investment in management information systems.

This, in combination with a significant number of one-off events in the first half 2011 (US$215.9 million), resulted in a lower EBIT in the first half 2012.

At an operational level, the C1 costs (being a cash cost per unit of production) for the first half 2012 were below those reported in the first half 2011, with the exception of Golden Grove, where by-product credits are included in the zinc C1 costs. In addition, actual C1 costs for the first half 2012 were below full year guidance at Century, Kinsevere and Sepon. This demonstrates the Company's commitment to focus on operating our assets in a safe, efficient and cost effective manner and to consistently provide our shareholders with transparent feedback in relation to our production and cost targets.

Total net profit after tax (NPAT) attributable to equity holders was US$122.4 million, also down on the same period in 2011.

Total assets increased 21.0% on the same period in 2011 to US$4,179.6 million, driven by the introduction of Kinsevere.

CHAIRMAN'S REVIEW CONTINUED

In April, we published our 2012 Sustainability Report for the first time producing an A+ level report in accordance with the Global Reporting Index. The report is an excellent summary of our commitments to sustainability under the five pillars of people and culture, safety and health, environmental management, working with our stakeholders and ensuring our economic sustainability. The Company is a member of the International Council on Mining and Metals and is committed to benchmarking its business practices against the organisation's Sustainable Development Framework.

During the first half 2012 we welcomed Mr Leung Cheuk Yan to the Board. Mr Leung's experience in corporate finance and capital markets in Hong Kong, the United Kingdom and Australia further expands the experience of the Board. The Board also farewelled Mr Hao Chuanfu, Mr Loong Ping Kwan and Mr Li Liangang from the Board. On behalf of the Board I extend our gratitude to Mr Hao, Mr Loong and Mr Li for their outstanding service as Executive Directors on the Company's Board.

In the second half 2012, the Board intends to review the Dugald River project including the construction and development of a major underground mine and above ground processing plant in north-west Queensland, Australia. Dugald River continues to represent a significant zinc opportunity for our Company to partially offset the forecast decline in production from our Century mine as the open pit operation comes to an end in 2016.

On behalf of the Board I would like to thank all shareholders, employees and communities for working with us as we continue to build the next generation's miner.

WANG Lixin
Chairman
29 August 2012

CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholder

In 2012 we have seen economic conditions that have challenged many sectors and regions. The resources industry has not been immune from this. Metal prices continue to retreat on political and economic instability in the Euro zone. Cost pressures in developed countries continue to weigh heavily on key inputs including labour, energy and reagents.

First, to safety. As discussed in our Annual Report, on 28 February 2012 a fatality occurred at our Sepon operation in Laos. Significant efforts have been made since then to strengthen the safety culture, systems and processes at the site with progress already being seen in safety performance since February. Our total recordable injury frequency rate (TRIFR) ended the first half 2012 at 3.6 compared with 4.1 at the end of 2011. The lost time injury frequency rate (LTIFR) was 0.8 compared with 0.6 at the end of the full year 2011. These statistics encompass our whole workforce – employees and contractors. We continuously seek improvement and our priority remains the safety of our people. Our overall health and safety vision is a 'Zero Harm and Fatality Free' workplace.

Cost management continues to remain a focus with price increases of key inputs such as labour, energy and reagents and volume-related cost increases from our operations. Despite this, in the second half of 2012, production and C1 costs are expected to remain within current guidance at all sites. Following a solid performance in the second quarter at Kinsevere, we increased production guidance and reduced cost guidance compared to the original forecasts provided in April 2012.

While cost management is critical, we continue to follow through on the themes outlined earlier this year. This includes delivering the maximum potential from our current assets, progressing our projects, developing our business foundations, integrating our business and identifying future potential – both within our current assets and in merger and acquisition (M&A) opportunities.

The focus of work on our current assets continues to aim at extracting maximum value. Technical and operational programs are delivering incremental output gains, debottlenecking processing plants and ensuring we optimise use of appropriate technology. With the exception of Kinsevere, production and cost guidance has been maintained at all operational sites. Century is expected to deliver one of the strongest annual production results on record after achieving a quarterly zinc production record in the second quarter 2012. Sepon also achieved quarterly and year-to-date copper cathode production records in the second quarter 2012 with the operation again exceeding nameplate capacity on an annualised basis. In total, the Company expects to produce 601,000 – 620,000 tonnes of zinc and 137,000 – 149,000 tonnes of copper in 2012.

Work progressed at Golden Grove in Western Australia on the development of a copper open pit that will deliver an additional 59,600 tonnes of copper in concentrate between 2012 and 2014. The project remains on budget and schedule with first production expected in the second half 2012. At Rosebery, exploration at our underground polymetallic mine continues to identify excellent results and extend the asset life.

The acquisition of Anvil earlier this year introduced the Kinsevere copper operation to our portfolio. However, sudden and unexpected network-wide power supply disruptions across the DRC impacted production at Kinsevere and the ability to continue ramp up of the plant to nameplate capacity. Since that time, we have deployed technical and management expertise to stabilise power supply to the operation and improve copper cathode production. This included the installation of temporary diesel generators which were delivered and successfully commissioned by the end of June. The combination of diesel and grid-sourced power enables Kinsevere to continue ramp up to nameplate capacity.

We continue to progress our portfolio of projects. In August, the final Environmental Authority for our Dugald River zinc project in the north-west Queensland minerals province in Australia was received from the Queensland Department of Environment and Heritage Protection. Pre-commitment activities for the project continued throughout the first half 2012 including engineering design and progression of agreements for gas, power generation, access and infrastructure. Activity on site has increased with two exploration declines, now in excess of 1,600 metres, advancing on schedule. We expect to intersect the main part of the ore body in the fourth quarter 2012. Upon reaching full capacity, the operation is expected to produce 200,000 tonnes of zinc, 25,000 tonnes of lead and 900,000 ounces of silver in concentrate per year. The Dugald River project is due for Board consideration later this year.

Dugald River and the Izok Corridor project in Nunavut, Canada, remain key features of our projects pipeline.

Throughout the first half 2012, the Company successfully integrated the assets previously owned by Anvil into the business, appointed a new General Manager to the Kinsevere operation and completed the purchase of the 5% minority interest in Kinsevere. In addition to working to resolve current power supply issues, we have also made progress in resolving historical power and plant reliability issues at the site.

With exploration a key driver of our future growth, we have expanded work and funding to this key business area. Around 70% of our exploration efforts are focused on near mine development at our current operations, with the aim of extending Resources and Reserves, and thus asset life. Completing our first significant acquisition with the purchase and integration of Anvil was also an important milestone and an indication of our ability to take advantage of future M&A opportunities as they arise.

We also continued the investment and development of the business foundations necessary to deliver our future growth potential. This includes implementing a scalable and systemised business model and management system, common across all operations.

Thank you to all our shareholders and local communities and partners. I would also like to thank our employees and contractors, whose continued focus on safety, production volumes and cost management make these results possible.

Andrew MICHELMORE
Chief Executive Officer
29 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group recorded a solid operating performance in the first half 2012 with the financial results of Kinsevere consolidated from 17 February 2012. Higher sales volumes in each commodity resulted in higher revenue at each site when compared to the first half 2011. Additional revenue generated from higher sales volumes was partially offset by lower realised prices. Actual C1 costs for the first half 2012 were below full year guidance at Century, Kinsevere and Sepon, however higher production contributed to an increase in operating costs.

For the purpose of the management discussion and analysis, the Group's results for the first half 2012 are compared to the first half 2011. The following discussion and analysis of the financial information and results should be read in conjunction with the financial statements.

The Group's continuing operations underlying EBITDA, adjusted for significant one-off items, was 1.9% lower than the first half 2011.

US$ million	First half 2012	First half 2011
EBITDA – continuing operations	**444.5**	**669.0**
Adjust for one-off items:		
Gain on disposal of Equinox shares	-	152.1
Business acquisition cost write back	-	63.8
Underlying EBITDA – continuing operations	**444.5**	**453.1**
Underlying EBITDA margin – continuing operations (%)	**36.5**	**42.3**

Underlying net cash flow (excluding the following significant one-off items) for the first half 2012 reflected increased investments to support the long-term growth strategy of the Company.

US$ million	First half 2012	First half 2011
Net cash flow	**(1,015.0)**	**189.2**
Adjust for one-off items:		
Acquisition of subsidiaries - Anvil	(1,310.5)	-
Placement of additional Company shares	-	494.3
Net purchase/sale of Equinox shares	-	252.4
Net cash from related party receivable / discontinued operations	28.5	(2.0)
Dividends paid to non-controlling interests	(15.0)	-
Repayment of Anvil borrowings	(42.2)	-
Loans from /(to) Album Enterprises	395.0	(694.2)
Underlying net cash flow	**(70.8)**	**138.7**

The Group's management determined the operating segments based on reports reviewed by its Executive Committee. The Group's continuing operations are managed on an operating site-by-site basis, with other exploration, development and corporate activities being classified as 'other'. The Group's mining operations comprise Century, Golden Grove, Kinsevere, Rosebery and Sepon.

