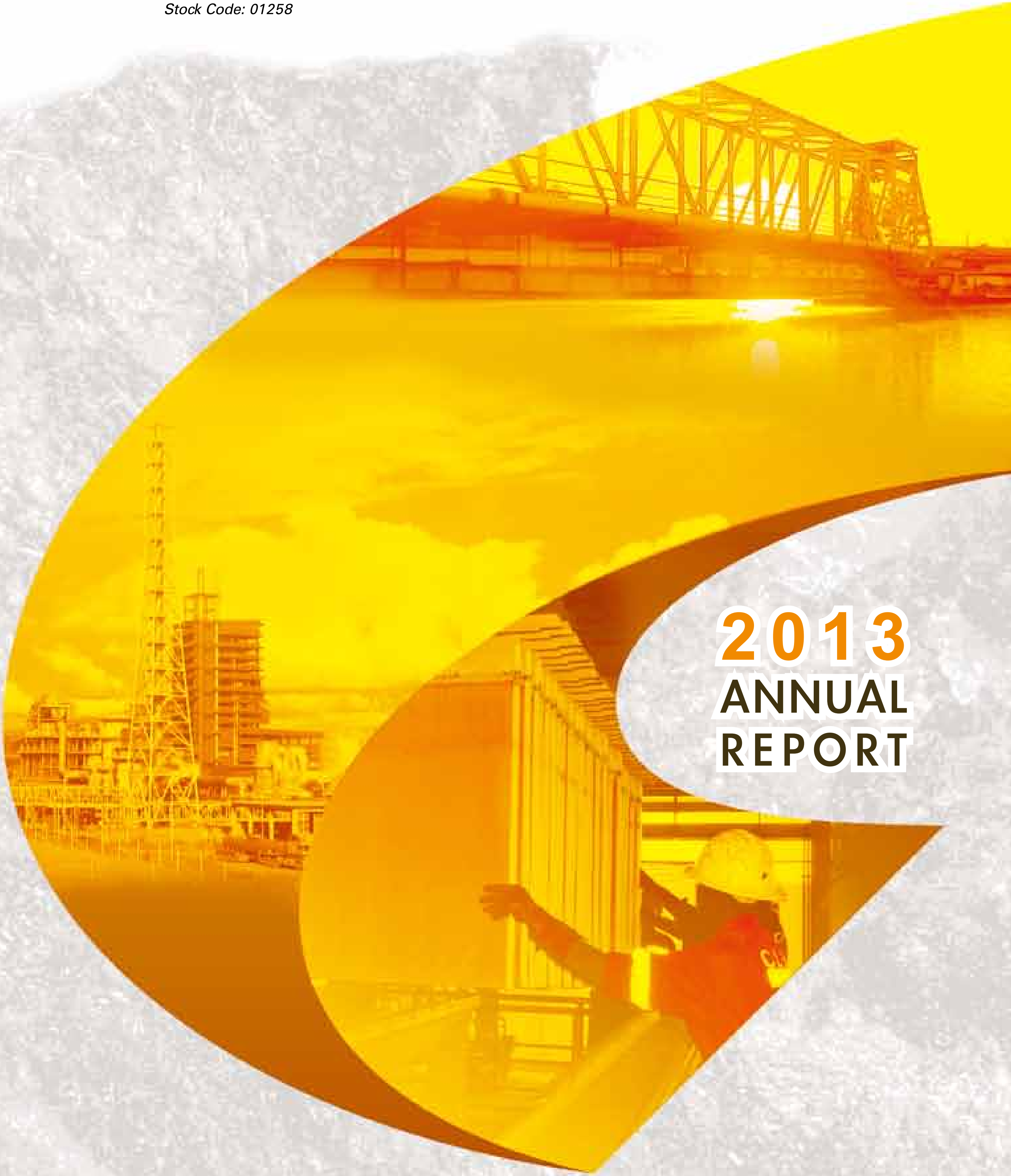
中國有色礦業有限公司
China Nonferrous Mining Corporation Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 01258



2013 ANNUAL REPORT

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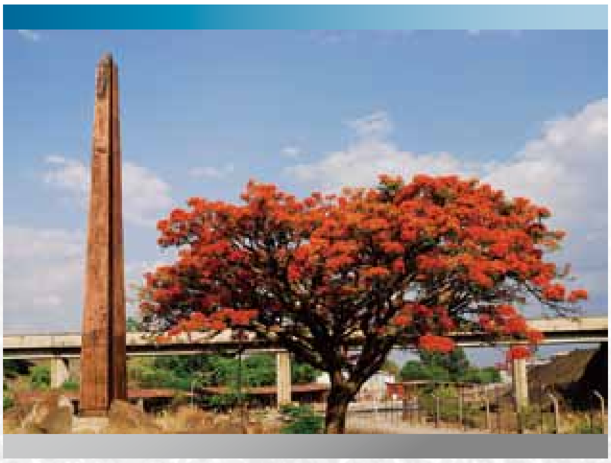


Monument for the discovery of the copper mine at Luanshya

CORPORATE INFORMATION

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

32 Enos Chomba Road
Kitwe, Zambia

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

1258

DIRECTORS

Non-Executive Director

Mr. Tao Luo *(Chairman)*

Executive Directors

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

Independent Non-Executive Directors

Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Shuang Chen

The main mine of Chambishi Copper Mine in daybreak

CORPORATE INFORMATION (CONTINUED)

THE COMMITTEES OF THE BOARD

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Compliance Committee

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

JOINT COMPANY SECRETARIES

Mr. Aibin Hu
Mr. Tin Wai Lee CPA

LEGAL ADVISER

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road
Hong Kong

AUDITOR

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

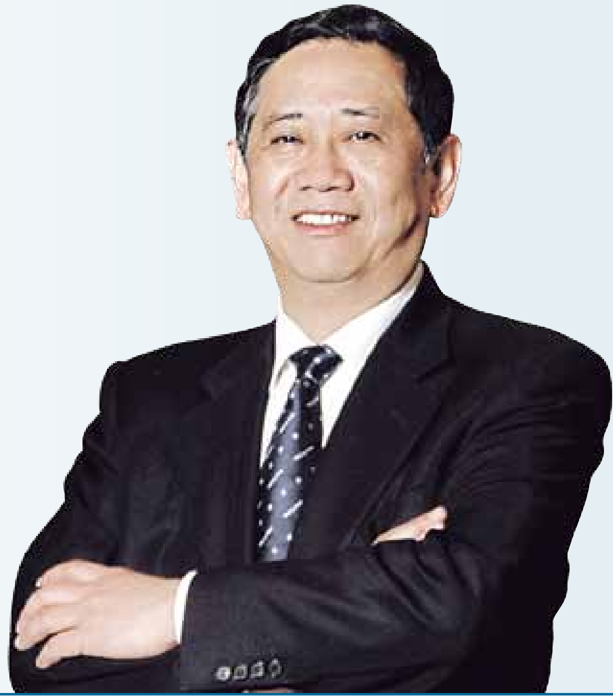
COMPLIANCE ADVISOR

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

HONG KONG SHARE REGISTRAR

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

CHAIRMAN'S STATEMENT



Dear Shareholders,

I would like to extend my heartfelt gratitude to the Shareholders for their care, support and assistance to China Nonferrous Mining Corporation Limited. On 29 June 2012, under the full support of all the Shareholders, China Nonferrous Mining Corporation Limited successfully listed in Hong Kong during the relatively distressed period of the capital market, being the first African concept stock listed in Hong Kong capital market. The choice initially made by the Shareholders was undoubtedly correct and the future development of China Nonferrous Mining Corporation Limited is promising.

