OVERVIEW

As at the Latest Practicable Date, CNMC, through its wholly owned subsidiary, CNMD, owned 100% of our issued share capital. Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised), CNMC is expected to beneficially own in aggregate approximately 74.93% of the issued share capital of our Company. As such, CNMC will continue to be the Controlling Shareholder of our Company.

CNMC AND THE RETAINED OPERATIONS

CNMC is a PRC state-owned enterprise directly administered by the SASAC and traces its operating history to 1983. It operates globally and has operations in the PRC, Africa, Middle East, Central and Southeast Asia and Australia. Its main businesses include the development of nonferrous metal resources, construction engineering and related trade and services. As part of the Reorganization, our Group was separated from the Retained Group and focuses on the mining, ore processing, leaching and smelting of copper and cobalt outside of the PRC and sale of copper products (and in future, cobalt products) internationally. The Retained Group continues to engage in the Retained Operations which mainly include the businesses set out below.

Development of Nonferrous Metal Resources

The Retained Group currently owns and operates mining assets in the PRC, Myanmar, Mongolia and through its non-controlling stake in companies listed on the London Stock Exchange and Australian Securities Exchange, also holds interests in mining assets located in countries such as Tajikistan, Australia, Algeria, Kyrgyzstan and Laos. The mining assets of the Retained Group consist of mines as well metallurgical and processing plants for metals such as copper, zinc and nickel.

The copper assets of the Retained Group are mainly located in the PRC and include, among others, the Hongtoushan copper mine and smelting facilities in Liaoning province, the Dajingzi mine in Inner Mongolia autonomous region, as well as copper smelting and processing plants located in various parts of the PRC such as the Tianjin and Shandong provinces. CNMC entered into a non-legally binding agreement with the Hubei Province State Assets Supervision and Administration Commission ("Hubei SASAC") in January 2011 pursuant to which CNMC shall acquire 49% interest in Daye Nonferrous Metals Corporation Holdings Limited (大冶有色金屬集團控股有限公司) ("Daye Corporation") through capital injection (the "Capital Injection") while Hubei SASAC shall hold the remaining 51%. CNMC and Hubei SASAC entered into a legally binding agreement on March 20, 2012 in respect of the Capital Injection. Following the completion of the Capital Injection, CNMC currently holds 49% in Daye Corporation while Hubei SASAC currently holds the remaining 51%. Daye Corporation is principally engaged in the mining, ore processing, smelting and processing of copper and other nonferrous metals.

The non-copper assets of the Retained Group include, among others, the Tagaung Taung nickel mine and ferronickel refinery facilities in Myanmar, the Tumurtin-Ovoo zinc mine in Mongolia, the Baiyinnuoer lead-zinc mine in Inner Mongolia autonomous region, certain tantalum and niobium processing plants in Ningxia autonomous region, and certain aluminum and zinc processing plants in the PRC.

Our Group was separated from the Retained Group to focus on the mining, ore processing, leaching and smelting of copper and cobalt outside of the PRC and sale of copper products (and in future, cobalt products) internationally. The Retained Group did not inject its PRC copper assets into our Group as our Group is based in Zambia and the DRC and has no current intention to venture into production operations in the PRC.

The excluded businesses retained by the Retained Group that are located in Africa and which are involved in mining-related activities are two subsidiaries, MPongwe and Zhongrui. Both MPongwe and Zhongrui currently undertake early stage exploration work. MPongwe was incorporated in 2010 to undertake exploration of minerals and held three prospecting licenses which allowed it to explore for copper, gold and uranium in the Copperbelt Province in Zambia. The licenses, which covered an aggregate area of approximately 2,046 sq km, expired in April 2012. MPongwe has filed an application to renew these licenses. Its registered capital is ZMK5 million (equivalent of US$1,022). Zhongrui was incorporated in 2010 to undertake exploration of minerals and held a prospecting license which allowed it to explore for copper, cobalt, gold and manganese in the Kabwe region in Zambia. The prospecting license covered an area of approximately 491 sq km and expired in April 2012. Zhongrui has filed an application to renew this license. Its registered capital is ZMK5 million (equivalent of US$1,022). While our Group undertakes some exploration activities, such activities are undertaken at our existing mine areas, relate to our current mining operations and are carried out mainly to secure a reliable supply of raw materials for our copper smelting and leaching operations. As exploration is not the main focus of our Group, the Retained Group did not inject MPongwe and Zhongrui into our Group. However, any copper and cobalt mining opportunities discovered by MPongwe and Zhongrui will be subject to certain right of first refusal set out under the paragraph "— Non-Competition Undertaking" below.

Construction and Engineering

The Retained Group conducts its construction and engineering services in the PRC and international markets such as the Middle East, Asia and Africa. Entities within the Retained Group that are engaged in this line of business are qualified to undertake various types of construction and engineering projects including mine construction, infrastructure construction and mechanical and electrical equipment installation. The Retained Group provided construction and engineering services to us during the Track Record Period and we expect to continue to enter into such transactions with them in the future. Please refer to the section "Connected Transactions" in this prospectus for more information.

Related Trade and Services

The Retained Group is also engaged in import and export business, trading of mineral products and purchase and sales of ancillary electrical and mechanical products for mining operations.

The Retained Operations in Zambia

In addition to MPongwe and Zhongrui which are engaged in early stage exploration in Zambia, the Retained Group has three additional subsidiaries which have operations in Zambia, none of which is engaged in copper-related businesses or which undertake mining activities. These three subsidiaries are ZCCZ, Fifteen MCC Africa and Sinotra. ZCCZ was incorporated in 2007 and is engaged in the development and operation of the Zambia-China Economic & Trade Cooperation Zone, real estate development, trading and the provision of consultation services. Fifteen MCC Africa was incorporated in 2007 and is engaged in project construction, processing and installation of construction materials, trading and import and export of related materials and equipment. Sinotra was incorporated in 2009 and is engaged in the provision of international logistic transportation, storage, custom clearance services and trading of nonferrous and processed products equipment for smelting and mining companies. Sinotra is mainly engaged in the provision of logistic services. The nonferrous products trading business undertaken by Sinotra constitutes only a small part of its business and does not compete with the business of our Group. As of April 30, 2012, which is the latest practicable date as of which such information is available, Sinotra has only been involved in the purchase of approximately 525 tonnes of tin concentrate from the DRC for sale to the PRC market. Sinotra is currently not engaged in the trading of copper and cobalt. However, should it venture into any copper and cobalt trading business in the future, similar to other trading companies within the Retained Group such as CNMC International Trade, we anticipate such business to include the trading of our Group's products and Sinotra will thereby become one of our customers instead of our competitor. During the Track Record Period, we have entered into connected transactions with these entities within the Retained Group. Please refer to the section "Connected Transactions" in this prospectus for more information.