Revenue

The Group's continuing operations generated revenue of US$1,218.7 million in the first half 2012, which was US$148.0 million (13.8%) higher than the first half 2011. Kinsevere was consolidated from 17 February 2012 and contributed US$96.6 million of this increase.

The following table shows the revenue of each operating site:

US$ million	Century	Golden Grove	Kinsevere	Rosebery	Sepon	Total
First half 2012	377.0	165.2	96.6	150.0	429.9	**1,218.7**
First half 2011	374.4	152.2	-	126.5	417.6	**1,070.7**

The increase in revenue was driven by higher sales volumes in each primary commodity, including:

- 16,211 tonnes of copper cathode of which 12,327 tonnes related to Kinsevere;
- 9,085 tonnes of payable zinc primarily from Century;
- 5,358 tonnes of payable lead driven by the resumption of sales from Golden Grove; and
- 28,590 ounces of gold.

The sale of copper and zinc contributed 46.7% and 37.5% of Group revenue respectively in the first half 2012.

Prices

Additional revenue generated from higher sales volumes was partially offset by lower average realised prices.

The following table shows average London Metal Exchange (LME) commodity prices:

Average LME cash price		First half 2012	First half 2011	Variance (%)
Zinc	US$/t	1,978	2,324	(14.9)
Copper	US$/t	8,097	9,397	(13.8)
Lead	US$/t	2,035	2,578	(21.1)
Silver	US$/oz	31.06	34.90	(11.0)
Gold	US$/oz	1,651	1,446	14.2

Production

The Group's production performance is summarised in the following table:

	First half 2012	First half 2011	Variance (%)[3]
Production data ('000 t)			
Ore mined [1]	5,556.0	4,903.6	13.3
Ore milled [1]	6,524.2	5,623.0	16.0
Zinc in zinc concentrate	335.2	307.6	9.0
Copper in copper concentrate	12.9	10.7	20.5
Copper cathode[2]	54.2	36.8	47.1
Lead in lead concentrate	25.3	26.8	(5.8)
Production data ('000 oz)			
Gold	53.7	44.1	21.9

1 All sites

2 Copper cathode production data from Kinsevere is included from 1 March 2012.

3 Please refer to the Company's Second Quarter Production Report 2012 for attributable production details. Production variances are based on underlying production data.

Ore mined was 13.3% higher than the first half 2011 with 5.3% of the increase attributable to the inclusion of Kinsevere. Ore mined at Century was 22.2% higher than the first half 2011 which was impacted by Tropical Cyclone Yasi.

Ore milled was 16.0% higher than the first half 2011 including additional ore from Kinsevere accounting for 6.1% of the increase. All operating sites milled higher volumes than the comparative period.

Zinc in zinc concentrate production was 27.6kt (9.0%) higher than the first half 2011 when production at Century was impacted by wet weather. Century achieved a quarterly zinc production record in the second quarter 2012.

Copper cathode production was 17.4kt (47.1%) higher than the first half 2011 and includes 12.7kt from Kinsevere and an additional 4.7kt from Sepon following the ramp up of the expanded copper plant. Copper in copper concentrate at Golden Grove exceeded the first half 2011 in line with the mine plan.

Lead in lead concentrate production was lower primarily due to lower grade and recovery at Century.

Gold production exceeded the first half 2011 mainly due to ore availability from Sepon.

Cost of sales

The Group's continuing operations cost of sales were US$766.1 million in the first half 2012, which represented an increase of 33.0% compared to the first half 2011.

The US$190.2 million increase is mainly due to higher production and sales volumes, additional depreciation and amortisation (US$91.7 million), the inclusion of Kinsevere cost of sales (US$41.9 million, excluding depreciation) and higher prices associated with the Group's mining, processing and support activities including costs relating to employees, contractors, electricity, fuel and consumables.

The increase in operating costs were partially offset by continuous improvement programs. The Company has prioritised initiatives such as Asset Utilisation which measures the effectiveness of assets, analyses the causes of lost production and identifies improvement opportunities.

Exchange rates did not significantly impact the operating costs for the current period compared to the first half 2011.

Depreciation and amortisation expenses related to the Group's continuing operations of US$197.1 million were US$91.7 million higher than the first half 2011. The increase is partly attributable to the inclusion of Kinsevere (US$26.5 million). The remaining increase was primarily driven by the expanded copper plant at Sepon and increased production at Century.

In addition, increased environmental provisions at December 2011 contributed to a higher amortisation of the related assets in the first half 2012. In particular, increased environmental provisions at Century during the second half 2011 (US$127.1 million) resulted in an additional US$12.5 million amortisation in the first half 2012.

Selling expenses related to the Group's continuing operations totalled US$38.9 million which was US$5.1 million higher than the first half 2011 mainly reflecting freight associated with higher sales volumes.

Administrative expenses related to the Group's continuing operations of US$61.3 million are US$12.9 million (26.7%) higher than the first half 2011.

Growth related administrative expenses increased by US$5.8 million to US$16.8 million. An increased focus on advancing growth projects such as the Dugald River and Izok Corridor projects accounted for US$2.0 million of this increase. US$2.4 million was spent on the development of a new Business Management System aimed at standardising and simplifying our operations. No expense was incurred for this project in the first half 2011.

Included in the growth related administrative expenses is an important information technology project which will transform key management systems. This project is in its second year of development and will end in 2014.

In addition, the Supply group is investing in foundation work including contract management and strategic sourcing to provide the Company with scalability in line with its long-term growth plans.

Business support expenses increased by US$3.4 million to US$19.6 million. The Shared Services and Business Support functions are responsible for creating standardised, simplified and systematised processes across the business aimed at realising potential synergies and ultimately reducing overall costs.

Corporate related administrative expenses increased by US$3.7 million to US$24.9 million.

Exploration expenses of US$43.6 million were US$18.0 million higher than the first half 2011. This includes US$4.0 million exploration at Kinsevere and increased exploration at Golden Grove and Rosebery.

Mine district exploration at Sepon focused on acquiring high resolution geophysical surveys to radically improve exploration targeting, and drilling of both oxide and primary gold targets. Numerous small oxide gold deposits continue to be discovered.

At Golden Grove, the Platform Program of drilling and downhole electromagnetic (EM) surveys along the entire southern extent of the mining leases for discovery of new massive sulphide deposits nears completion. This has been successful in locating two significant off-hole EM responses adjacent to Flying Hi and below the Gossan Valley prospects that will be drilled as a priority.

At Rosebery, deep drilling from the surface 1.6 kilometres north of the Rosebery Z Lens achieved significant mineralised intersections including 9.8 metres at 4.4% lead, 8.2% zinc, 506 g/t silver and 5.5 g/t gold. Current interpretations indicate a different horizon to the Rosebery Host, implying significant newly recognised potential in the footwall.

At Izok Corridor, exploration focused on resource extension drilling at Izok Lake and Hood. Five holes at Hood were very successful in adding 140 metres of vertical depth extension to the previously known mineralisation. One intersection returned 6 metres @ 12% copper true width. Other assay results are pending.

At Kinsevere, the Mine District exploration program and sulphide resource study commenced on the mining leases.

The Group has increased annual exploration guidance from US$65.0 million to US$74.0 million mainly due to the inclusion of Kinsevere. Approximately 70% of exploration expenditure is targeted to sustain and expand current Reserves and increase the mine life of existing assets.

Other operating expenses related to the Group's continuing operations of US$52.6 million were US$8.3 million higher than the first half 2011. The main driver was the inclusion of other operating costs of Kinsevere (US$3.5 million).

Net finance costs related to the Group's continuing operations of US$39.7 million were US$13.5 million higher than the first half 2011 due to the increase in discount unwind associated with environmental provisions of US$8.5 million and US$4.8 million finance costs in relation to the Anvil acquisition.

Income tax expenses related to the Group's continuing operations totalled US$71.4 million in the first half 2012. This amount represents an effective tax rate on the Group's adjusted profit before income tax of 34.4%, which is mainly reflective of the Lao tax rate of 33.3%. The first half 2011 income tax expense of US$144.2 million included US$37.3 million in relation to the gain on the disposal of Equinox shares.

Profit after tax: The Group's net profit after tax from the Group's continuing operations, adjusted for significant one-off items was 41.7% below the first half 2011 result.

US$ million	First half 2012	First half 2011
Profit after income tax – continuing operations	136.3	393.2
Adjust for one-off items:		
Gain from the sale of Equinox shares (net of tax)	-	114.8
Business acquisition credit (net of tax)	-	44.7
Underlying profit after income tax – continuing operations	**136.3**	**233.7**

SEGMENTAL ANALYSIS

Century

	First half 2012	First half 2011	Variance (%)
Production ('000 t)			
Ore mined	2,150.6	1,759.5	22.2
Ore milled	2,856.4	2,627.3	8.7
Zinc in zinc concentrate	275.0	241.3	14.0
Lead in lead concentrate	11.6	13.7	(15.1)
Financial (US$ million)			
Revenue	377.0	374.4	0.7
EBITDA	145.2	153.6	(5.5)
Operating profit / (loss) (EBIT)	**46.6**	**87.6**	**(46.8)**
EBITDA margin (%)	38.5	41.0	
C1 costs (zinc, US$/lb)	0.52	0.53	

Revenue from Century was US$2.6 million higher than the first half 2011 due to higher sales volumes which were partially offset by lower average realised prices.