CHAIRMAN'S STATEMENT (CONTINUED)

Pursue excellence in difficult situations. 2013 was an important year, during which CNMC, the parent company of China Nonferrous Mining Corporation Limited, overcame difficulties and developed in the headline. During this year, CNMC received care and concern from the Communist Party of China and national leaders, such as Xi Jinping, Li Keqiang, etc. In particular, during General Secretary Xi Jinping's visit to South Africa, I was a member of the Chinese entrepreneur delegation. The General Secretary highly recognised the reform and development of CNMC and encouraged us to put persistent efforts and make more achievements. Under the substantial support from the Communist Party of China and the Country, the total assets, operating revenue and output of nonferrous metals products of CNMC have increased 16, 39 and 30 times as compared with those in the preliminary stage of "11th Five-Year-Plan" respectively. We recorded operating revenue of RMB190.5 billion, which will probably further improve the rank of CNMC in "Fortune Global 500". During the year, the global economy grew slowly, and the base metal market continued to decline. Under the strong support of our Shareholders, four companies invested by China Nonferrous Mining Corporation Limited in Zambia pursued excellence with all efforts. Accordingly, they achieved steady development in production and operation and extended their influence in the capital market, becoming an important support for the development of CNMC in 2013, as well as a model of building corporate brand of CNMC.

Hand in hand to make further achievements. On 24 January 2014, Premier Li Keqiang made significant instructions on CNMC, the parent company of China Nonferrous Mining Corporation Limited, and encouraged CNMC to make new contributions to the quality improvement and efficiency enhancement of the PRC economy. These were not only an keen expectation on CNMC, but also a guidance on the direction of our reform and development which also provides us with great impetus. Looking ahead, the management team of China Nonferrous Mining Corporation Limited will always remember the responsibilities and missions it undertakes. With the care and support from CNMC, the parent company, all the Shareholders and all sectors of the society, the Company will take the full advantages of the Hong Kong market as a capital operation platform. It will further expedite construction of back-up projects such as the Chambishi Southeast Mine, the Mwambashi Mine, slag copper recovery project, etc., meet the production targets of phase II of the expansion project of Muliashi and Chambishi and Mabende leaching project and so forth, further optimise industrial structure to enhance the operation capacity of the Company and steadily enhance the quality and efficiency of our operations through continuous improvement of technology and management level, so as to reward our shareholders and the society with excellent results. Therefore, China Nonferrous Mining Corporation Limited will become a listed company operating in compliance and with excellent management and good image, which can offer great performance and profitable return.

Tao LUO
Chairman
China Nonferrous Mining Corporation Limited

21 March 2014

RESULTS HIGHLIGHTS

A CONTINUOUSLY STEADY GROWTH IN OPERATING RESULTS

In 2013, the growth of the operating revenue of the Group remained stable and the Group recorded revenue of US$1,744.0 million, representing a growth of 13.8% year on year.

In 2013, the Group recorded profit attributable to owners of the Company of US$67.3 million, down 31.7% year on year.

In 2013, net cash flows generated from the operating activities of the Group amounted to US$136.1 million, down 22.8% year on year.

RAPID GROWTH IN PRODUCT OUTPUT

In 2013, the Group produced 201,123 tonnes of blister copper, up 14.7% year on year.

In 2013, the Group produced 38,682 tonnes of copper cathode, up 73.3% year on year.

In 2013, the Group produced 523,469 tonnes of sulfuric acid, up 23.6% year on year.

Blister copper products

RESULTS HIGHLIGHTS (CONTINUED)

STEADY PROGRESS IN PROJECT DEVELOPMENT

The tail-in work and certain new modification projects of Phase II of the Expansion Project of CCS are in vigorous progress.

The construction of integrated exploration and construction project of the Chambishi Southeast Mine of NFCA is in full swing.

The construction project of paste backfilling system of Chambishi Mine of NFCA has completed the general construction and commenced equipment commissioning.

The slag copper recovery project of Luanshya is undergoing the foundation construction.

The Mabende project of CNMC-Mabende completed its infrastructure construction and has commenced individual trial running.

The Mwambashi strip mine project of SML is in the construction and expected to complete construction and commence operation in the second half of 2014.

The Kakoso tailings development project of SML is pending approval from relevant governmental authorities.

FINANCIAL REVIEW

Results of Operations

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

	For the year ended 31 December							
	2013				2012			
	Sales Volume [1]	**Average Selling Price**	**Revenue**	**% of Total Revenue**	Sales Volume	Average Selling Price	Revenue	% of Total Revenue
	(Tonnes)	***(US$ per tonne)***	***(US$'000)***	***(%)***	*(Tonnes)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper	**199,057**	**7,095**	**1,412,390**	**81.0%**	166,143	7,957	1,321,923	86.3%
Copper cathode	**38,891**	**6,886**	**267,790**	**15.3%**	20,337	7,233	147,102	9.6%
Sulfuric acid	**400,827**	**159**	**63,843**	**3.7%**	359,678	176	63,290	4.1%
Total			**1,744,023**	**100.0%**			1,532,315	100.0%

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

RESULTS HIGHLIGHTS (CONTINUED)

Revenue

The revenue of the Group increased by 13.8% from US$1,532.3 million in 2012 to US$1,744.0 million in 2013. The Company's business was impacted to some extent by the continuous decrease in international copper prices since 2013. However, due to the noticeable growth in the sales volume of blister copper and sulfuric acid of CCS, together with the increase in production and sales volume of copper cathode as a result of the commencement of production of the DRC Huachin Leach Project as well as the agitation leaching system and heap leaching system of Muliashi Project, the Company was still able to maintain an impressive growth in revenue in 2013. In 2013, the Group's revenue from blister copper, copper cathode and sulfuric acid accounted for 81.0%, 15.3% and 3.7%, respectively, of the total revenue.