INDEPENDENCE FROM THE RETAINED GROUP

Our Directors confirm that, for the reasons set out below, we will be able to operate independently of the Retained Group after Listing.

Delineation of Business

We are principally engaged in the mining, ore processing, leaching, smelting and sale of copper. All of our current copper production operations are carried out in Zambia and the DRC. During the Track Record Period, we sold our copper products to certain entities within the Retained Group which are trading companies for onward sale to the PRC, Europe and other international markets. We may enter into cobalt mining, processing and sale in the future.

The businesses of our Group and the Retained Group may be delineated by geographical delineation, business line delineation and customer delineation. The delineation is further reinforced by the CNMC's Non-Competition Undertaking set out under the paragraph "— Non-Competition Undertaking" below.

Geographical Delineation

The copper assets of the Retained Group are mainly located in the PRC, where our Group has no production operations. Our Group has no current intention to establish production operations in the PRC and there is no competition in terms of copper production with the Retained Group in the PRC. The Retained Group has no copper production operations in Zambia or the DRC where our Group's operations are based. Accordingly, there is no competition in terms of copper production with the Retained Group in Zambia and the DRC.

Business Line Delineation

Our Group focuses on the mining, ore processing, leaching, smelting and sale of copper while the Retained Group's operations in Zambia mainly relate to exploration, development and operation of the Zambia-China Economic & Trade Cooperation Zone, project construction and provision of international logistic transportation services. The exploration activities of the Retained Group in Zambia are undertaken through MPongwe and Zhongrui. Both MPongwe and Zhongrui are engaged in early stage exploration which involve them searching, identifying and proving the location, volume and quality of an ore body. While we undertake some exploration activities, such activities are undertaken at our existing mine areas, relate to our current mining operations and are carried out mainly to secure a reliable supply of raw materials for our copper smelting and leaching operations. We only have one prospecting license and are in the process of converting it into a mining license. We do not view exploration as an area of competition since exploration is not our business focus.

Customer Delineation

During the Track Record Period, save for Yunnan Copper Group which is a minority shareholder of our subsidiary, CCS, and to whom we commenced direct sales of copper products in the second quarter of 2011 as per the terms of the shareholders' agreement and shareholders' resolutions in respect of CCS, our major customers were trading companies which included Trafigura AG, LN Metals International Ltd, Transamine Trading SA (Swiss), two other European companies which are Independent Third Parties and entities within the Retained Group which are trading companies. On the other hand, the customers of the Retained Group to which the Retained Group sell copper products are copper refiners and downstream copper processing plants located in the PRC. Accordingly, there is delineation in terms of the nature of customers' business with the Retained Group.

In addition, save for the Retained Group and Yunnan Copper Group, the headquarters of both of which are located in the PRC, the rest of our major customers are Independent Third Parties located in Switzerland and the United Kingdom. We will continue to focus on such international sales after the Listing, except for the sales to the Retained Group and Yunnan Copper Group. To minimize competition with our Group after the Listing, pursuant to the Non-Competition Undertaking, CNMC will procure that after the Listing, the Retained Group will not conduct any sales of blister copper and copper cathode outside the PRC, and the Retained Group will also discontinue its sales of copper products to the Yunnan Copper Group. Accordingly, there is customers' geographical delineation with the Retained Group.

Even though the Retained Group has copper production operations in the PRC and the copper products produced by us and the Retained Group are both sold in the PRC market, we believe that it is unlikely that there will be extreme competition between the copper products of our Group and that of the Retained Group in the PRC in view of the shortfall in copper supply in the PRC. According to Wood Mackenzie, a considerable shortfall between domestic supply and demand for copper in the PRC is expected. For example, the supply deficit of copper concentrate in the PRC is expected to grow from 1.7 Mt in 2011 to 2.8 Mt in 2015. This shortfall will have to be met through imports of raw materials and refined metal. For more details, see "Industry Overview". As copper is a commodity and is fungible, and in view of the shortage of copper supply in the PRC, our Directors believe the Retained Group does not differentiate between the copper products produced by itself and by our Group and does not set any priority of the sales order for its and our Group's products.

Non-Competition Undertaking by CNMC

Any copper and cobalt mining opportunities discovered by the Retained Group (including those by MPongwe and Zhongrui) outside of the PRC will be subject to certain right of first refusal as described under the paragraph "— Non-Competition Undertaking" below. The Retained Group is obliged under the Deed of Non-Competition Undertaking to offer such mining opportunities to our Group first and may pursue such mining opportunities only in the event our Group declines to pursue such opportunities. As our Group is the overseas platform of the CNMC Group in terms of copper and cobalt resources development and we have no intention to expand our copper and cobalt mining and production operations into the PRC (where the Retained Group retains certain copper assets and operations) in the near future, the Deed of Non-Competition Undertaking is limited to the copper and cobalt operations and assets outside the PRC. While the Retained Group purchases our copper products for sale to copper refiners and downstream copper processing plants located in the PRC, some of which may also be purchasing the copper products produced by the Retained Group in the PRC, we believe that it is unlikely that there will be extreme competition between the copper products of our Group and that of the Retained Group in the PRC in view of the shortfall in copper supply in the PRC. In addition, save for Yunnan Copper Group, which is a minority shareholder of our subsidiary, CCS, and to whom we commenced direct sales of copper products in the second quarter of 2011 as per the terms of the shareholders agreement and shareholders resolutions in respect of CCS, we do not sell directly to copper refiners and copper processing plants located in the PRC. Accordingly, the scope of the Deed of Non-Competition Undertaking does not extend to non-competition with customers including those located in the PRC.