Century's ore mined and ore milled was higher than the first half 2011 which was impacted by excess water in the pit following significant rainfall events in Queensland. A quarterly zinc production record was achieved at Century in the second quarter 2012 as a result of good plant availability, excellent throughput rates and ore availability.

Operational costs were US$11.0 million (5.0%) higher than the first half 2011 which was primarily related to the 22.2% increase in ore mined and 14.0% increase in zinc in zinc concentrate production.

C1 costs of US$0.52/lb were lower than the first half 2011 and below annual guidance of US$0.58 – US$0.62/lb.

The US$32.6 million increase in depreciation and amortisation at Century is related to the revision of environmental provisions that occurred in December 2011 and higher ore movements in the first half 2012.

Century's EBITDA margin was lower than the first half 2011 due to a combination of lower average realised prices, higher sales volumes and the additional costs associated with increased production.

Golden Grove

	First half 2012	First half 2011	Variance (%)
Production ('000 t)			
Ore mined	808.1	753.9	7.2
Ore milled	810.4	724.1	11.9
Zinc in zinc concentrate	24.1	29.5	(18.2)
Copper in copper concentrate	12.0	9.8	22.6
Financial (US$ million)			
Revenue	165.2	152.2	8.5
EBITDA	38.9	41.5	(6.3)
Operating profit / (loss) (EBIT)	**24.6**	**23.5**	**4.7**
EBITDA margin (%)	23.5	27.3	
C1 costs (copper, $/lb)	3.59	2.99	
C1 costs (zinc, $/lb)	0.07	0.41	

Revenue from Golden Grove was US$13.0 million higher than the first half 2011 due to a higher proportion of copper relative to zinc sales, partially offset by lower average realised prices.

Golden Grove's ore mined exceeded the first half 2011 due to additional ore from the Scuddles mine which restarted in the second quarter 2011. Compared to the first half 2011, copper concentrate production was higher and zinc production was lower, as the mine plan favours copper in 2012.

Development of the copper open pit remains on schedule and budget with first production from the copper oxide operation expected in the second half of 2012. The open pit is expected to produce 59,600 tonnes of copper in concentrate between 2012 and 2014.

Operational costs were US$15.6 million (14.1%) higher than the first half 2011, mainly due to the inclusion of a full half year of costs from the underground Scuddles mine which commenced in the second quarter 2011. Higher volumes of ore mined and milled also contributed to the overall cost increase.

C1 costs of US$3.59/lb for copper were higher than the first half 2011 and above annual guidance, however annual guidance is unchanged as production is expected to increase in the second half 2012. C1 costs of US$0.07/lb for zinc is lower than the first half 2011 and below annual guidance due to the impact of by-product credits.

Golden Grove's EBITDA margin was lower than the first half 2011 due to a combination of lower average realised prices, the composition of sales and the Scuddles mine restart.

Kinsevere

	First half 2012	First half 2011	Variance (%)
Production[1] ('000 t)			
Ore mined	259.6	-	N/A
Ore milled	340.8	-	N/A
Copper cathode	12.7	-	N/A
Financial (US$ million)			
Revenue	96.6	-	N/A
EBITDA	44.9	-	N/A
Operating profit / (loss) (EBIT)	**18.4**	**-**	N/A
EBITDA margin (%)	46.5	-	
C1 costs (copper, $/lb)	1.74	-	

1 Copper cathode production data from Kinsevere is included from 1 March 2012.

The operating and financial performance of Kinsevere is included in the Company's first half 2012 results following the completion of the acquisition of Anvil.

Production in the first half 2012 was impacted by sudden and unexpected network-wide power supply disruptions impacting production ramp up.

These disruptions resulted in the rescheduling of mining operations and a reduction in ore mining as there was inadequate power to ramp up production to the designed nameplate capacity.

Despite these operational challenges, Kinsevere contributed US$96.6 million (7.9%) to the Group's revenue in the first half 2012 with an EBITDA margin of 46.5%.

C1 costs of US$1.74 were below the annual guidance of US$2.10 – US$2.40/lb however this guidance assumes full utilisation of diesel generators to produce 30,000 – 35,000 tonnes of copper cathode in 2012. These temporary diesel generators were successfully commissioned in June. The combination of diesel and grid-sourced power enables Kinsevere to continue ramp up to nameplate capacity.

Rosebery

	First half 2012	First half 2011	Variance (%)
Production ('000 t)			
Ore mined	395.0	362.5	9.0
Ore milled	383.9	361.1	6.3
Zinc in zinc concentrate	36.1	36.9	(2.0)
Lead in lead concentrate	10.2	10.4	(2.0)
Financial (US$ million)			
Revenue	150.0	126.5	18.6
EBITDA	58.1	43.4	33.9
Operating profit / (loss) (EBIT)	**46.8**	**34.7**	**34.9**
EBITDA margin (%)	38.7	34.3	
C1 costs (zinc, $/lb)	0.19	0.22	

Revenue from Rosebery was US$23.5 million higher compared to the first half 2011 due to higher sales of lead, copper and gold, partially offset by lower average realised prices for all products, except gold.

Rosebery recorded a strong performance with higher ore mined following upgrades to the mobile fleet and ventilation system. Higher ore milled was driven by higher throughput partly offset by lower grades. Zinc and lead production were slightly lower as the increased throughput did not fully offset the declining head feed grades.

Operational costs were US$8.8 million (10.6%) higher than the first half 2011 mainly due to the 9.0% increase in ore mined and 6.3% increase in ore milled.

C1 costs of US$0.19/lb for zinc were lower than the first half 2011 and within annual guidance of US$0.15 – US$0.20/lb.

Rosebery's EBIT, EBITDA and EBITDA margin were higher compared to the first half 2011 which did not include any sales of copper concentrate.

Sepon

	First half 2012	First half 2011	Variance (%)
Production ('000 t)			
Ore mined	1,942.7	2,027.7	(4.2)
Ore milled	2,132.8	1,910.5	11.6
Copper cathode	41.5	36.8	12.7
Gold ('000 oz)	48.6	40.2	20.9
Financial (US$ million)			
Revenue	429.9	417.6	2.9
EBITDA	264.7	272.1	(2.7)
Operating profit / (loss) (EBIT)	**221.2**	**260.6**	**(15.1)**
EBITDA margin (%)	61.6	65.2	
C1 costs (copper, $/lb)	0.98	0.99	
C1 costs (gold, $/oz)	666.5	825.8	

Revenue from Sepon was US$12.3 million higher than the first half 2011 due to higher sales volumes which were partially offset by lower average realised prices for copper cathode.

Copper cathode production was 12.7% higher compared to the first half 2011 which was impacted by low cell room current efficiency. A year-to-date copper cathode production record was achieved at Sepon in the first half 2012, with the operation performing above the designed nameplate capacity of 80,000 tonnes on an annualised basis.

Gold production was 20.9% higher compared to the first half 2011 following the mining of high grade ore, good plant performance and excellent recoveries. Based on current Reserves and Resources, the oxide gold is expected to be exhausted in 2013.

Operational costs were US$19.7 million (13.5%) higher than the first half 2011 which was primarily related to the 11.6% increase in ore milled and higher comparative production for both copper and gold.

C1 costs of US$0.98/lb for copper cathode were lower than the first half 2011 and below annual guidance of US$1.05 – US$1.10/lb.

C1 costs of US$666/oz for gold were also lower than the first half 2011 and below annual guidance of US$1,110 – US$1,120/oz.

Sepon's EBITDA margin of 61.6% was lower than the first half 2011 due to a combination of a lower average realised price for copper, higher sales volumes and additional costs associated with increased production.

CASH FLOW ANALYSIS

Operating activities
The Group's continuing operations generated net cash from operations in the first half 2012 of US$413.0 million which represents a decrease of 10.4% compared to the first half 2011, mainly as a result of lower EBITDA margins.

The Group paid income taxes totalling US$113.7 million in the first half 2012 which included a US$115.3 million tax payment at Sepon.

Investing activities
The Group's continuing operations used net cash for investing activities of US$1,607.4 million in the first half 2012 including US$1,310.5 million to acquire Anvil. The acquisition was financed through cash reserves of US$1,010.5 million and a loan from Album Enterprises of US$300.0 million. In the first half 2011, the Company spent US$58.9 million acquiring additional shares in Equinox, which were subsequently sold for US$311.3 million.

Purchases of plant and equipment were US$321.2 million (2011: US$150.1 million) including the following major growth projects:

Growth capital (US$ million)	First half 2012	First half 2011
Mine development - Century	79.6	59.4
Mine development - Sepon	23.3	12.0
Dugald River	92.1	11.0
Izok Corridor	13.9	-
Copper open pit – Golden Grove	15.5	-
Copper expansion – Sepon	-	1.9
Total	**224.4**	**84.3**

Kinsevere-related capital expenditure was US$26.6 million (2011: nil).