The revenue from blister copper increased by 6.8% from US$1,321.9 million in 2012 to US$1,412.3 million in 2013. Due to the decline in international copper prices, the average selling price of blister copper decreased by 10.8% from US$7,957 per tonne in 2012 to US$7,095 per tonne in 2013. Notwithstanding this, the Group managed to increase the production volume of blister copper through internal management and technological renovation in 2013, ensuring the increase of revenue from blister copper. In addition, the expansion projects of CCS commenced operation one after another, which also led to the increase in the production volume of blister copper of CCS in 2013 as compared with 2012. The sales volume of blister copper of CCS in 2013 amounted to 199,057 tonnes, representing an increase of 19.8% from 2012.

The revenue from copper cathode increased significantly by 81.9% from US$147.1 million in 2012 to US$267.7 million in 2013. The sales volume of copper cathode increased by 91.2% from 20,337 tonnes in 2012 to 38,891 tonnes in 2013, which was attributable to the significant increase in production volume of copper cathode as the DRC Huachin Leach Project met its production target and the agitation leaching system and heap leaching system of Muliashi Project commenced production, partially offset by the decrease in production volume of SML due to the lack of high-grade ores and the suspension of the electrolytic cells for maintenance. Although the average selling price of copper cathode, due to the decline in international copper prices, decreased by 4.8% from US$7,233 per tonne in 2012 to US$6,886 per tonne in 2013, the revenue from copper cathode still increased significantly due to the significant increase in the production volume of copper cathode. In addition, the heap construction in heap leaching system of Muliashi Project continued, further bolstering the growth potential of the Group's production capacity of copper cathode in the future.

The revenue from sulfuric acid increased by 1.0% from US$63.3 million in 2012 to US$63.8 million in 2013, primarily attributable to:

(1) the increase in the production volume of blister copper in 2013 as compared with that in 2012, which in turn increased the production volume and the sales volume of sulfuric acid, a by-product generated during the production of blister copper, by 11.4% from 359,678 tonnes in 2012 to 400,827 tonnes in 2013; and

(2) a decrease in average selling price of sulfuric acid of the Group from US$176 per tonne in 2012 to US$159 per tonne in 2013, which is in line with the decrease in local market price of sulfuric acid.

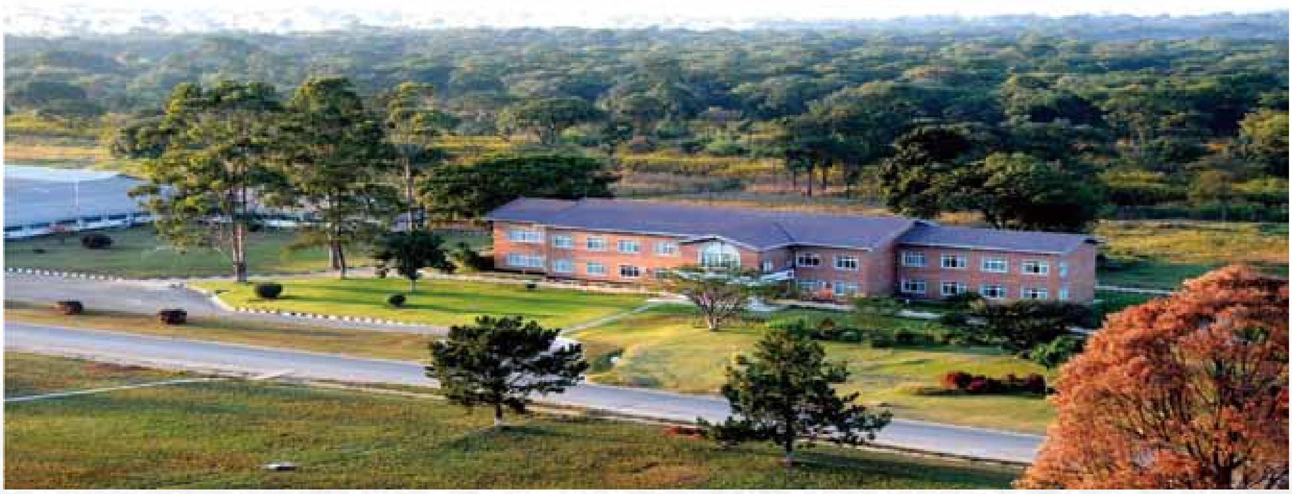
RESULTS HIGHLIGHTS (CONTINUED)

Cost of sales

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

	For the year ended 31 December							
	2013				2012			
	Cost of Sales *(US$'000)*	**Unit Cost of Sales** *(US$ per tonne)*	**Gross Profit** *(US$'000)*	**Gross Profit Margin** *(%)*	Cost of Sales *(US$'000)*	Unit Cost of Sales *(US$ per tonne)*	Gross Profit *(US$'000)*	Gross Profit Margin *(%)*
Blister copper	**1,270,403**	**6,382**	**141,987**	**10.1%**	1,144,335	6,888	177,588	13.4%
Copper cathode	**189,601**	**4,875**	**78,189**	**29.2%**	94,501	4,647	52,601	35.8%
Sulfuric acid	**9,762**	**24**	**54,081**	**84.7%**	10,529	29	52,761	83.4%
Total	**1,469,766**		**274,257**	**15.7%**	1,249,365		282,950	18.5%

The cost of sales increased by 17.6% from US$1,249.4 million in 2012 to US$1,469.8 million in 2013, primarily due to the increased total costs as a result of the growth in sales volume of blister copper, partially offset by the decrease in international copper prices.



Central office building of NFCA in the green bush

The cost of sales of blister copper increased by 11.0% from US$1,144.3 million in 2012 to US$1,270.4 million in 2013, primarily due to the increase in the sales volume, partially offset by a decrease of 7.3% in unit cost of sales of blister copper from US$6,888 per tonne in 2012 to US$6,382 per tonne in 2013 as a result of the lower price of copper concentrate purchased from external suppliers attributable to the decrease in international copper prices.

The cost of sales of copper cathode increased by 100% from US$94.5 million in 2012 to US$189.6 million in 2013, primarily due to an increase of 91.2% in the sales volume of copper cathode, coupled with an increase in the unit cost of sales of copper cathode from US$4,647 per tonne in 2012 to US$4,875 per tonne in 2013 as a result of a higher proportion of materials purchased from external supplier for the agitation leaching system of Muliashi Project which was newly put into production.

The cost of sales of sulfuric acid decreased by 6.6% from US$10.5 million in 2012 to US$9.8 million in 2013.

Gross profit and gross profit margin

The Group recorded a gross profit of US$274.3 million in 2013, representing a decrease of 3.1% from US$282.9 million in 2012. The gross profit margin decreased by 2.8 percentage points from 18.5% in 2012 to 15.7% in 2013. The decrease in gross profit were mainly attributable to the increase in sales volumes of the Group's products, partially offset by the drop in international copper prices and increased volume of copper purchased from external suppliers.