In addition, we believe that customers competition with the Retained Group is limited given copper is a commodity and has a readily available market. Our Group is not confined to selling our products to the PRC market as copper may be traded on any of the relevant international trading platforms such as the LME. The LME is the world's major nonferrous base metals market and the center of physical copper trading. Copper is traded at a prevailing market price reflected in the average daily trading prices on the LME. We are able to sell our products on these trading platforms instead of to the Retained Group. In addition, we have independent major customers which are able to replace the Retained Group should the Retained Group cease to be our customer or our single largest customer. Please refer to the paragraph "— Customer Independence" below for more information.

For the reasons set out above, we believe that there will be no direct material competition between the business of our Group and that of the Retained Group.

Operational Independence

We have established our own centralized administrative structure comprising individual departments, each with specific areas of responsibility, such as business development and operations, human resources, finance, investor relations and general administration. All the essential operational and administrative functions of our Group are handled locally at each plant and facility. We will be administratively independent of the Retained Group.

We are able to procure, and during the Track Record Period have procured, machinery, equipment and services required for our operations from local and international suppliers who are Independent Third Parties, in addition to procuring such supplies from the Retained Group. However, due to the scale of our operations, we consider it more efficient and cost effective to procure such machinery, equipment and services through the centralized platform of the Retained Group. It is administratively more efficient for our Group to have a centralized procurement platform, i.e. the Retained Group, to assist our Group in sourcing and procuring the necessary machinery, equipment and services. The Retained Group has more ready access to international suppliers, in particular those located in the PRC, and thus it is able to assist our Group in procuring the necessary machinery, equipment and services from more channels. Moreover, as the relevant entities within the Retained Group procure supplies for the CNMC Group (including our Group) and third parties on a regular basis, they enjoy greater bargaining power in bulk procurement of supplies, thus allowing our Group to obtain supplies at more competitive prices. We believe the procurement service fee charged by the Retained Group is in the lower range of service fees charged by similar procurement companies in the PRC. Such transactions with the Retained Group also allow us to obtain better payment settlement terms since compared to independent supplier who may require us to make advance payment before delivery, the Retained Group generally requires us to make payment only after delivery of supplies to our premises. During the Track Record Period, certain entities within the Retained Group entered into related party transactions with our Group in relation to the procurement of such machinery, equipment and services. Such related party transactions entered into by us during the Track Record Period are disclosed in Note 36 of Section B to the Accountants' Report set out in Appendix I to this prospectus. Please also refer to the section "Connected Transactions" in this prospectus for more information.

As we have been procuring machinery, equipment and services required for our operations from local and international suppliers who are Independent Third Parties since the commencement of our operations, we believe we will not encounter any difficulty in obtaining any or all of the supplies and services we need for our operations from such Independent Third Parties in the future. While the Retained Group has been providing various types of materials and services to our Group, there are other independent trading companies in the PRC such as China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口（集團）總公司) and China MCC International Economic & Trade Co., Ltd (中冶集團國際經濟貿易有限公司) that are able to provide similar types of materials and services as those provided by the Retained Group. We believe that we are able to obtain from these independent trading companies in the PRC similar materials and services at prices and payment settlement terms similar to those provided by the Retained Group, in view of the size of our operations. Further, as the Retained Group has disclosed to us the list of suppliers from which it procured supplies for our Group, we believe that we will be able to procure our required supplies from these suppliers directly at prices similar to that obtained by the Retained Group, in view of our prior transactions with them through the Retained Group. Accordingly, we are not dependent on the Retained Group for sourcing our supplies. Nevertheless, administratively it may be more cumbersome for our Group to source and procure all of our machinery, equipment and services directly from independent trading companies and suppliers as we may have to expend considerable amounts of time and efforts to negotiate and compare the prices of each of these trading companies and suppliers, activities which the relevant entities in the Retained Group undertake as part of their day-to-day operations.

Customer Independence

During the Track Record Period, we produced copper concentrate, blister copper and copper cathode which were sold to China, Europe and other parts of the world. As copper is a commodity product, it has a readily available market and may be traded on any of the relevant international trading platforms. All copper products have relatively transparent pricing mechanisms, with their prices determined with reference to the prices published by relevant international trading platforms such as the LME. They are fungible and easily marketable. Accordingly, the nature of our products allows us to source customers easily.

We have been selling our products to independent customers since we commenced commercial sales of our products in 2003. From 2003 to 2006, we sold copper concentrate, our only product at that time, to independent customers which were international trading companies and domestic customers in Zambia which were copper producers. In 2006, our product offering expanded to include copper cathode. The Retained Group became our customer in the same year. From 2006 to 2009, we sold copper concentrate and copper cathode to independent customers and the Retained Group. In 2009, CCS commenced commercial production of blister copper. The copper concentrate we produced were supplied to CCS for the production of blister copper. Since 2010, CCS has consumed all the copper concentrate we produce and we have stopped selling copper concentrate to independent customers and the Retained Group. Thereafter, we have been selling blister copper and copper cathode to independent customers and the Retained Group. A majority of the blister copper we produced in 2009 and the first half of 2010 was sold to independent customers. Since the second half of 2010, we have been selling a majority of the blister copper we produced to the Retained Group due to the increasing demand of the Retained Group fueled by the growing demand in the PRC market. A majority of the copper cathode we produced during the Track Record Period was sold to independent customers.

As copper is a commodity, it may be traded on international trading platforms and its prices are therefore relatively transparent. For example, copper is traded at a prevailing market price reflected in the average daily trading prices on the LME. We sell our products to the Retained Group and our other customers at prices based on LME prices averaged over the relevant quotational period. After taking into consideration factors such as transportation costs, sales expenses and insurance costs, the prices at which we sell to the Retained Group and independent customers are equivalent. As such, selling our products to the Retained Group or to independent customers does not make a material difference to our profit margins.

Sales to the Retained Group

The Retained Group is one of our major customers and has been our single largest customer since 2009. The Retained Group accounted for 28.8%, 55.3% and 51.0% of our total revenue in 2009, 2010 and 2011, respectively.