Proceeds from the disposal of investments in the first half 2012 relate to cash inflows following the settlement of a related party receivable recognised as at 31 December 2011.

Financing activities
The Group's continuing operations generated net cash from financing activities of US$293.1 million during the first half 2012 (2011: cash outflow of US$221.9 million).

In June 2012, the Group successfully refinanced borrowings of US$751.0 million to a term of five years. In addition the following repayments of borrowings were made:

- The repayment of Anvil's borrowings, US$42.2 million.
- The continuation of principal repayments of US$17.2 million in accordance with external debt agreements.

Proceeds from related party borrowing reflect the loan from Album Enterprises to the Group of US$300.0 million used to fund part of the acquisition of Anvil. There was also the repayment of US$95.0 million by Album Enterprises to the Group which was loaned in December 2011 on a short term basis in view of the funds received from the sale of the Trading and Fabrication Businesses.

The increase in interest and financing costs paid of US$14.0 million is mainly due to:

- Refinancing fees of US$9.2 million.
- Financing costs associated with the acquisition of Anvil of US$4.8 million.

The dividend paid to non-controlling interests of US$15.0 million relates to the amount paid to the Government of Laos by LXML in February 2012 (2011: nil).

There were no shares issued by the Company in the first half 2012. Proceeds of US$494.3 million received from the issuance of shares by the Company in the first half 2011 were used toward full repayment of the loan from Album Enterprises (US$694.2 million).

Cash and cash equivalents acquired of US$73.3 million relate to Anvil's cash balances at the time of acquisition.

Financial resources and liquidity for the Group

During the first half 2012, total assets increased by 21.0% to US$4,179.6 million mainly driven by the inclusion of the Kinsevere assets. Shareholders' equity increased by 8.5% to US$1,557.8 million due to the profit for the period. This was partly offset by an increase of 30.9% in total liabilities to US$2,563.9 million driven by the US$300.0 million loan from Album Enterprises to partly fund the acquisition of Anvil and the inclusion of Kinsevere liabilities.

The Group's gearing ratio was 0.7 at 30 June 2012 (defined as total borrowings less cash and cash equivalents divided by total equity). As at 31 December 2011, cash and cash equivalents were higher than borrowings given the receipt of consideration from the sale of the interest in Minmetals Aluminium and North China Aluminium (NCA). The Group's gearing ratio as at 30 June 2011 was 0.5.

US$ million	30 June 12	31 Dec 11
Cash and cash equivalents	155.3	1,096.5
Less: total borrowings	1,363.3	1,081.7
Net debt/(cash)	**1,208.0**	**(14.8)**
Total equity	1,615.7	1,494.4
Gearing ratio	**0.7**	**N/A**

The current ratio in relation to the Group's continuing operations decreased from 1.4 at 31 December 2011 to 0.8 at 30 June 2012. These changes have been driven by the financing of the acquisition of Anvil which included the use of US$1,010.5 million of cash and a short-term loan from Album Enterprises of US$300.0 million. This was offset by the completion of refinancing of external debt which led to the reclassification of US$732.2 million borrowings from current to non-current.

As at 30 June 2012, the Group was in a net debt position of US$1,208.0 million, representing cash and cash equivalents of US$155.3 million less total borrowings of US$1,363.3 million (comprising bank borrowings of US$1,060.6 million, related party borrowings of US$300.0 million and finance lease liabilities of US$2.7 million). The Group's cash and cash equivalents amounting to US$155.3 million at 30 June 2012 were mainly denominated in US dollars (US$).

As at 30 June 2012, the profile of the Group's borrowings was as follows:

- 0.2% of borrowings were in A$ and 99.8% were in US$;
- 0.2% of borrowings were in fixed rates and 99.8% were in floating rates; and
- 26.0% of borrowings were repayable within one year, 6.8% were repayable between one and two years, 67.2% were repayable between two and five years.

The Company centrally manages the cash management requirements of individual operating entities within the Enlarged Group. Such cash management requirements include the short term investment of cash surpluses and the raising of funds to cover expected cash demands. The Company regularly monitors its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient cash and cash equivalents or has available funding through an adequate amount of committed credit facilities to meet its working capital requirements and future investment plans.

DEVELOPMENT PROJECTS

An update of the Company's major development projects is summarised below:

Dugald River, Australia

The Company continues to progress the development of the Dugald River project in north-west Queensland.

Final environmental approval was granted from the Queensland Department of Environment and Heritage Protection (DEHP) in August 2012. Pre-commitment activities continued including engineering design and progression of agreements for gas, power generation, access and infrastructure.

The Company signed a Memorandum of Understanding with two other parties towards the development of a multi-user rail load-out facility near Cloncurry.

In June, the Company entered into a US$17.0 million Supply and Services Agreement for the provision of permanent village accommodation for the Dugald River project. The contract comprises the supply of accommodation modules, ancillary buildings and services with first delivery expected in the fourth quarter 2012.

Two exploration declines, now in excess of 1,600 metres, are advancing on schedule. The Company expects to intersect the main part of the ore body in the fourth quarter 2012.

The Dugald River project is due for Board consideration in 2012.

Izok Corridor, Canada

The Company continued to progress a definitive feasibility study for the integrated development of the Izok Lake and High Lake copper-zinc deposits.

The preferred development option is to install a two-million-tonne per annum concentrator at the Izok Lake deposit which would also process the contribution from the High Lake deposit. The proposed transportation route is likely to be a 350-kilometre all-weather road that enables High Lake ore to be hauled to Izok for processing and connects to a new port at Gray's Bay. The port would have the capacity to ship 650,000 tonnes of concentrate.

The feasibility study will continue during 2012 and 2013.

Sepon Primary Gold, Laos

A pre-feasibility study to evaluate the primary gold Mineral Resource progressed during the first half with metallurgical sampling for pilot plant testing completed. Technical and engineering studies have also commenced.

Century Phosphate, Australia

The scoping study to investigate the utilisation of existing Century infrastructure to process phosphate has progressed with the completion of marketing studies and resource confirmation drilling. Metallurgical test work commenced during the second quarter 2012.

HUMAN RESOURCES

As at 30 June 2012, the Group employed a total of 4,663 full-time employees in its continuing operations (excluding contractors and casual employees) of which the majority are based in Australia, Laos and the DRC. Total staff costs for the Group's continuing operations for the first half 2012, including directors' emoluments totalled US$183.8 million (2011: US$144.9 million).

The additional 1,194 full-time employees include:

- 607 employees at the Kinsevere mine;
- The conversion of over 300 casual staff to direct employees at Sepon, focused on improving safety and training outcomes; and
- Ramp up of the development of the Dugald River project in Australia and the Izok Corridor project in Canada.

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

MATERIAL ACQUISITIONS AND DISPOSALS

Business acquisition of Anvil Mining Limited

On 19 October 2011, MMG Malachite Limited, a wholly-owned subsidiary of the Company, made an all-cash recommended takeover offer to acquire all of the Common Shares in Anvil, a company incorporated in Canada with its Common Shares listed on the Toronto Stock Exchange, at a price of C$8.00 on a fully-diluted basis (the Offer). The Offer expired on 17 February 2012 and 98.07% of the shares in Anvil were acquired by the Group. The Group exercised its rights under the compulsory acquisition provision of the Business Corporations Act (Northwest Territories) to acquire all of the outstanding Common Shares, which was completed on 19 March 2012. Details of this acquisition have been disclosed in Note 6 of the financial statements.

Anvil owned 95% of Kinsevere which is a copper mine located in the Katanga Province of the DRC, Africa. Effective 29 June 2012, the Group acquired the 5% minority interest in Kinsevere and assumed 100% ownership of the operation.

The Group disposed of its entire shareholding in Equinox in June 2011.

The Group did not make any other material acquisitions or disposals during the first half 2012. The Group adopts a 5% threshold on assets, profit, revenue, market capitalisation ratios as guidance in determining the materiality of the acquisitions and disposals.

Contingent liabilities

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

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company. These are primarily associated with the terms of mining leases or exploration licences. At the end of June 2012, no claims had been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees amount to US$100.1 million (2011: US$91.5 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licenses.

Charges on assets

As at 30 June 2012, the following banking facilities granted to the Group required certain assets to be charged:

- the 2012 US$751.0 million Facility, with respect to a borrowing of US$751.0 million (2011: US$751.0 million);
- a A$120.0 million bank guarantee facility between MMG Management and BOC Sydney (2011:A$267.0 million); and
- the CDB 7-year Facility, with respect to a borrowing of US$180.0 million (2011: US$190.0 million),

The charges are:

- a share charge to the lender of 100% of the shares held in Album Resources' wholly-owned subsidiary, Album Investment;
- a mortgage over 100% of the shares in certain material subsidiaries of Album Investment;
- a mortgage over 100% of shares of MMG Laos Holdings Limited; and
- a mortgage over 70% of the shares in certain other subsidiaries of Album Investment.

RISK MANAGEMENT

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

The core management team identifies, evaluates and monitors financial risks in close cooperation with the Group's operating units to ensure derivative financial instruments are employed solely for hedging purposes.

Commodity price risk

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

Equities price risk

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

Interest rate risk

The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's borrowings are set out in Note 12.