The gross profit margin of blister copper decreased by 3.3 percentage points from 13.4% in 2012 to 10.1% in 2013, primarily attributable to the decline in international copper prices which led to decreased average selling price of the copper sales of the Group's own mines.

The gross profit margin of copper cathode decreased by 18.4% from 35.8% in 2012 to 29.2% in 2013, primarily due to the decline in international copper prices, coupled with the fact that the agitation leaching system of the Company's Muliashi Project was at the initial stage since it commenced production which lowered the overall gross profit margin of the Company's copper cathode. However, the Company expects an improved gross profit in the future margin of copper cathode as the Muliashi Project gradually achieve its designed capacity.

The gross profit margin of sulfuric acid increased by 1.5% from 83.4% in 2012 to 84.7% in 2013, similiar to last year.

RESULTS HIGHLIGHTS (CONTINUED)

Distribution and selling expenses

The distribution and selling expenses of the Group increased by 21.7% from US$34.9 million in 2012 to US$42.5 million in 2013, primarily due to an increase in transportation and freight expenses as well as insurance expenses as a result of the increase in sales of blister copper in 2013 as compared with that in 2012.

Administrative expenses

The administrative expenses increased by 10.7% from US$46.6 million in 2012 to US$51.6 million in 2013, primarily due to the increases in, among others, salary expenses and travel expenses as a result of the expansion of operations.

Finance costs

The finance costs of the Group increased by 78.5% from US$6.0 million in 2012 to US$10.6 million in 2013, primarily due to the decrease in interest expenses being capitalised during the reporting period of 2013 as compared with that of 2012.

Loss/gains from change in fair value of derivatives

The loss from change in fair value of derivatives was US$0.3 million in 2013 while 2012 recorded gains from change in fair value of derivatives of US$0.9 million. The Group entered into copper futures contracts to hedge its net exposure to the copper price fluctuations due to the timing difference between the time it expects to procure copper concentrate from external suppliers and the time it expects to sell blister copper to external customers. In 2013, the Group entered into less future contracts in light of market conditions and the copper price fluctuations were less volatile during the term of such future contracts, which led to a smaller loss from change in fair value of derivatives.

Other expenses

Other expenses of the Group decreased by 67.8% from US$10.1 million in 2012 to US$3.3 million in 2013, primarily due to a decrease in exchanges loss from US$3.0 million in 2012 to US$0.5 million, and no expenses related to the listing for the reporting period in 2013.

Income tax expense

The income tax expense of the Group increased by 97.6% from US$24.7 million in 2012 to US$48.8 million in 2013. Effective tax rate increased from 12.8% in 2012 to 27.7% in 2013, primarily due to the fact that the leach company had to pay tax since the year and the distributable profits of CCS at the end of year are subject to income tax of 12.5% in Ireland.

RESULTS HIGHLIGHTS (CONTINUED)

Profit and net profit margin attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company decreased by 31.7% from US$98.5 million in 2012 to US$67.3 million in 2013. The profit margins attributable to owners of the Company (being the profit attributable to the owners of the Company as a percentage of revenue) were 6.4% in 2012 and 3.9% in 2013, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

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

	For the year ended 31 December	
	2013	2012
	(US$'000)	*(US$'000)*
Net cash from operating activities	**136,156**	176,348
Net cash used in investing activities	**(258,803)**	(187,760)
Net cash from financing activities	**277,532**	58,648
Net increase/(decrease) in cash and cash equivalents	**154,885**	47,236
Cash and cash equivalents at beginning of the year	**264,723**	217,303
Effect of foreign exchange rate changes	**(4,473)**	184
Cash and cash equivalents at end of the year	**415,135**	264,723

Net cash flows from operating activities

Cash inflows from operating activities are primarily attributable to the sales revenue of copper products and cash outflows are primarily attributable to various operating expenses. Net cash flows generated from the operating activities of the Group decreased by 22.8% from US$176.3 million in 2012 to US$136.1 million in 2013, primarily attributable to a decrease of 8.6% in the total profit before tax of the Company from US$192.8 million in 2012 to US$176.2 million in 2013, as well as the increase in inventories and account receivables in 2013.

RESULTS HIGHLIGHTS (CONTINUED)

Net cash flows used in investing activities

Cash outflows from investing activities are mainly for the purchase of properties, plants and equipment for copper production. The net cash flows used in investing activities of the Group increased by 37.8% from US$187.8 million in 2012 to US$258.8 million in 2013, primarily due to the relatively large-scale investment in the exploration and construction project of the Southeast Mine, Chambishi at NFCA in 2013. In addition, after the completion of investments in the Huachin Leach Project, the Muliashi Project, the Baluba Center Mine and others, investments in the reporting period declined comparatively. However, given that the new SML's Mabende project, slag copper recovery project and Mwambashi project are still under construction, the cash investments in fixed assets are expected to remain at a high level. The Group plans to continuously increase the investments in fixed assets, thus underpinning the long-term growth in the results of the Group.

Net cash flows from financing activities

The net cash flows generated from financing activities of the Group in 2013 were US$277.5 million. The cash inflows from financing activities primarily consist of new bank and other borrowings as well as proceeds from capital increase. The cash outflows from financing activities primarily consist of repayments for bank and other borrowings, dividend payments and interest payments.

Bank balances and cash

The Group's bank balances and cash (including cash, time deposits and demand deposits) increased by US$150.4 million from US$264.7 million as at 31 December 2012 to US$415.1 million as at 31 December 2013.

Trade receivables

The trade receivables of the Group increased by US$23.0 million from US$120.3 million as at 31 December 2012 to US$143.3 million as at 31 December 2013, which is in line with the expansion of the Group's operations.

Inventory

The inventories held by the Group increased by US$39.7 million from US$330.4 million as at 31 December 2012 to US$370.1 million as at 31 December 2013, primarily due to the inventories of raw materials and spare parts of the Group as at 31 December 2013 increased by US$34.8 million as compared with that of 31 December 2012 to meet the production plan and changes in the market.

RESULTS HIGHLIGHTS (CONTINUED)

Trade payables

In line with the expansion of the Group's operations, trade payables of the Group increased by US$47.3 million from US$192.1 million as at 31 December 2012 to US$239.4 million as at 31 December 2013.