Since we commenced sales of copper products to the Retained Group in 2006, the Retained Group has gradually become our single largest customer primarily due to its increasing demand for our products fueled by the shortage of copper supply in the PRC, the more flexible payment settlement terms and the reduced counterparty risks offered by the Retained Group. In view of the shortage of copper supply in the PRC, the Retained Group has been increasing its orders for our products as we increased our production volume over the years. In addition, due to our affiliation with the Retained Group, the Retained Group is more willing to, at our request, make advance payments instead of issuing letters of credit to us which allows us to better manage our working capital. The letters of credit that we have with independent customers usually have a 45-day settlement period. The advance payment made by the Retained Group thus allows us to save on the interest on bank loans which we may otherwise have to pay. However, in the event that the Retained Group ceases to make advance payments and issues only letters of credit to our Group, our Directors believe that there will be no material impact on the financial performance of our Group. Further, due to the nature of commodity transactions, the settlement amount is usually relatively high. Consequently, settlement risk is an important consideration for us. While our independent major customers were carefully selected based on a number of factors including their creditworthiness, we believe that the risk of default by the Retained Group is even lesser as the Retained Group is a state-owned enterprise in the PRC. Accordingly, we have no intention to cease selling our products to the Retained Group.

Even though the Retained Group has been our single largest customer since 2009, we believe we have other available independent customers to replace the Retained Group should the Retained Group cease to be our customer or our single largest customer. The Retained Group only constituted one of the top five customers of our Group during the Track Record Period, and the other major customers of our Group during the Track Record Period were all Independent Third Parties, save for Yunnan Copper Group which is a minority shareholder of our subsidiary, CCS, and to whom we commenced direct sales in the second quarter of 2011. These major customers which were Independent Third Parties included Trafigura AG, LN Metals International Ltd, Transamine Trading SA (Swiss) and two other European trading companies. We believe that each of our independent major customers, or a combination of a few of them, has the capacity to purchase at least a very significant portion of our production outputs as they are international trading companies and there have been instances in the past when we had to turn down part of their orders due to their demand being greater than our supply capacity. For more information, please refer to the section entitled "Business — Sales, Distribution and Marketing — Major Customers".

Even though the Retained Group has copper production operations in the PRC and the copper products produced by us and the Retained Group are both sold in the PRC market, we believe that it is unlikely that there will be extreme competition between the copper products of our Group and that of the Retained Group in the PRC in view of the shortfall in copper supply in the PRC. According to Wood Mackenzie, there are severe supply shortfalls in both refined copper and copper concentrate in the PRC. The refined copper supply shortage is 2,513 kt and copper concentrate supply shortage is 1,687 kt in 2011 on a contained copper basis. In the near future, a considerable shortfall between domestic supply and demand for copper in the PRC is also expected. For example, the supply deficit of copper concentrate in the PRC is expected to grow from 1.7 Mt in 2011 to 2.8 Mt in 2015. According to Wood Mackenzie, this shortfall will have to be met through imports of raw materials and refined metal. See "Industry Overview — China Copper Market Overview". In addition, we maintain close commercial relationships with various copper refiners in the PRC, which are customers for blister copper, and downstream copper processing plants, which are customers for copper cathode. We believe that we will be able to sell our products directly to these refiners and copper processing plants upon needs in the unlikely event that we are unable to conduct sales via trading companies. In addition, copper cathode is actively traded on the LME, Shanghai Futures Exchange and COMEX, which can provide additional means of distribution for our Group's copper cathode products. Accordingly, we do not rely on entities within the Retained Group as our customer source.

As such, we are of the view that we do not rely on the Retained Group in view of the following:

(a) copper is a commodity and can be sold on public markets at a transparent market price;

(b) our Group may easily find other replacement customers given the demand for copper exceeds its supply globally and in the PRC, our major market; and

(c) the loss of the Retained Group as a customer will not affect the financial performance of our Group materially as our other existing or past customers are able to absorb more of our Group's supply on no less favorable terms.

We have demonstrated in our operating history that we are able to sell our products without the assistance of the Retained Group. Before the Retained Group became our customer in 2006, we sold our products to independent customers. After the Retained Group became one of our customers in 2006, we continued to sell our products to independent customers. Our production volume is expected to increase significantly after we have completed our expansion projects in the next few years. The Retained Group has the capability to absorb all of our products in order to satisfy the demand in China. According to the Wood Mackenzie Report, China is the world's largest consumer of copper and is expected to remain so for the foreseeable future. The Retained Group is made up of, among others, a few trading companies. Consequently, the Retained Group provides a ready trading platform. By selling to the Retained Group, we are able to capitalize on the distribution channels of the Retained Group and save on sales expenses. We are also able to sell into a growing market and we believe such sales strategy is more beneficial to the long term prospects of our Group. The other benefits of selling to the Retained Group include the more flexible payment settlement terms and the reduced counterparty risk offered by the Retained Group set out above. Nevertheless, even though administratively it will be easier for us to sell our products solely to the Retained Group, we continue to maintain a few of our independent customers which commenced trading relationship with us at various points in time during our operating history, so as to minimize customer concentration risk. These independent customers were developed by the sales teams of our operating subsidiaries. Each of our operating subsidiaries has a sales team which is responsible for the sale of our products. Our management also has extensive experience in the mining industry and is capable of developing our customer base due to their wide network. We may selectively diversify our sales to other additional high quality customers in future should the need arise. However, we do not see the commercial need to overly diversify our customer base at this stage, which would bring additional administrative burdens.