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

Foreign exchange risk

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

The Group is exposed to foreign exchange risk primarily with respect to the A$ and the Canadian dollar (C$).

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

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

Sovereign risk

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

Credit risk

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

Liquidity risk

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

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

Capital risk management

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

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

The Group monitors capital by using the gearing ratio which is defined as total borrowings less cash and cash equivalents divided by shareholders' equity.

Commitments

The Group's capital and non-capital commitments as at 30 June 2012 amounted to US$190.5 million (2011: US$67.9 million).

Change in accounting policy

There have been no material changes in accounting policies or critical accounting estimates in relation to the Group since December 2011.

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
CONTINUING OPERATIONS			
Revenue	3	**1,218.7**	**1,070.7**
Cost of sales		(766.1)	(575.9)
Gross profit		**452.6**	**494.8**
Selling expenses		(38.9)	(33.8)
Administrative expenses		(61.3)	(48.4)
Exploration expenses		(43.6)	(25.6)
Other (losses)/gains – net		(8.8)	2.7
Other operating expenses		(52.6)	(44.3)
Gain on disposal of available-for-sale financial assets	4	-	154.4
Write-back of business acquisition expenses	4	-	63.8
Operating profit		**247.4**	**563.6**
Finance income		2.5	2.0
Finance costs		(42.2)	(28.2)
Profit before income tax		**207.7**	**537.4**
Income tax expense	5	(71.4)	(144.2)
Profit from continuing operations		**136.3**	**393.2**
DISCONTINUED OPERATIONS			
Profit from discontinued operations	14	-	38.2
Profit for the period		**136.3**	**431.4**
Attributable to:			
Equity holders of the Company		122.4	415.2
Non-controlling interests		13.9	16.2
		136.3	**431.4**

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT CONTINUED

	NOTE	SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share	7		
From continuing operations		US 2.31 cents	US 9.97 cents
From discontinued operations		-	US 0.99 cents
		US 2.31 cents	US 10.96 cents
Diluted earnings per share	7		
From continuing operations		US 2.31 cents	US 7.86 cents
From discontinued operations		-	US 0.78 cents
		US 2.31 cents	US 8.64 cents

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Profit for the period	**136.3**	**431.4**
Other comprehensive income/(loss)		
Change in fair value of available-for-sale financial assets, net of tax	-	70.1
Currency translation differences	-	13.6
Transfer to income statement on disposal of available-for-sale financial assets, net of tax	-	(112.7)
Other comprehensive income/(loss) for the period	**-**	**(29.0)**
Total comprehensive income for the period	**136.3**	**402.4**
Total comprehensive income attributable to:		
Equity holders of the Company	122.4	385.5
Non-controlling interests	13.9	16.9
	136.3	**402.4**
Total comprehensive income attributable to equity holders of the Company arises from:		
Continuing operations	122.4	335.1
Discontinued operations	-	50.4
	122.4	**385.5**

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	NOTE	30 JUNE 2012 (UNAUDITED) US$ MILLION	31 DECEMBER 2011 (AUDITED) US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment		3,128.0	1,754.9
Investment properties		1.8	1.8
Intangible assets	6	211.4	-
Inventories		46.4	33.1
Deferred income tax assets		62.1	63.6
Other receivables		43.1	-
Other financial assets		20.7	2.8
		3,513.5	1,856.2
Current assets			
Inventories		334.2	278.4
Trade and other receivables	9	124.1	118.3
Loan to a related party		-	95.0
Current income tax assets		-	7.4
Other financial assets		52.5	1.7
Cash and cash equivalents		155.3	1,096.5
		666.1	1,597.3
Total assets		**4,179.6**	**3,453.5**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	33.9	33.9
Reserves and retained profits		1,523.9	1,401.5
		1,557.8	1,435.4
Non-controlling interests		57.9	59.0
Total equity		**1,615.7**	**1,494.4**

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET CONTINUED

	NOTE	30 JUNE 2012 (UNAUDITED) US$ MILLION	31 DECEMBER 2011 (AUDITED) US$ MILLION
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		227.4	5.5
Borrowings	12	1,008.8	294.5
Provisions		543.2	491.1
		1,779.4	791.1
Current liabilities			
Trade and other payables	13	291.2	205.1
Loan from a related party	12	300.0	-
Current income tax liabilities		75.3	117.9
Borrowings	12	54.5	787.2
Provisions		62.2	56.5
		783.2	1,166.7
Liabilities of disposal group classified as held for sale		1.3	1.3
		784.5	1,168.0
Total liabilities		**2,563.9**	**1,959.1**
Total equity and liabilities		**4,179.6**	**3,453.5**
Net current (liabilities)/assets	2	**(118.4)**	**429.3**
Total assets less current liabilities		**3,395.1**	**2,285.5**

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	FOR THE SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED)				
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
US$ MILLION	Share capital	Total other reserves	Retained profits	Non-controlling interests	Total
At 1 January 2012	33.9	390.4	1,011.1	59.0	1,494.4
Profit for the period	-	-	122.4	13.9	136.3
Total comprehensive income for the period	-	-	122.4	13.9	136.3
Transactions with owners					
Non-controlling interest acquired	-	-	-	50.0	50.0
Purchase of non-controlling interest	-	-	-	(50.0)	(50.0)
Dividends paid to non-controlling interests	-	-	-	(15.0)	(15.0)
Total transactions with owners	-	-	-	(15.0)	(15.0)
At 30 June 2012	**33.9**	**390.4**	**1,133.5**	**57.9**	**1,615.7**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	Share capital	Perpetual sub-ordinated convertible securities	Total other reserves	Retained profits	Non-controlling interests	Total
At 1 January 2011	19.0	690.0	(677.2)	445.2	56.4	533.4
Profit for the period	-	-	-	415.2	16.2	431.4
Other comprehensive income/(loss)						
Change in fair value of available-for-sale financial assets, net of tax	-	-	70.1	-	-	70.1
Transfer to income statement on disposal of available-for-sale financial assets, net of tax	-	-	(112.7)	-	-	(112.7)
Currency translation differences	-	-	12.9	-	0.7	13.6
Total comprehensive income for the period	-	-	(29.7)	415.2	16.9	402.4
Transactions with owners						
Transfer to/(from) reserves	-	-	6.0	(6.0)	-	-
Dividends paid to non-controlling interests	-	-	-	-	(0.3)	(0.3)
Issue of shares	4.9	-	489.4	-	-	494.3
Conversion of perpetual sub-ordinated convertible securities into ordinary shares	10.0	(690.0)	680.0	-	-	-
Employees share option	-	-	0.1	-	-	0.1
Total transactions with owners	14.9	(690.0)	1,175.5	(6.0)	(0.3)	494.1
At 30 June 2011	**33.9**	**-**	**468.6**	**854.4**	**73.0**	**1,429.9**

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Cash flows from operating activities			
Continuing operations			
Net cash generated from operations		413.0	460.9
Income tax paid		(113.7)	(152.9)
		299.3	308.0
Discontinued operations		-	(62.9)
Net cash generated from operating activities		**299.3**	**245.1**
Cash flows from investing activities			
Continuing operations			
Purchase of property, plant and equipment		(321.2)	(150.1)
Proceeds from disposal of property, plant and equipment		0.3	2.2
Proceeds from disposal of financial assets		-	311.3
Proceeds from disposal of investments	15	28.5	0.6
Acquisition of subsidiaries	6	(1,310.5)	-
Purchase of financial assets		(4.5)	(58.9)
		(1,607.4)	105.1
Discontinued operations		-	(32.0)
Net cash (used in)/generated from investing activities		**(1,607.4)**	**73.1**
Cash flows from financing activities			
Continuing operations			
Net proceeds from issue of shares		-	494.3
Proceeds from borrowings		751.0	-
Proceeds from related party borrowings	15	300.0	-
Proceeds from repayment of related party loan	15	95.0	-
Repayments of borrowings		(810.4)	(8.6)
Repayments of related party borrowings		-	(694.2)
Dividends paid to non-controlling interests		(15.0)	-
Repayments of finance lease liabilities		(0.5)	(0.6)
Interest received		2.0	2.2
Interest and financing costs paid		(29.0)	(15.0)
		293.1	(221.9)
Discontinued operations		-	92.9
Net cash generated from/(used in) financing activities		**293.1**	**(129.0)**
Net (decrease)/increase in cash and cash equivalents		(1,015.0)	189.2
Cash and cash equivalents at 1 January		1,096.5	398.2
Cash and cash equivalents – acquisition of subsidiaries	6	73.3	-
Exchange gains on cash and bank balances		0.5	4.4
Cash and cash equivalents at 30 June		**155.3**	**591.8**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT CONTINUED

	NOTE	SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Analysis of balances of cash and cash equivalents			
Cash and bank balances from:			
Continuing operations		155.3	431.2
Discontinued operations		-	160.6
		155.3	**591.8**

The accompanying notes are an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION AND INDEPENDENT REVIEW

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

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

This consolidated financial information for the six months ended 30 June 2012 is presented in US$ unless otherwise stated and has been approved for issue by the Board of directors on 29 August 2012.