Capital expenditure

	For the year ended 31 December	
	2013	2012
	(US$'000)	*(US$'000)*
Mining and ore processing facilities at Southeast Mine of NFCA	**60,446**	24,484
Other mining and ore processing facilities of NFCA	**18,761**	15,542
Mining and ore processing facilities at Luanshya (Baluba Center Mine)	**19,228**	15,874
Mining and leaching facilities at Luanshya (Muliashi Project)	**42,989**	63,313
Smelting facilities at CCS	**36,787**	70,750
Leaching facilities at SML	**16,538**	1,593
Leaching facilities at Huachin Metals Leach SPRL	**5,624**	8,494
Leaching facilities at CNMC Mabende	**67,793**	1,904
Total	**268,166**	201,954

The total capital expenditure of the Group increased by US$66 million from US$202 million in 2012 to US$268 million in 2013. During the reporting period, the capital expenditure of the Group was primarily used in the Muliashi Project, Mabende Project and the expansion project of Southeast Mine.

MARKET RISK DISCLOSURE

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

Commodity price risk

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

RESULTS HIGHLIGHTS (CONTINUED)

Foreign currency exchange risk

The Group operates business in Zambia and the DRC and most of its sales and purchases in the past were denominated in US dollar, its functional currency, while certain sales and purchases were settled in currencies other than its functional currency (mainly Zambia Kwacha, or ZMK, and Reminbi, or RMB), which exposed the Group to foreign currency risk. In addition, according to the policies of Zambian government, all sales and purchases in Zambia are required to be quoted and paid in ZMK, which affects the Group's business operation. During the reporting period, the Group did not engage in any foreign currency hedging activities. The Group minimized the effect of such risk primarily through fixing the transactions price at the same timing.

Interest rate risk

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

Panorama of the ore processing plant of Chambishi Copper Mine

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2013, despite the adverse impact from decreased copper price and market fluctuations, the Group maintained a strong growth momentum in business development.

During the reporting period, the Group saw a further increase in its production and sales volume and achieved revenue of US$1,744.0 million, representing an increase of 13.8% over the same period in the previous year. As the copper price decreased compared with the same period in the previous year and partial newly established capacity has not been fully utilized, the profit attributable to owners of the Company amounted to US$67.3 million, representing a decrease of 31.7% over the same period in the previous year.

Meanwhile, the heap leaching system of Muliashi Project of Luanshya commenced production during the reporting period while systems such as oxygen generator and converter of phase II of the expansion project of CCS were put into use in succession, improving the Group's competitiveness with significantly enhanced production capacities. Other construction projects of the Group, including the integrated exploration and construction project of the Chambishi Southeast Mine of NFCA, the Mabende Leaching Plant of CNMC-Mabende, and SML's Mwambashi Strip Mine were also progressing smoothly, underpinning the Group's business growth in the future.

ISA furnace of CCS

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW

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

The businesses of the Group are carried out mainly through the following subsidiaries: NFCA, Luanshya, CCS and SML in Zambia as well as the three joint venture subsidiaries of SML, namely Kakoso Company located in Zambia, and Huachin and CNMC-Mabende located in the DRC.

In 2013, blister copper and copper cathode produced by the Group amounted to 201,123 tonnes and 38,682 tonnes respectively, representing increases of 14.7% and 73.3% respectively, over the same period in the previous year; and the sulfuric acid generated increased by 23.6% over the same period in the previous year to 523,469 tonnes. These production growths have spurred a growth of 13.8% in revenue of the Group from US$1,532.3 million in 2012 to US$1,744.0 million in 2013.

RESOURCES AND RESERVES

Assumptions adopted for the annual update of resources and/or reserves

The same assumptions as those applied in the 2012 prospectus in accordance with the JORC Code were adopted for the annual update of resources and/or reserves in this report. Relevant updates were made according to our new exploration and based on the historical data used by technical consultants. As confirmed by internal experts, resources and/or reserves had no material changes and the main changes were attributable to adjustment made upon production wastage and intensified exploration.

Spray leaching operations in the No.1 stockpile of heap leaching system of Muliashi Project

Leach solution from spray leaching of Muliashi Project

RESOURCES AND RESERVES *(CONTINUED)*

As at 31 December 2013, the Group's ore reserves and mineral resources reported in accordance with the JORC Code were as follows:

(1) Resources

Chambishi Main Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
JORC category	**Ore** ***(Mt)***	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**11.74**	**2.31%**	**—**	**—**	13.57	2.28%	—	—
Indicated	**5.58**	**2.43%**	**—**	**—**	4.77	2.15%	—	—
Inferred	**8.27**	**2.36%**	**—**	**—**	6.06	2.25%	—	—

Notes:

1. Geological ore of 1,143,000 tonnes was consumed in mining activities in 2013.

2. In 2013, 12 exploratory drilling holes were completed with a drilling footage of 4,192.31m at the deep section of the main ore body for development purpose while 36 pit drilling holes completed in the year with drilling footage of 3,337.94m for productive exploration purpose.

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Chambishi West Mine

JORC category	**Ore (Mt)**	**31 December 2013 Average grade Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	31 December 2012 Average grade Total copper	Oxide copper	Cobalt
Oxide ore								
Measured	**3.56**	**2.07%**	**1.11%**	**—**	3.59	2.03%	1.06%	—
Indicated	**1.36**	**2.22%**	**1.08%**	**—**	1.35	1.86%	0.99%	—
Inferred	**0.001**	**1.77%**	**0.64%**	**—**	0.24	2.21%	1.33%	—
Sulfide Ore								
Measured	**13.70**	**2.1%**	**—**	**—**	10.69	2.01%	—	—
Indicated	**10.63**	**2.08%**	**—**	**—**	7.91	2.13%	—	—
Inferred	**8.24**	**2.18%**	**—**	**—**	14.32	2.20%	—	—

Notes:

1. Geological ore of 979,000 tonnes at a grade of 2.25% was consumed in mining activities in 2013.

2. In 2013, 14 surface drilling holes were completed with a drilling footage of 8,803.29m in Chambishi West Mine for development purpose while 17 pit drilling holes completed in the year with drilling footage of 1,693.96m for productive exploration purpose.

3. Certain resources of the Chambishi West Mine were re-classified into the Chambishi Main Mine.

Chambishi Southeast Mine

JORC category	**Ore (Mt)**	**31 December 2013 Average grade Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	31 December 2012 Average grade Total copper	Oxide copper	Cobalt
Measured	**2.22**	**1.96%**	**—**	**0.11%**	—	—	—	—
Indicated	**28.00**	**1.88%**	**—**	**0.11%**	47.41	2.19%	—	0.10%
Inferred	**119.86**	**1.84%**	**—**	**0.10%**	102.37	1.87%	—	0.11%

Note: 3 investigative drilling holes with drilling footage of 1,617.09m were completed for development purpose in 2013.

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Mwambashi Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
JORC category	**Ore (Mt)**	**Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	**2.50**	**2.15%**	**1.09%**	**2.50**	0.82	2.22%	0.91%	—
Indicated	**4.88**	**1.96%**	**0.68%**	**4.88**	8.38	2.00%	0.75%	—
Inferred	**3.31**	**2.06%**	**0.48%**	**3.31**	1.77	2.10%	0.26%	—

Note: The Mwambashi Mine has two types of resources, namely high-grade and low-grade resources. Only high-grade resources are disclosed herein.