Sales to Yunnan Copper Group

During the Track Record Period, we had no common customers with the Retained Group, save for Yunnan Copper Group. Such sales to Yunnan Copper Group by our Group and the Retained Group did not happen concurrently. During the two years ended December 31, 2010 and the first quarter of 2011, we did not sell copper products directly to Yunnan Copper Group and the Retained Group purchased blister copper from our Group for sale to Yunnan Copper Group. During 2009, 2010 and the first quarter of 2011, we sold 8,870.48 tonnes, 58,688.04 tonnes and 11,713.07 tonnes, respectively, of blister copper to the Retained Group which was further sold to Yunnan Copper Group. The amounts of revenue we generated from such sales were RMB504.8 million (equivalent of US$78.1 million), RMB3,296.9 million (equivalent of US$510.1 million) and RMB819.2 million (equivalent of US$126.7 million), respectively. We started selling blister copper directly to Yunnan Copper Group in the second quarter of 2011. In 2011, we sold 21,421 tonnes of blister copper to Yunnan Copper Group directly and such sales amounted to US$171.0 million.

Pursuant to the terms of the shareholders' agreement dated June 2, 2006 in respect of CCS, more details of which are set out under "Our History and Reorganization — Our Joint Venture Arrangements — Joint Venture Partners and Shareholders' Agreements — CCS shareholders' agreement", all blister copper produced by CCS shall be sold to Yunnan Copper Group. It was the intention of Yunnan Copper Group to purchase the entire quantity of blister copper produced by CCS for use in its copper processing plants in the PRC. However, due to the global financial crisis that started in September 2008, Yunnan Copper Group changed its production plans. At the request of Yunnan Copper Group in a letter dated November 11, 2008, CCS was not obliged to sell all the blister copper it produced to Yunnan Copper Group after it commenced production of blister copper in 2009.

The sales arrangement between CCS and Yunnan Copper Group in 2009 and 2010 was that Yunnan Copper Group would place individual orders for blister copper with the Retained Group, and the Retained Group would purchase such blister copper from CCS which it would then sell to Yunnan Copper Group. The Retained Group did not provide any value added services in the procurement chain and received no consideration, benefit or advantage from CCS or Yunnan Copper Group in 2009 and 2010. Since CCS generally entered into annual contracts with its customers with indicative yearly quantity set out in such contracts, Yunnan Copper Group requested for such a sales arrangement so that it was not obliged to purchase any minimum or fixed quantity of blister copper from CCS, and thus had greater flexibility in its procurement plan amidst the global financial crisis. With the recovery of the economy in 2010, the production plans of Yunnan Copper Group at its copper processing plants became more stable and Yunnan Copper Group wanted to secure a steady supply of blister copper for its operations. Accordingly, in end 2010, Yunnan Copper Group indicated that it intended to purchase the entire quantity of blister copper produced by CCS. After discussion with Yunnan Copper Group, it was agreed that all the blister copper produced by CCS in the first quarter of 2011 would be sold to Yunnan Copper Group and subsequent to that, 40% of the blister copper produced by CCS would be to Yunnan Copper Group, having regard to Yunnan Copper Group's shareholding interest in CCS. Such agreement was recorded in the shareholders' resolutions of CCS dated March 13, 2011. As a transitional arrangement, the entire quantity of blister copper produced by CCS in the first quarter of 2011 was sold to the Retained Group for onwards sales to Yunnan Copper Group. The direct sales of blister copper to Yunnan Copper Group commenced in the second quarter of 2011. Upon further discussion with Yunnan Copper Group, it was subsequently agreed in the Yunnan Copper Supply Framework Agreement that we will sell 40% of the balance of copper products produced by CCS that is not sold to Independent Third Parties to Yunnan Copper Group. See "Connected Transactions — Non-exempt Continuing Connected Transactions —2. Yunnan Copper Supply Framework Agreement".

Supplier Independence

Our raw materials include copper concentrate, copper tailings, oxide ore, mixed ores and other ancillary raw materials such as explosives and fuels. During the Track Record Period, the copper concentrate we used for the production of blister copper and copper tailings, oxide ore and mixed ores we used for production of copper cathode, were obtained from our own mines or purchased from other mining companies which are Independent Third Parties. We source other raw materials mainly from local Zambian suppliers or other international suppliers who are Independent Third Parties. We also procure certain auxiliary materials and related trade and services from entities within the Retained Group. Such arrangement is intended to receive better payment settlement terms as the Retained Group generally requires us to make payment only after delivery of supplies to our premises, as compared to independent supplies who may require us to make advance payment before delivery. Accordingly, our Group is not dependent on the Retained Group for the supply of our principal raw materials.

Financial Independence

We have established an independent finance department with a team of independent financial staff, as well as a standardized financial and accounting system. We make financial decisions according to our own business needs. We have opened basic accounts with banks independent of the Retained Group and the Retained Group does not share any bank account with us. We have made independent tax registrations and paid tax independently pursuant to applicable laws.

During the Track Record Period, CNMC had provided certain financial assistance to our Group in the form of shareholders' loans and guarantee.

The following table presents the details of the financial assistance provided by CNMC to our Group as of April 30, 2012, which is the latest practicable date as of which such information is available:

Borrower	Lender	Date of loan agreement	Purpose	Duration	Outstanding loan amount as at April 30, 2012 (US$)	Guarantor	Security provided by our Group
Loans provided by CNMC							
Luanshya	CNMC	November 2, 2009	General funding requirement	November 2009-November 2014	8,000,000	Nil	Nil
Luanshya	CNMC	October 26, 2011	Financing the Muliashi Project	2011 to 2018	30,000,000	Nil	Nil
Luanshya	CNMC	November 18, 2011	Financing the Muliashi Project	November 18, 2011 to November 17, 2018	44,068,092	Nil	Nil
Bank loans guaranteed by CNMC without security from our Group							
NFCA	The Export-Import Bank of China	January 11, 2008	Construction of Chambishi West Mine	84 months from date of first drawdown and expiring on January 15, 2015	37,000,000	CNMC	Nil
	Bank of China, Cayman Branch	October 5, 2009	General working capital	36 months from date of first drawdown	50,000,000	CNMC	Nil
Luanshya	BOC Finance (Ireland) Limited	August 31, 2010	US$197,450,000 for fixed assets investment and US$12,550,000 for general working capital	US$197,450,000 — 9 years from date of first drawdown US$12,550,000 — 3 years from date of first drawdown	197,450,000	CNMC	Nil
CCS	Bank of China, Cayman Branch	June 10, 2009	General working capital	36 months from the date of first drawdown	60,000,000	CNMC	Nil
	BOC Finance (Ireland) Limited	October 11, 2010	US$98,570,000 for fixed assets investment and US$51,430,000 for general working capital	US$98,570,000 — 8 years from first drawdown date US$51,430,000 — 3 years from first drawdown date	80,000,000	60% of the loan (i.e. US$48,000,000) by CNMC and 40% of the loan (i.e. US$32,000,000) by Yunnan Copper Group	Nil