This interim financial information for the six months ended 30 June 2012 has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) and Hong Kong Accounting Standard (HKAS) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The financial statements have been prepared on the basis that the Group is able to continue as a going concern and will therefore be able to realise its assets and discharge its liabilities in the normal course of business. At the balance sheet date the Group has a net current liability position of US$118.4 million. The Board of directors is confident in the Group's ability to continue to generate positive cash flows from its operations sufficient to meet its obligations as they become due. As described in Note 18, subsequent to the reporting date the Group was granted US$300 million in additional loan facilities.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS).

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

(a) Amendments and interpretations to existing standards effective in 2012 but not relevant or significant to the Group

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKAS 12 (Amendment)	Deferred tax- recovery of underlying assets
HKFRS 7 (Amendment)	Disclosures- transfers of financial assets

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted.

The Group has not early adopted the following new/revised standards and amendments to standards that have been issued but are not effective for 2012. The Group is in the process of assessing their impact to the Group's results and financial position.

HKAS 1 (Amendment)	Presentation of Financial Statements(1)
HKAS 19 (Amendment)	Employee Benefits(1)
HKAS 27 (2011)	Separate Financial Statements(1)
HKAS 28 (2011)	Investments in Associates and Joint Ventures(1)
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities(2)

HKFRS 7 (Amendment)	Financial Instruments-Disclosures: Offsetting Financial Assets and Financial Liabilities(1)
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Translation Disclosures (3)
HKFRS 9	Financial Instruments(3)
HKFRS 10	Consolidated Financial Statements(1)
HKFRS 11	Joint Arrangements(1)
HKFRS 12	Disclosures of Interests in Other Entities(1)
HKFRS 13	Fair Value Measurement(1)
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine(1)

Effective for the Group for annual period beginning:
(1) 1 January 2013
(2) 1 January 2014
(3) 1 January 2015

3. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and assess its performance.

The chief operating decision-maker has been identified as the Company`s Executive Committee, which consist of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration and Executive General Manager – Business Support. They review the Group's internal reporting of these operations in order to assess performance and allocate resources. The Group's reportable segments are as follows:

Continuing operations

Century	Century is an open pit zinc mining operation located in north-west Queensland.
Golden Grove	Golden Grove is an underground and open pit base and precious metals mining operation located in Western Australia's mid-west.
Kinsevere	Kinsevere is an open pit copper mining operation located in the Katanga Province of the Democratic Republic of Congo, Africa.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Sepon	Sepon is an open pit copper and gold mining operation located in southern Laos.
Other	Includes exploration and development projects and other corporate entities that are not disclosed as separate segments.

Discontinued operations

Trading, fabrication and other	This segment was engaged in the trading of alumina and aluminium ingot, the production and sale of aluminium foil, plate, strip and extrusions, the production and sale of aluminium processing equipment, the production and sale of plica tubes and the provision of port logistics services, as well as certain jointly-controlled entities and associates of the Group. Refer to Note 14.

A segment result represents the profit earned by each segment. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

Segment assets exclude current income tax assets, deferred income tax assets and inter-segment loans. The excluded assets are presented as part of the reconciliation to total balance sheet assets.

Finance costs for inter-segment loans are charged at prevailing market interest rates.

The segment result for the six months ended 30 June 2012 is as follows:

30 June 2012 US$ MILLION	Century	Golden Grove	Kinsevere[(i)]	Rosebery	Sepon	Other	Group
Revenue (ii)	377.0	165.2	96.6	150.0	429.9	-	1,218.7
EBITDA	145.2	38.9	44.9	58.1	264.7	(107.3)	444.5
Depreciation and amortisation	(98.6)	(14.3)	(26.5)	(11.3)	(43.5)	(2.9)	(197.1)
Operating profit/(loss) (EBIT)	46.6	24.6	18.4	46.8	221.2	(110.2)	247.4
Net financing costs							(39.7)
Segment result							207.7
Income tax expense							(71.4)
Profit for the period							136.3
Profit attributable to non-controlling interests							13.9
Profit attributable to equity holders of the Company							122.4
Profit for the period							136.3
Segment assets	719.0	365.2	1,510.8	302.6	726.8	493.1	4,117.5
Deferred income tax assets							62.1
Total assets							4,179.6
Other segment information:							
Additions to non-current assets	93.9	40.6	26.6	24.1	31.7	113.6	330.5

Note:

(i) Result of Kinsevere has been consolidated since 17 February 2012.

(ii) Revenue mainly represents the sale of zinc, copper, lead, gold, silver and other minerals into both metal and metals in concentrate. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, and it is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONTINUED

The segment result for the six months ended 30 June 2011 is as follows:

30 June 2011 US$ MILLION	Century	Golden Grove	Rosebery	Sepon	Other	Total continuing operations	Trading fabrication & other	Total discontinued operations	Group
Revenue	374.4	152.2	126.5	417.6	-	1,070.7	1,218.0	1,218.0	2,288.7
EBITDA	153.6	41.5	43.4	272.1	158.4	669.0	50.4	50.4	719.4
Depreciation and amortisation	(66.0)	(18.0)	(8.7)	(11.5)	(1.2)	(105.4)	-	-	(105.4)
Operating profit/(loss) (EBIT)	87.6	23.5	34.7	260.6	157.2	563.6	50.4	50.4	614.0
Net financing costs						(26.2)		(4.2)	(30.4)
Segment result						537.4		46.2	583.6
Income tax expense						(144.2)		(8.0)	(152.2)
Profit for the period						393.2		38.2	431.4
Profit attributable to non-controlling interests						15.5		0.7	16.2
Profit attributable to equity holders of the Company						377.7		37.5	415.2
Profit for the period						393.2		38.2	431.4
Segment assets (31 December 2011)	719.9	318.4	281.8	1,045.4	1,017.0	3,382.5	-	-	3,382.5
Deferred income tax assets						63.6		-	63.6
Current income tax assets						7.4		-	7.4
Total assets						3,453.5	-	-	3,453.5
Other segment information (30 June 2011):									
Additions to non-current assets	74.9	20.7	17.6	30.9	17.7	161.8	11.1	11.1	172.9

4. OPERATING PROFIT AND NON-RECURRING ITEMS

There were no significant non-recurring items included in operating profit for the six months ended 30 June 2012.

The following non-recurring items were included in operating profit for the six months ended 30 June 2011:

a) The Group realised a gain on disposal of available for sale financial assets of US$154.4 million, including a realised gain of US$152.1 million (US$114.8 million after tax) from the disposal of shares held in Equinox; and

b) The Group wrote back business acquisition costs of US$63.8 million (US$44.7 million after tax) which were accrued in 2010 in respect of the acquisition of MMG.

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made (2011: US$nil), as the Group has tax losses brought forward to offset the assessable profit generated in Hong Kong for the period. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the period at the rates prevailing in the relevant jurisdictions.

	SIX MONTHS ENDED 30 JUNE	
	2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Current income tax expense		
Overseas income tax	(35.4)	(120.2)
Deferred income tax	(36.0)	(24.0)
Income tax expense	(71.4)	(144.2)

6. BUSINESS COMBINATIONS

Summary of acquisition

On 19 October 2011, MMG Malachite Limited, a wholly-owned subsidiary of the Company, made an all-cash recommended takeover offer to acquire all of the Common Shares in Anvil Mining Limited (Anvil), a company incorporated in Canada with its Common Shares listed on the Toronto Stock Exchange, at a price of C$8.00 on a fully-diluted basis (the Offer). Details of the Offer were set out in the Company's circular to the shareholders dated 24 February 2012. The Offer expired on 17 February 2012 and 98.07% of the shares in Anvil were acquired by the Group. The Group exercised its rights under the compulsory acquisition provision of the Business Corporations Act (Northwest Territories) to acquire all of the outstanding Common Shares, which completed on 19 March 2012.

The total acquisition price is US$1,310.5 million and was financed through cash reserves of US$1,010.5 million and a loan from Album Enterprises of US$300.0 million which has a term of 12 months from the date of the facility (refer to Note 15).

The Company has performed a provisional assessment of the estimated fair value of the net identifiable assets and liabilities of Anvil Mining Limited as at 17 February 2012. The following table summarises the consideration paid for Anvil Mining Limited, and the amounts of the assets acquired and liabilities assumed which were recognised at the acquisition date as per the provisional assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONTINUED

	AS AT 17 FEBRUARY 2012 US$ MILLION
PURCHASE CONSIDERATION	
Cash paid	1,310.5
Total purchase consideration	1,310.5

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	**FAIR VALUE US$ MILLION**
ASSETS	
Non-current assets	
Property, plant and equipment	1,265.0
Inventories	11.4
Other receivables	43.9
Other financial assets	27.1
	1,347.4
Current assets	
Inventories	42.3
Trade and other receivables	28.9
Other financial assets	52.5
Cash and cash equivalents	73.3
	197.0
Total assets	1,544.4
LIABILITIES	
Non-current liabilities	
Deferred income tax liabilities	227.6
Provisions	31.4
	259.0
Current liabilities	
Trade and other payables	89.4
Current income tax liabilities	3.0
Borrowings	42.2
Provisions	1.7
	136.3
Total liabilities	395.3
Net identifiable assets acquired	1,149.1
Add: Non-controlling interest	(50.0)
Add: Goodwill	211.4
Total	1,310.5

Acquisition-related costs of US$4.8 million have been charged to finance costs for the six months ended 30 June 2012 (2011: US$nil).