Kakoso Tailings

	31 December 2013				31 December 2012			
		Average grade				Average grade		
JORC category	**Ore (Mt)**	**Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	**—**	**—**	**—**	**—**	—	—	—	—
Indicated	**—**	**—**	**—**	**—**	—	—	—	—
Inferred	**9.08**	**0.60%**	**0.47%**	**—**	9.08	0.60%	0.47%	—

RESOURCES AND RESERVES *(CONTINUED)*

(1) *Resources (Continued)*

Chambishi Tailings and Ore Piles

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**—**	**—**	**—**	**—**	—	—	—	—
Indicated	**—**	**—**	**—**	**—**	—	—	—	—
Inferred	**0.82**	**0.36%**	**0.25%**	**0.00%**	1.27	1.33%	1.08%	0.02%

Note: Approximately 450,000 tonnes of pile ores were processed in 2013.

Baluba Center Mine Sulfide

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**6.94**	**2.34%**	**0.08%**	**0.16%**	7.36	2.18%	0.08%	0.15%
Indicated	**6.29**	**2.19%**	**0.08%**	**0.15%**	6.57	2.09%	0.10%	0.15%
Inferred	**4.28**	**1.52%**	**0.07%**	**0.08%**	4.28	1.52%	0.12%	0.08%

Note: Baluba Center Mine Sulfide consumed geological ore of approximately 1,180,000 tonnes with TCu grade of 2.05% in 2013.

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Muliashi North Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**32.08**	**1.09%**	**0.49%**	**0.02%**	37.89	1.07%	0.47%	0.02%
Indicated	**20.16**	**1.03%**	**0.42%**	**0.02%**	21.44	1.03%	0.42%	0.02%
Inferred	**21.29**	**1.00%**	**0.34%**	**0.02%**	21.29	1.00%	0.34%	0.02%

Note: Muliashi North Mine consumed geological ore of approximately 5,080,000 tonnes with TCu grade of 1.05% in 2013.

Muliashi South Oxidize

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**—**	**—**	**—**	**—**	—	—	—	—
Indicated	**—**	**—**	**—**	**—**	—	—	—	—
Inferred	**4.40**	**1.73%**	**0.34%**	**0.02%**	4.40	1.73%	—	—

Note: No exploration or mining activities were carried out in 2013.

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Mashiba Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**3.17**	**1.89%**	**0.24%**	**0.02%**	3.17	1.89%	0.24%	0.02%
Indicated	**5.67**	**1.96%**	**0.22%**	**0.03%**	5.67	1.96%	0.22%	0.03%
Inferred	**4.97**	**1.67%**	**0.43%**	**0.04%**	4.97	1.67%	0.43%	0.04%

Note: No exploration or mining activities were carried out in 2013.

Baluba East Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**6.40**	**1.90%**	**1.00%**	**—**	6.40	1.90%	1.00%	—
Indicated	**27.64**	**0.77%**	**0.31%**	**—**	27.64	0.77%	0.31%	—
Inferred	**3.27**	**1.03%**	**0.37%**	**—**	3.27	1.03%	0.37%	—

Note: No exploration or mining activities were carried out in 2013.

RESOURCES AND RESERVES *(CONTINUED)*

(2) *Reserves*

Chambishi Main Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Proved	**4.65**	**1.56%**	**—**	**—**	4.06	1.68%	—	—
Probable	**1.87**	**1.51%**	**—**	**—**	4.19	1.68%	—	—

Note: The Chambishi Main Mine produced ore of 1,143,000 tonnes in 2013.

Chambishi West Mine

	31 December 2013				31 December 2012			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Oxidize								
Proved	**0.77**	**2.01%**	**1.14%**	**—**	0.31	1.90%	0.93%	—
Probable	**2.35**	**1.90%**	**0.96%**	**—**	2.76	1.74%	0.87%	—
Sulfide								
Proved	**5.96**	**1.87%**	**—**	**—**	4.94	1.78%	—	—
Probable	**14.75**	**1.95%**	**—**	**—**	15.40	1.81%	—	—

Note: The Chambishi West Mine produced ore of 979,000 tonnes in 2013.

RESOURCES AND RESERVES *(CONTINUED)*

(2) Reserves (Continued)

Chambishi Southeast Mine

JORC category	31 December 2013 Ore (Mt)	31 December 2013 Average grade Total copper	31 December 2013 Average grade Oxide copper	31 December 2013 Cobalt	31 December 2012 Ore (Mt)	31 December 2012 Average grade Total copper	31 December 2012 Average grade Oxide copper	31 December 2012 Cobalt
Proved	—	—	—	—	—	—	—	—
Probable	38.68	1.76%	—	0.08%	38.06	2.01%	—	0.10%

Baluba Center Mine

JORC category	31 December 2013 Ore (Mt)	31 December 2013 Average grade Total copper	31 December 2013 Average grade Oxide copper	31 December 2013 Cobalt	31 December 2012 Ore (Mt)	31 December 2012 Average grade Total copper	31 December 2012 Average grade Oxide copper	31 December 2012 Cobalt
Proved	3.49	1.55%	0.06%	0.11%	5.15	1.57%	0.06%	0.11%
Probable	4.94	1.46%	0.07%	0.10%	4.60	1.50%	0.07%	0.11%

Muliashi North Mine

JORC category	31 December 2013 Ore (Mt)	31 December 2013 Average grade Total copper	31 December 2013 Average grade Oxide copper	31 December 2013 Cobalt	31 December 2012 Ore (Mt)	31 December 2012 Average grade Total copper	31 December 2012 Average grade Oxide copper	31 December 2012 Cobalt
Proved	13.39	1.01%	0.45%	0.02%	36.75	1.04%	0.46%	0.02%
Probable	28.11	1.09%	0.49%	0.02%	20.80	1.00%	0.41%	0.02%

RESOURCES AND RESERVES *(CONTINUED)*

(2) Reserves (Continued)

Baluba East Mine

JORC category	31 December 2013 Ore (Mt)	31 December 2013 Average grade Total copper	31 December 2013 Average grade Oxide copper	31 December 2013 Cobalt	31 December 2012 Ore (Mt)	31 December 2012 Average grade Total copper	31 December 2012 Average grade Oxide copper	31 December 2012 Cobalt
Proved	**6.38**	**1.81%**	**0.95%**	**0.02%**	6.38	1.81%	0.95%	0.02%
Probable	**27.57**	**0.73%**	**0.30%**	**0.03%**	27.57	0.73%	0.30%	0.03%

Note: No exploration or mining activities were carried out in 2013.