Borrower	Lender	Date of loan agreement	Purpose	Duration	Outstanding loan amount as at April 30, 2012 (US$)	Guarantor	Security provided by our Group
Bank loans guaranteed by CNMC with security from our Group							
CCS	China Construction Bank, Johannesburg Branch	August 12, 2009	General working capital	3 years, expiring on August 17, 2012	70,000,000	CNMC	1. Unconditional irrevocable letter of guarantee from China Construction Bank, Beijing Branch 2. Security deposit of US$2,000,000 provided by CCS
Luanshya	China Construction Bank, Johannesburg Branch	February 11, 2010	General working capital funding facility	5 years, expiring on February 15, 2015	100,000,000	CNMC	1. Unconditional irrevocable letter of guarantee from China Construction Bank, Beijing Branch 2. Security deposit of not less than the higher amount of 2% of the facility utilization amount, from time to time or the equivalent of three months interest calculated on the utilization amount, from time to time, provided by Luanshya

With respect to the financial assistance provided by CNMC to our Group as set forth in the table above, as of April 30, 2012, which is the latest practicable date as of which such information is available:

- the total amount of guarantees provided by CNMC to our Group amounted to approximately US$562.45 million, representing approximately 80.8% of the total borrowings of our Group; and
- the total amount of loans provided by CNMC to our Group amounted to US$82.07 million, representing approximately 11.8% of the total borrowings of our Group.

The shareholders' loan of US$8 million extended by CNMC to Luanshya has an interest of LIBOR+200BPs and will expire in 2014. We took out a shareholders' loan of US$30 million in October 2011 and another shareholders' loan of US$44.07 million in November 2011 to finance the Muliashi Project. The US$30 million shareholders' loan has an interest rate of six month LIBOR+400BPs and the interest rate for the other US$44.07 million shareholders' loan is based on the PBOC base lending rate, currently at 7.05% (approximately LIBOR+600BPs) for loans over five years. The interest rates for the two loans were different because the sources for the two loans provided by CNMC were different. The US$30 million loan was extended by CNMC in US dollars using its own capital, whereas the US$44.07 million loan was extended by CNMC using Renminbi borrowed from financial institutions in the PRC. Accordingly, the interest rate for the US$30 million loan was determined with reference to market interest rate for loans in US dollars while the interest rate for the US$44.07 million loan was determined with reference to the PBOC base lending rate. Both of these loans will expire in 2018.

In addition to the shareholders' loans extended by CNMC, the minority shareholder of CCS, Yunnan Copper Group, also extended a shareholders' loan to CCS. As of April 30, 2012, which is the latest practicable date such information is available, the outstanding shareholders' loan extended to CCS amounted to US$19,660,500 with an interest rate at LIBOR+150BPs and will expire in 2014. Such loan extended by Yunnan Copper Group constitutes approximately 2.8% of the total borrowings of our Group.

We intend to repay the above outstanding shareholders' loans as soon as possible, in any event no later than six months from the Listing Date, using a combination of working capital, proceeds from the Global Offering and/or securing new bank loans.

As of April 30, 2012, which is the latest practicable date such information is available, the aggregate bank loans of US$562.45 million guaranteed by CNMC have interest rates ranging from LIBOR+75BPs-200BPs and years of expiry ranging from 2012 to 2019.

The shareholders and bank loan proceeds drawn down by our Group within one year before the initial date of our listing application in July 2011 were mostly applied to our development projects and expansion plans, including US$80 million for the expansion of the Chambishi Copper Smelter, US$48 million for the construction of the Chambishi West Mine and US$130 million for the Muliashi Project.

The BOC Letter and the CCB Letter

With respect to all loans provided or guaranteed by CNMC, we believe our Group is able to obtain replacement financing from independent financial institutions without guarantee being provided by CNMC on terms no more favorable than the terms of the loans provided or guaranteed by CNMC. While we have no past records of fund raising on a stand-alone basis without any credit or financial support from CNMC, our ultimate Controlling Shareholder, we have obtained a commitment letter from the Bank of China (the "BOC") dated October 9, 2011 (the "BOC Letter") pursuant to which the BOC agreed to extend a loan of up to US$1.4 billion to our Group for a term of up to five years without guarantee from CNMC, or any other third party, at a rate of interest of LIBOR+450BPs-550BPs. The amount agreed to be extended by the BOC is higher than the aggregate of the existing shareholders loan of US$82.07 million extended by CNMC and bank loans of approximately US$562.45 million guaranteed by CNMC, as at April 30, 2012, which is the latest practicable date such information is available. The shareholders' loans of US$8 million and US$30 million extended by CNMC to Luanshya respectively, have interest rates ranging from LIBOR+200BPs-400BPs and the bank loans which have been guaranteed by CNMC have interest rates ranging from LIBOR+75BPs-200BPs, which are lower than the interest rate stated in the BOC Letter. Accordingly, as the rate of interest offered in the BOC Letter is higher than the rate offered by CNMC or by the banks whose loans have been guaranteed by CNMC, we believe that entering into such replacement loans would not be cost-effective and it is in the commercial interest of the Group to retain these loans provided or guaranteed by CNMC. As for the US$44.07 million loan extended by CNMC to Luanshya in November 2011, the interest rate is higher than that offered in the BOC Letter. However, we did not proceed to obtain a loan pursuant to the BOC Letter because it was provided in the BOC Letter that the commitment of BOC was subject to the completion of the Reorganization. As Luanshya required capital for the Muliashi Project before the completion of the Reorganization, we were unable to obtain a loan pursuant to the BOC Letter. The BOC Letter was renewed on March 9, 2012.