The non-controlling interest has been valued at fair value. The fair value of the non-controlling interest is measured commensurate with the purchase price paid for Kinsevere as part of the Anvil acquisition.

Goodwill arising on acquisition of US$211.4 million comprises the amount calculated to recognise a deferred tax liability on the difference between the provisional fair value of newly consolidated assets and liabilities and their tax base.

The acquired business contributed revenue of US$96.6 million and net profit of US$4.6 million to the group for the period from 17 February 2012 to 30 June 2012. If the acquisition had occurred at the start of the reporting period, the contributed revenue would have been US$134.4 million with no significant change in net profit.

7. EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

	SIX MONTHS ENDED 30 JUNE	
	2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Profit from continuing operations attributable to equity holders of the Company	122.4	377.7
Profit from discontinued operations attributable to equity holders of the Company	-	37.5
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	5,289,608	3,788,251
Basic earnings per share – continuing operations	US 2.31 cents	US 9.97 cents
Basic earnings per share – discontinued operations	-	US 0.99 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and PSCS. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The PSCS have converted into ordinary shares (refer to Note 10).

	SIX MONTHS ENDED 30 JUNE	
	2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Profit from continuing operations attributable to equity holders of the Company	122.4	377.7
Profit from discontinued operations attributable to equity holders of the Company	-	37.5
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	5,289,608	3,788,251
Adjustment for:		
- Share options	1,750	6,046
- Perpetual sub-ordinated convertible securities	-	1,008,398
	5,291,358	4,802,695
Diluted earnings per share – continuing operations	US 2.31 cents	US 7.86 cents
Diluted earnings per share – discontinued operations	-	US 0.78 cents

(c) Diluted adjusted for non-recurring items

Diluted earnings per share adjusted for non-recurring items is presented to assist the comparability of earnings generated from ongoing operations attributable to equity holders of the Company. The calculation is based on profit from continuing operations attributable to equity holders of the Company, excluding the impact of significant non-recurring items (underlying profit), and the weighted average number of shares used in the calculation of diluted earnings per share. Significant non-recurring items are outlined in Note 4.

	SIX MONTHS ENDED 30 JUNE	
	2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Profit from continuing operations attributable to equity holders of the Company	122.4	377.7
Adjustment for:		
- Gain on disposal of shares held in Equinox (net of tax)	-	(114.8)
- Write-back of business acquisition costs (net of tax)	-	(44.7)
Underlying profit from continuing operations attributable to equity holders of the Company	122.4	218.2
	Number of shares '000	Number of shares '000
Weighted average number of shares used in the calculation of diluted earnings per share	5,291,358	4,802,695
Underlying diluted earnings per share – continuing operations	US 2.31 cents	US 4.54 cents

8. DIVIDEND

The directors have determined to not pay an interim dividend for the six months ended 30 June 2012 (2011: US$nil).

9. TRADE AND OTHER RECEIVABLES

The majority of sales are made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 90 days from delivery. As at 30 June 2012, US$56.1 million (31 December 2011: US$66.1 million) trade receivables were aged less than 6 months; and no trade receivables (31 December 2011: US$nil) were aged over 6 months.

10. SHARE CAPITAL

	Number of ordinary shares		Nominal value	
	2012 (UNAUDITED) (IN THOUSAND)	2011 (UNAUDITED) (IN THOUSAND)	2012 (UNAUDITED) HK$ MILLION	2011 (UNAUDITED) HK$ MILLION
Authorised:				
Ordinary shares of HK$0.05 each				
At 1 January	18,000,000	18,000,000	900.0	900.0
At 30 June	18,000,000	18,000,000	900.0	900.0

	Number of ordinary shares		Nominal value	
	2012 (UNAUDITED) (IN THOUSAND)	2011 (UNAUDITED) (IN THOUSAND)	2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Issued and fully paid:				
At 1 January	5,289,608	2,966,996	33.9	19.0
Issue of shares (i)	-	762,612	-	4.9
Conversion of perpetual sub-ordinated convertible securities into ordinary shares (ii)	-	1,560,000	-	10.0
At 30 June	5,289,608	5,289,608	33.9	33.9

Note:

(i) On 28 April 2011, the Company issued and placed aggregate 762,612,000 ordinary shares to certain independent third parties at HK$5.10 per share. These shares rank pari passu in all respects with the then existing shares.

(ii) On 28 April 2011, 1,560,000,000 ordinary shares were issued and allotted to Album Enterprises upon the conversion of the PSCS. These shares rank pari passu in all respects with the then existing shares.

11. SPECIAL CAPITAL RESERVE

In accordance with a capital reorganisation confirmed by the high court of the Hong Kong Special Administrative Region on 13 February 2007, the Company has provided an undertaking (Undertaking) for its petition to the court that as long as any debt or liability of claim against the Company as at the effective date of this capital reorganisation remains outstanding, the Company should credit the following amounts to a special reserve (the Special Reserve):

- All retained profits, if any, accruing to the Company between 1 November 2006 and 13 February 2007 (the effective date of the capital reorganisation);
- Any recovery in excess of the written down value of or the reversal of impairment loss in respect of certain investments in subsidiaries, listed securities, properties and loans or receivables of the Company as at 31 October 2006; and
- An amount equal to the change in fair value in respect of certain share options not yet vested as at 31 October 2006.

The standing to the credit of the Special Reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Hong Kong Companies Ordinance. As at 30 June 2012, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the Undertaking, amounted to approximately US$9.4 million.

12. BORROWINGS

	30 JUNE 2012 (UNAUDITED) US$ MILLION	31 DECEMBER 2011 (AUDITED) US$ MILLION
Non-current		
Borrowings	1,007.4	292.4
Finance lease liabilities	1.4	2.1
	1,008.8	294.5
Current		
Loan from a related party (refer to Note 15)	300.0	-
Borrowings	53.2	786.0
Finance lease liabilities	1.3	1.2
	354.5	787.2
Total borrowings	1,363.3	1,081.7
Analysed as:		
- Secured	1,063.3	1,081.7
- Unsecured	300.0	-
	1,363.3	1,081.7
Borrowings are repayable as follows:		
- Within 1 year	354.5	787.2
- Between 1 and 2 years	92.1	35.8
- Between 2 and 5 years	916.7	258.7
- Repayable within 5 years	1,363.3	1,081.7
- Over 5 years	-	-
	1,363.3	1,081.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONTINUED

13. TRADE AND OTHER PAYABLES

As at 30 June 2012, US$223.1 million (31 December 2011: US$188.1 million) of trade payables were aged less than 6 months; and no trade payables (31 December 2011: US$nil) were aged over 6 months.

14. DISCONTINUED OPERATIONS

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

Result from discontinued operations

The results of the Disposal Group are presented in this consolidated interim financial information as discontinued operations. Financial information relating to the Disposal Group for the period under review is set out below. The income statement distinguishes discontinued operations from continuing operations.

	SIX MONTHS ENDED 30 JUNE	
	2012 (UNAUDITED) US$ MILLION	2011 (UNAUDITED) US$ MILLION
Revenue	-	1,218.0
Expenses	-	(1,167.6)
Profit before net financing costs and income tax	-	50.4
Net finance costs	-	(4.2)
Profit before income tax	-	46.2
Income tax expense	-	(8.0)
Profit after income tax	-	38.2
Profit from discontinued operations attributable to:		
Equity holders of the Company	-	37.5
Non-controlling interests	-	0.7
	-	38.2

15. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

(a) Significant related party balances

	30 JUNE 2012 (UNAUDITED) US$ MILLION	31 DECEMBER 2011 (AUDITED) US$ MILLION
Loan from Album Enterprises (i)	300.0	-
Loan to Album Enterprises (ii)	-	95.0
Consideration receivable from CMN	-	28.5
Trade receivable from CMN	2.9	29.9

Note:

(i) The loan from Album Enterprises represents the amount drawn by Minmetals Resources Limited pursuant to a Facility Agreement, dated 15 February 2012, between Minmetals Resources Limited and Album Enterprises. In accordance with the Facility Agreement, a loan facility of US$300.0 million was made available to Minmetals Resources Limited on an uncommitted basis, for a period of 1 year commencing on the date of the Facility Agreement. Interest accrues on the outstanding balance drawn under the Facility Agreement at LIBOR plus 2.20% per annum and is repayable at the end of the term, or on demand.

(ii) The loan to Album Enterprises represents the amount drawn by Album Enterprises pursuant to a Facility Agreement, dated 23 December 2011, between MMG Limited, a wholly-owned subsidiary of the Company, and Album Enterprises. Under the Facility Agreement, a loan facility of US$100.0 million was made available to Album Enterprises on an uncommitted basis, for a period of 1 year commencing on the date of the Facility Agreement. Interest accrued on the outstanding balance drawn under the Facility Agreement at LIBOR plus 1.50% per annum and was repaid on 15 February 2012.