Mashiba Mine

JORC category	31 December 2013 Ore (Mt)	31 December 2013 Average grade Total copper	31 December 2013 Average grade Oxide copper	31 December 2013 Cobalt	31 December 2012 Ore (Mt)	31 December 2012 Average grade Total copper	31 December 2012 Average grade Oxide copper	31 December 2012 Cobalt
Proved	**2.66**	**1.35%**	**0.17%**	**—**	2.66	1.35%	0.17%	—
Probable	**4.76**	**1.40%**	**0.16%**	**—**	4.76	1.40%	0.16%	—

Note: No exploration or mining activities were carried out in 2013.

Mashiba B Mine

JORC category	31 December 2013 Ore (Mt)	31 December 2013 Average grade Total copper	31 December 2013 Average grade Oxide copper	31 December 2013 Cobalt	31 December 2012 Ore (Mt)	31 December 2012 Average grade Total copper	31 December 2012 Average grade Oxide copper	31 December 2012 Cobalt
Proved	**7.38**	**2.02%**	**0.82%**	**—**	9.2	2.02%	0.76%	—
Probable	**3.31**	**2.06%**	**0.48%**	**—**	1.77	2.10%	0.26%	—

Note: No exploration activities were carried out in 2013 as its infrastructures were still in progress.

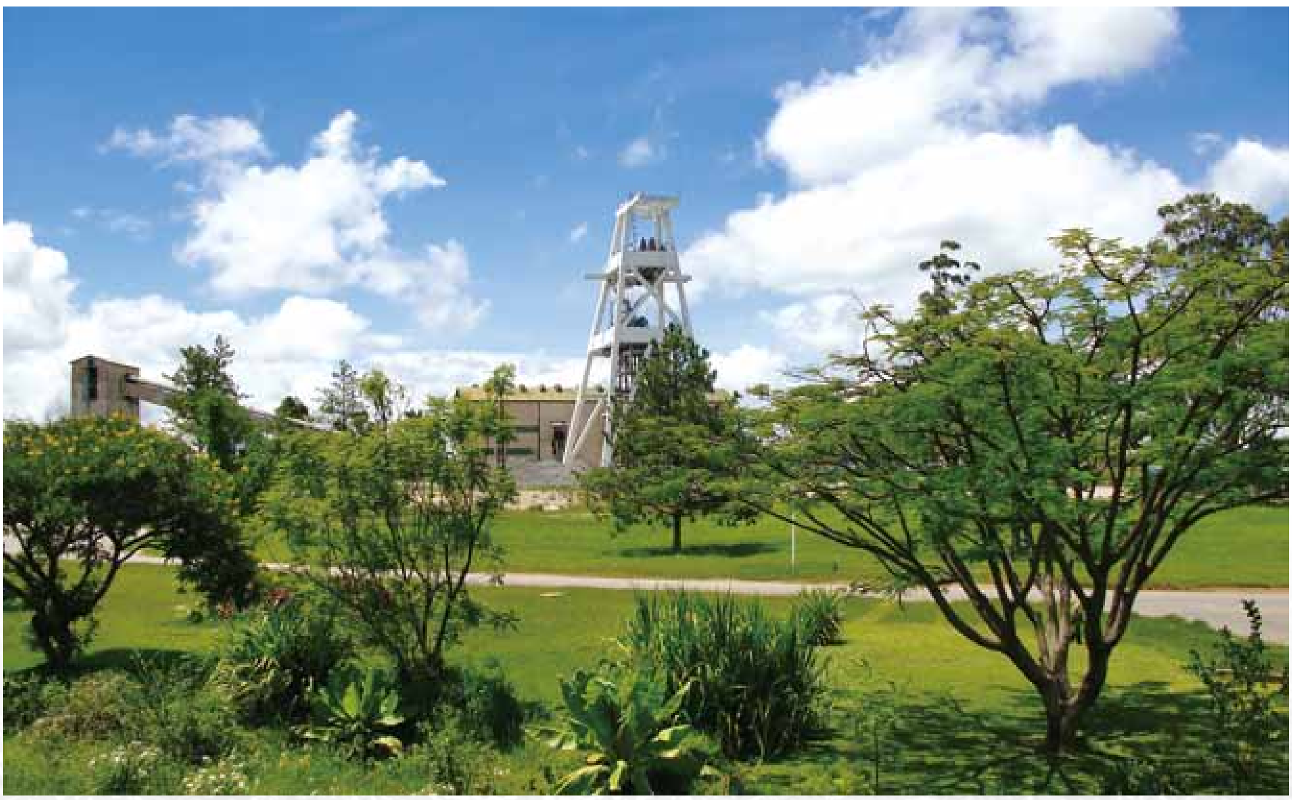
PRODUCTION OVERVIEW

NFCA

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

In 2013, contained copper in concentrate produced by the Chambishi Main Mine and the Chambishi West Mine amounted to 28,069 tonnes, representing an increase of 7.2% over the same period in the previous year. Such increase in production volume was primarily attributable to the increase in the production volume of the Chambishi West Mine since its commencement of production; and the relay ability gradually coming into being in the depth of the Chambishi Main Mine. In 2013, the production volume maintained steady growth at large.

The Chambishi Main Mine and West Mine of NFCA produced ore of 1,143,000 tonnes and 979,000 tonnes, respectively, during the year.



Main shaft of Chambishi Copper Mine

PRODUCTION OVERVIEW *(CONTINUED)*

Luanshya

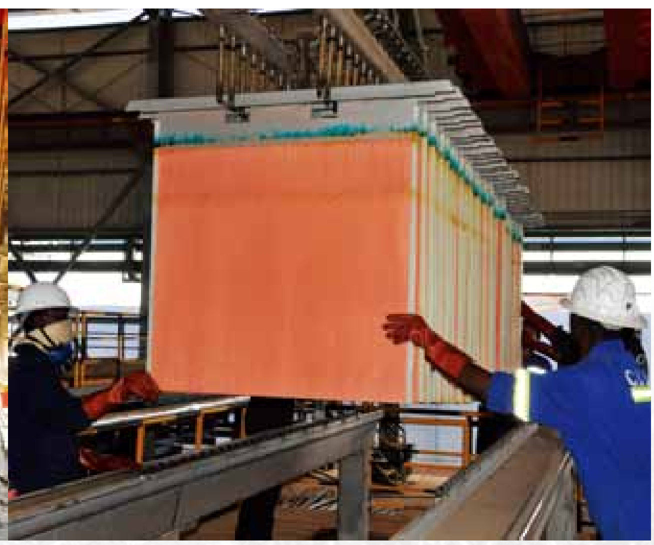
Luanshya operates two copper mines, namely the Baluba Center Mine and the Muliashi North Mine, and also operates Muliashi Leach Plant.