In addition to the BOC Letter, we have also obtained a commitment letter from China Construction Bank ("CCB") dated October 14, 2011 (the "CCB Letter") pursuant to which CCB agreed to extend a loan of up to US$500 million to our Group for a term of up to five years without guarantee from our Controlling Shareholder or any third party. The CCB Letter provides that the other main terms of the loan from CCB will be negotiated with reference to market terms. We did not proceed to obtain a loan pursuant to the CCB Letter before obtaining the aggregate new shareholders' loans of US$74.07 million in October 2011 and November 2011 because the commitment of CCB was also subject to the completion of the Reorganization.

We believe that both the BOC Letter and the CCB Letter demonstrate that we are able to obtain new financing and extend existing financing from commercial banks on market terms without guarantee or security from CNMC following the Listing. To the extent that we took out shareholders' loan of US$44.07 million in November 2011 at interest rate higher than that set out in the BOC Letter, it was due to the limitation imposed in the BOC Letter relating to completion of Reorganization. We intend to repay all of our shareholders' loans as soon as practicable but, in any event no later than six months after Listing by using a combination of working capital, proceeds from the Global Offering and/or securing new bank loans. We have set aside 15% of the proceeds from the Global Offering for the repayment of certain existing loans. In the event that our shareholders' loans are not discharged immediately upon Listing, our Directors will monitor and promptly announce the progress of any repayment of such loans within the abovementioned six months period upon Listing. Accordingly, we believe that our financial independence as demonstrated by the BOC Letter and the CCB Letter should not be affected by the special circumstances surrounding the US$44.07 million shareholders' loan taken out by us in November 2011 to finance the Muliashi Project.

Considering the aforesaid factors, we believe that we have demonstrated financial independence.

Management Independence

CNMC and its subsidiaries and our Company have boards of directors or equivalent decision making bodies that function independently of each other. While CNMC will remain our Controlling Shareholder after completion of the Global Offering and the Listing, the management of our Group will be independent from the management of the Retained Group. In addition, we intend to implement comprehensive corporate governance procedures, put in place measures to manage potential conflicts of interest and safeguard the interests of our Shareholders as a whole.

The following table sets forth details of the directorships of our Company and the senior management positions held by our Directors in CNMC:

Name	Director Position in Our Company	Management Position in CNMC
Tao Luo	Chairman and Non-executive Director	General Manager
Xinghu Tao	Vice Chairman, President and Executive Director	Deputy General Manager
Chunlai Wang	Executive Director and Vice President	N/A
Xingeng Luo	Executive Director and Vice President	N/A
Xinguo Yang	Executive Director and Vice President	N/A
Kaishou Xie	Executive Director and Vice President	N/A
Chuanyao Sun	Independent non-executive Director	N/A
Jingwei Liu	Independent non-executive Director	N/A
Shuang Chen	Independent non-executive Director	N/A

We have nine Directors, two of whom, namely Tao Luo and Xinghu Tao, hold management positions in CNMC. Tao Luo and Xinghu Tao have, respectively, 35 years and 30 years of experience in the mining industry. We believe their extensive experience and knowledge in the mining industry contribute significantly towards the development of our business.

Each of our Directors is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and avoids any conflict between his duties as a Director of our Company and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In the event that our Board is required to consider whether or not to acquire a competing business opportunity, or otherwise, such that the overlapping Directors are required to abstain from attending our Board meetings, our Board can function effectively given the qualifications, expertise and experience of the independent Directors in the copper and cobalt mining business.

Considering all the foregoing factors, we are satisfied that our Board will operate independently and resolve all actual or potential conflicting matters of our Group's business with that of the CNMC Group and is capable of properly discharging its duties and acting in the best interest of our Shareholders as a whole, and not in the interests of the CNMC Group only.

NON-COMPETITION UNDERTAKING

Each of our Directors confirms that he is not interested in any business which competes or is likely to compete, either directly or indirectly, with our Group.

On May 14, 2012, CNMC executed the Deed of Non-Competition Undertaking in favor of our Group setting out its undertakings (the "Non-Competition Undertaking") in respect of its conduct of the following activities outside the PRC:

(a) acquiring, holding, developing, transferring, disposing or otherwise dealing in, whether directly or indirectly, copper and cobalt (excluding copper and cobalt in the form of associated ores) mining, ore processing, leaching and smelting operations, assets or projects; or

(b) acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, shares or units of any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in paragraph (a) above,

(together, the "Copper and Cobalt International Mining Business").

We have excluded copper and cobalt in the form of associated ores from the scope of Non-Competition Undertaking as technically and economically they have no mining value of their own. To include them in the Non-Competition Undertaking may cause the Non-Competition Undertaking to become overly restrictive.

Under the Non-Competition Undertaking, CNMC undertook, among other things, that it will not, and will procure that none of its associates (excluding our Group) will, at any time, either on its own behalf or as agent of any person, firm or company, directly or indirectly, be engaged in the Copper and Cobalt International Mining Business or be interested in companies or entities that carry out the Copper and Cobalt International Mining Business during the validity of the Non-Competition Undertaking except that:

(a) CNMC and/or any of its associates (excluding our Group) may continue to hold, transfer and/or dispose of its existing interests in the Copper and Cobalt International Mining Business; or

(b) CNMC and/or any of its associates (excluding our Group) may acquire or hold any investment in units or shares of any company, investment trust, joint venture or other entity which engages in the Copper and Cobalt International Mining Business where such investment does not exceed 10% of the outstanding voting rights of such company, investment trust, joint venture or other entity and provided such investment does not grant any right to control the composition of the board of directors or managers of such company, investment trust, joint venture or other entity or any right to be involved, directly or indirectly, in managing the operations of such company, investment trust, joint venture or other entity.

Pursuant to the Non-Competition Undertaking, CNMC will also procure that after the Listing, the Retained Group will not conduct any sales of blister copper and copper cathode outside the PRC, and that the Retained Group will discontinue its sales of copper products to the Yunnan Copper Group.