(b) Transactions and balances with other state-owned enterprises

During the interim period ended 30 June 2012, the Group's transactions with other state-owned enterprises (excluding CMC and its subsidiaries) comprised sales of goods and purchases of non-ferrous metals, raw materials, electricity, property, plant and equipment, services and related receivables and payables balances. In addition, a portion of fixed deposits, cash and cash equivalents and borrowings as of 30 June 2012 and the relevant interest earned or paid during the year are transacted with banks and other financial institutions controlled by the government of the PRC.

The sale and purchase transactions conducted with government-related entities were based on terms as set out in the underlying agreements referred to, based on statutory rates or market prices or actual cost incurred.

16. CONTINGENT LIABILITIES

(a) Legal proceedings

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

(b) Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company primarily associated with the terms of mining leases or exploration licences. At the end of the period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees amount to US$100.1 million (2011: US$91.5 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

17. COMMITMENTS

Capital and non-capital commitments

Commitments for acquisition of capital and non-capital commitments contracted for at the reporting date but not recognised as liabilities, are set out in the table below.

	AS AT 30 JUNE 2012 US$ MILLION	AS AT 31 DECEMBER 2011 US$ MILLION
Not later than one year	173.7	63.8
Later than one year but not later than five years	16.8	4.1
	190.5	67.9

18. EVENTS AFTER BALANCE SHEET DATE

On 22 August 2012, MMG Limited was granted by each of ANZ and ICBC a US$150.0 million loan facility, totalling US$300.0 million in aggregate, for a term of 1 year from the date of the facilities.

There have been no further matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group`s operations, results or state of affairs in future years.

OTHER INFORMATION

CORPORATE GOVERNANCE

Corporate governance practices

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

The Company has complied with all code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the period of the first half 2012, except for the deviation from Code provision A.4.1 and the non-compliance with Rules 3.10(1) and 3.25 of the Listing Rules as disclosed below:

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Each of the non-executive directors has entered into a service agreement with the Company for a specific term of three years or less, except Dr Peter Cassidy. Dr Peter Cassidy's appointment agreement commenced on 31 December 2010 and can be terminated by the Company with one month prior notice. However, as is the case with all other directors of the Company, his respective terms of office are subject to re-election by shareholders at the next general meeting following his appointment in accordance with the articles of association of the Company. Every director of the Company is also subject to retirement by rotation at least once every three years at the Annual General Meeting (AGM). As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

At the AGM of the Company held on 30 May 2012, Mr Loong Ping Kwan, an Independent Non-executive Director of the Company retired and did not offer himself for re-election. Mr Loong also ceased to be a member of the Audit Committee and the Remuneration and Nomination Committee of the Company with effect from 30 May 2012. Following the retirement of Mr Loong, the number of independent non-executive directors of the Company fell below: (i) the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules; and (ii) the number of independent non-executive directors necessary to form a majority of the Remuneration Committee of the Company as required under Rule 3.25 of the Listing Rules.

As such, the Company began actively identifying suitable candidates for appointment as an independent non-executive director of the Company so as to meet the minimum number required under Rules 3.10(1) and 3.25 of the Listing Rules. On 9 July 2012, Mr Leung Cheuk Yan was appointed as an Independent Non-executive Director and a member of both the Audit Committee and Remuneration and Nomination Committee of the Company, within the three months grace period allowed under Rule 3.11. Accordingly, the Company has fully complied with the requirements under Rules 3.10(1) and 3.25 of the Listing Rules since 9 July 2012.

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

AUDIT COMMITTEE

The Company established an Audit Committee on 2 July 1999. It currently comprises three Independent Non-executive Directors, namely Dr Peter Cassidy, Mr Anthony Larkin and Mr Leung Cheuk Yan and one Non-executive Director, Mr Xu Jiqing. Mr Anthony Larkin is the Chairman of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the unaudited interim financial report of the Group for the first half 2012.

SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry with all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the Securities Trading Code during the first half 2012.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the first half 2012.

INDEPENDENT REVIEW

The interim financial information for the six months ended 30 June 2012 is unaudited and has been reviewed by the Company's auditor, PricewaterhouseCoopers, 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. The auditor's unmodified review report will be included in the interim report. This interim financial information has also been reviewed by the Company's Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is also published on the website of the Company at www.mmg.com. The Interim Report 2012 of the Company will be despatched to the shareholders and will be available on the websites of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company respectively in due course.

GLOSSARY

2012 US$751.0 million Facility	The US$751.0 million facility agreement entered into by Album Resources and MMG Management with CDB and BOC Sydney dated 12 June 2012
lb	pound(s)
oz	ounce(s)
t	tonne(s)
A$	Australian dollar, the lawful currency of Australia
AGM	annual general meeting
Album Enterprises	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability
Album Investment	Album Investment Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly-owned subsidiary of the Company
Album Resources	Album Resources Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly-owned subsidiary of the Company
All Glorious	All Glorious Limited, a company existing under the laws of the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
Anvil	Anvil Mining Limited, a company existing under the laws of the British Virgin Islands, a wholly-owned subsidiary of the Company
ANZ	Australia and New Zealand Banking Group Limited
Associate	has the meaning ascribed to it under the Listing Rules
Australia	the Commonwealth of Australia
Australian Government	the Government of Australia
Board	the Board of directors of the Company
Board Charter	the Board charter of the Company
BOC	Bank of China Limited
C$	Canadian dollar, the lawful currency of Canada
C1 Cost	Represents a measure of the cash unit cost of production as defined in Brook Hunt Zinc and Lead Costs – Mines and Projects to 2018, 2005 Edition
CDB	China Development Bank
Company	Minmetals Resources Limited, a company incorporated on 29 July 1998 in Hong Kong with limited liability, the shares of which have listed and traded on the Stock Exchange.
CMC	China Minmetals Corporation, formerly known as China National Metals and Minerals Import and Export Corporation, a state-owned enterprise incorporated on 7 April 1950 under the laws of the PRC
CMC Group	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
CMN Trading	China Minmetals Non-ferrous Metals Trading Company Limited
Companies Ordinance	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

Continuing operations	The Group's operations excluding the discontinued operations
Discontinued operations	The trading, fabrication and other assets that were effectively disposed in December 2011. The trading, fabrication and other assets include the Company's entire 100% equity interest in Minmetals Aluminium, Riseup Dragon Limited's entire 72.80% equity interest in NCA, Orienmet Industry's entire 51% equity interest in Yingkou Orienmet and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan
DRC	Democratic Republic of Congo
EBIT	earnings before net financing expenses and income tax
EBIT margin	EBIT divided by revenue
EBITDA	earnings before depreciation and amortisation expenses, net financing expenses and income tax
EBITDA margin	EBITDA divided by revenue
EGM	extraordinary general meeting
Equinox	Equinox Minerals Limited
Executive Committee	the executive committee of the Group which consists of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration and Executive General Manager – Business Support.
Group	the Company and its subsidiaries, excluding jointly-controlled entities
HK$	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
ICBC	Industrial and Commercial Bank of China Limited, Sydney Branch
Indicated Resources	As defined under the JORC Code, that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence
Inferred Resources	As defined under the JORC Code, that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence
Laos	the Lao People's Democratic Republic (Lao PDR)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
LTIFR	Lost time injury frequency rate
LXML	Lane Xang Minerals Limited, a company incorporated on 30 September 1993 in Laos as the holding company for the Sepon operation
Measured Resources	As defined under the JORC Code, that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence
Mineral Resources	As defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
Minmetals Aluminium	Minmetals Aluminium Company Limited
MMG	Minerals and Metals Group, being the collective brand name of the portfolio of international mining assets held by Album Resources

MMG Century	MMG Century Limited, a company incorporated on 25 November 1986 in Australia with limited liability and a member of MMG
MMG Golden Grove	MMG Golden Grove Pty Ltd, a company incorporated on 21 June 2005 in Australia with limited liability and a member of MMG
MMG Management	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability and a member of MMG
NCA	North China Aluminium Company Limited
NPAT	Net Profit After Tax
Ore Reserves	As defined under the JORC Code, the economically mineable part of a Measured Resource and/or Indicated Resource
PRC	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
Production data	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
PSCS	the perpetual sub-ordinated convertible securities issued by the Company
PSCS Holder(s)	the person(s) in whose names the PSCS are registered
Reserve	See Ore Reserves
Resource	See Mineral Resources
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Top Create	Top Create Resources Limited, a company incorporated on 22 January 2004 in the British Virgin Islands with limited liability
TRIFR	Total recordable injury frequency rate
US$	United States dollar, the lawful currency of the United States of America

By order of the Board

Minmetals Resources Limited

Andrew Gordon Michelmore

CEO and Executive Director

Hong Kong, 29 August 2012

As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr Andrew Gordon Michelmore and Mr David Mark Lamont, four are non-executive directors, namely Mr Wang Lixin (Chairman), Mr Jiao Jian, Mr Xu Jiqing and Mr Gao Xiaoyu; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Anthony Charles Larkin and Mr Leung Cheuk Yan.

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