Under the Deed of Non-Competition Undertaking, CNMC has also granted us a right of first refusal (the "Right of First Refusal") in relation to any opportunity relating to the Copper and Cobalt International Mining Business (the "New Opportunity") that the Retained Group identifies or that is offered to them by a third party. Under the terms of the Right of First Refusal, the Retained Group will notify us of any New Opportunity before the signing of any definitive agreement in relation to the New Opportunity. We will have the right to request the Retained Group to allow us to participate in the New Opportunity within two months from the receipt of the notification or five working days before tender deadline or such other date specified by the party offering the New Opportunity, whichever is earlier. We are deemed to have given up the Right of First Refusal in respect of a particular New Opportunity if we fail to inform the Retained Group of our decision to pursue the New Opportunity within the applicable timeline, and the Retained Group will be entitled to pursue the particular New Opportunity thereafter. In deciding whether to pursue a particular New Opportunity, we will promptly seek approval from our independent non-executive Directors. The investment structure and other material terms relating to our participation in a particular New Opportunity will also be subject to the review and examination of these independent non-executive Directors. We will disclose in our annual report any decision by the independent non-executive Directors to decline a New Opportunity and the basis thereof or any lapse of our Right of First

Refusal if we fail to inform the Retained Group of our decision to pursue the New Opportunity within two months from the receipt of the notification or five working days before tender deadline or such other date specified by the party offering the New Opportunity, whichever is earlier.

The Non-Competition Undertaking will take effect from the Listing Date and will terminate upon the earlier of:

- the date when CNMC and/or its associates (excluding our Group) taken together cease to control 30% or more of our Shares or when CNMC and/or its associates (excluding our Group) taken together cease to be regarded as our Controlling Shareholder;
- the date when CNMC and/or its associates (excluding our Group) taken together cease to be our largest single shareholder; or
- the date when our Shares cease to be listed on any stock exchange.

DEED OF INDEMNITY

For the purpose of the Listing, on May 14, 2012, CNMC (the "Indemnifier") entered into the Deed of Indemnity with our Company (for itself and as trustee for our subsidiaries) to provide the following indemnities in favor of our Group, effective from the Listing Date.

Under the Deed of Indemnity, the Indemnifier agrees and undertakes with our Company that it will indemnify our Group against any losses arising from any claims, fines, penalties or other civil or administrative liabilities which may be imposed or levied on our Group by any government authorities in any jurisdictions where our Group operates, including the PRC and Zambia, in respect of any failure to comply with the applicable law and regulations of the relevant jurisdictions, including but not limited to those relating to the operations of our Group or ownership and/or control of land or assets, to the extent that such losses relate to acts on omissions or transactions entered into by our Group prior to the Listing.

The Indemnifier will not be liable in respect of any loss mentioned above: (i) to the extent that specific provision or reserve has been made in our audited consolidated financial information as set out in the Accountants' Report in Appendix I to this prospectus; (ii) to the extent such loss would not have arisen but for any act or omission of, or transactions entered into by, our Company or any member of our Group (other than pursuant to a legally binding commitment created on or before the Listing Date) otherwise than in the course of normal day-to-day operations after the Listing Date; and (iii) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

In addition, the Indemnifier agrees and undertakes with our Company that it will indemnify our Company against any loss or liability or diminution in value of assets suffered by our Company or any member of our Group as a result of or in connection with any tax liability (including estate duty) in any jurisdiction arising: (i) in respect of or in consequence of any act, omission or event which occurred or is deemed to occur on or before the Listing Date; (ii) from any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date; or (iii) as a result of our Company or any member of our Group receiving or being entitled to receive any payment under the Deed of Indemnity, whether alone or in conjunction with other circumstances and whether or not such taxation is chargeable against or attributable to any other person.

The Indemnifier will not be liable in respect of any taxation liability: (i) to the extent that specific provision or reserve has been made for such taxation liability in our audited consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus; (ii) to the extent such taxation liability would not have arisen but for any act or omission, or transactions entered into by, our Company or any member of our Group (other than pursuant to a legally binding commitment created on or before the Listing Date) otherwise than in the course of normal day-to-day operations after the Listing Date; or (iii) to the extent such taxation liability arises or is incurred only as a result of a retrospective change in law or regulations, a retrospective increase in tax rates or a retrospective change in administrative interpretation of law or regulations, coming into force after the Listing Date.

CORPORATE GOVERNANCE

We are committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element on the Board which can effectively exercise independent judgment. We are also committed to the view that our independent non-executive Directors should be of sufficient caliber and number for their views to carry weight. Our independent non-executive Directors, details of whom are set forth in the section headed "Directors and Senior Management" in this prospectus, are free of any business or other relationships which could interfere in any material manner with the exercise of their independent judgment.

In addition to the measures taken to ensure that our Directors avoid potential conflicts of interests and our Board operates independently and in the interest of our Company and its Shareholders generally (as described in the sub-section headed "— Management Independence" above), pursuant to our Articles of Association, matters which involve transactions between our Group, on the one part, and CNMC and/or any of its associates (excluding our Group), on the other part, will be decided by majority vote by our independent non-executive Directors and any other Director who does not hold any management position in CNMC. Such Directors will appoint among themselves a chairman of the meeting who will have a second or casting vote in case of equality of votes at the meeting. Directors with positions in the management committee of CNMC, namely Tao Luo and Xinghu Tao, will not be counted in the quorum and will abstain from voting on such matters. In addition, the overlapping Directors will excuse themselves from our Board meetings when such matters are discussed unless expressly requested to attend by a majority of our independent non-executive Directors.

In addition, the following measures will be adopted by us in respect of the enforceability of the Non-competition Undertaking:

- the independent non-executive Directors will review, on an annual basis, the Retained Group's compliance with the Non-competition Undertaking;
- we will disclose decisions on matters reviewed by the independent non-executive Directors relating to the enforcement of the Non-Competition Undertaking (if any) in our annual report or, where the Board considers it appropriate, by way of an announcement;
- CNMC has undertaken to our Company that it will provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Non-Competition Undertaking; and
- CNMC has undertaken to our Company that it will make an annual confirmation as to compliance with the Non-Competition Undertaking in our annual report.

Further, any transaction that is proposed between us and the Retained Group will be required to comply with the then requirements of the Listing Rules, including, where applicable, the announcement, reporting and independent shareholders' approval requirements.