Contained copper in concentrate produced by the Baluba Center Mine in 2013 amounted to 16,184 tonnes, representing a decrease of 7.4% over the same period in the previous year, mainly due to the increasing difficulty in mining as the ore body became thinner. In addition, the crushing machines at 610m underground of Baluba Mine were shut down for overhaul during 21 to 30 June 2013, affecting the operation to certain extent. In order to extend its service life and maintain output, this mine lowered the cut-off grade of ore while residual ore recycle was enhanced. The mining in Muliashi North Mine (surface mine) reached its designed capacity, representing an increase of 61.9% over the same period last year, which safeguarded the supply of raw materials for its ancillary leach plant.

The Muliashi Project involves copper cathode production. Its agitation leaching system has commenced production since 2012 and operated smoothly. It produced 21,551 tonnes of copper cathode in 2013, representing an increase of 107% over the same period in the previous year. The No.1 and No. 2 heaps of its heap leaching system was put into production in 2013 with an output of 2,561 tonnes.

The Baluba Mine and Muliashi North Mine produced ore of 1,180,000 tonnes and 5,080,000 tonnes, respectively, during the year.

Electrode workshop of Muliashi Project



Electrode workshop of Muliashi Project

PRODUCTION OVERVIEW *(CONTINUED)*

CCS

CCS mainly operates the Chambishi Smelting Plant.

In 2013, blister copper and sulfuric acid produced by CCS amounted to 201,123 tonnes and 523,469 tonnes, respectively, representing increases of 14.7% and 23.6%, respectively, over the same period in the previous year. The increase of production volume was mainly because the series III oxygen generation system and convertor of Phase II of the expansion project was put into use in succession during the year while the series II sulfuric acid production and slag flotation system that commenced production in the end of 2012 maintained a smooth operation, which further improved the output of our products and capability of comprehensive recovery, thereby increasing the production volume of sulfuric acid, a by-product generated during the production of blister copper.

Smelting

PRODUCTION OVERVIEW *(CONTINUED)*

SML

SML mainly operates the Chambishi Leach Plant, and the DRC Huachin Leach Project through CNMC Huachin Metals Leach SPRL. The Kakoso Company and CNMC-Mabende were yet to be put into production.

Copper cathode produced by SML in 2013 increased by 22.1% to 14,571 tonnes over the same period of last year while copper cathode produced by the Chambishi Leach Plant decreased by 23.1% to 4,002 tonnes as compared with that in the corresponding period of last year, primarily due to the significant decline in output as the Company suspend the production to overhaul the electrolytic cells in January 2013, self-owned tailing resources ran out and the West Mine of NFCA encountered difficulty in mixed mine supply. Therefore, it maintains its production by means of increasing acquisition of oxidizes as well as recovering and processing tailing ores and pile ores of lower grade in a comprehensive way. This situation will be gradually improved after the operation of Mwambashi Strip Mine in 2014. The copper cathode produced by DRC Huachin Leach Project amounted to 10,569 tonnes, representing an increase of 57.1% over the same period of the previous year. The project commenced its production in February 2012, which achieved an overall annual production capacity of 10,000 tonnes of copper cathode in 2013 and greatly increased the production volume of SML.

Meanwhile, the contained copper in concentrate produced by SML Chambishi Processing Plant in 2013 decreased to 195 tonnes as compared with that in the corresponding period of last year, mainly attributable to the fact that the West Mine of NFCA has stopped the supply of ores due to the nature of ores since June 2013. Currently, the production of such system relies on outsourcing ores.

Settling pond for leaching

PRODUCTION OVERVIEW *(CONTINUED)*

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

	Production volume for 2013 ***(Tonnes)***	Production volume for 2012 *(Tonnes)*	Year-on-year growth/(decrease) *(%)*
Copper concentrate	**44,448**	44,649	(0.4%)
Blister copper	**201,123**	175,280	14.7%
Copper cathode	**38,682**	22,315	73.3%
Sulfuric acid	**523,469**	423,494	23.6%

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

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2013 are set out below:

		NFCA		Luanshya		SML	
Unit: Million US dollars	**Chambishi Main Mine**	**Chambishi West Mine**	**Chambishi Southeast Mine**	**Baluba Center Mine**	**Muliashi North Mine**	**Mwambashi**	**Total**
Exploration activities							
Drilling and analysis	12.75	238.32	41.65	0.61	0.34	0.90	294.57
Others			11.15				11.15
Sub-total	**12.75**	**238.32**	**52.80**	**0.61**	**0.34**	**0.90**	**305.72**
Development activities (including mine construction)							
Purchases of assets and equipment				8.37	11.75	3.78	23.90
Civil work for construction of tunnels and roads		7.00	0.28	10.66	16.18	0.40	34.52
Staff cost				2.04			2.04
Others					14.09	4.87	18.96
Sub-total		**7.00**	**0.28**	**21.07**	**42.02**	**9.05**	**79.42**
Mining activities (excluding ore processing)							
Staff cost				25.54	0.35		25.89
Consumables				23.13	2.57		25.70
Fuel, electricity, water and other services			0.85	18.04	0.04		18.93
On-site and remote system management							
Non-income taxes, royalties and other governmental charges				6.95	8.70		15.65
Others			7.65				7.65
Sub-contracting charges					45.96	1.27	47.23
Depreciation				9.07	5.03	0.18	14.28
Sub-total			**8.50**	**82.73**	**62.65**	**1.45**	**155.33**

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP *(CONTINUED)*

Mining Exploration, Mining Development and Ore Mining Activities

Mining Exploration

During the year, NFCA and Luanshya, subsidiaries of the Company, conducted mining exploration for production and exploration purposes, respectively. SML conducted mining exploration activities. In particular:

In the Chambishi Main Mine of NFCA, 36 pit drilling holes were completed for production purposes with drilling footage of 3,337.9m while 12 surface drilling holes (75mm end hole caliber) was completed for exploration purpose with drilling footage of 4,192.3m. In the Chambishi West Mine, 17 pit drilling holes (75mm end hole caliber) for production purposes were completed with drilling footage of 1,693.9m while 14 surface drilling holes (75mm end hole caliber) were completed for exploration purposes with drilling footage of 8,803.2m. In the Chambishi Southeast Mine, 3 investigative drilling holes (75mm end hole caliber) were completed for surface exploration purposes with drilling footage of 1,617.1m.

Luanshya conducted drilling in Baluba Mine and Muliashi Surface Mine (North Mine) for production and exploration purposes. In particular, 270 drilling holes (48 mm end hole caliber) for production purposes were completed in Baluba Mine with drilling footage of 9,244m. In Muliashi Surface Mine, a total of 33 pit drilling holes (75mm end hole caliber) for production and exploration purposes were completed with drilling footage of 2,268m. In addition, 29 platform trenches (1m × 1m) were completed with a total length of 1,172m and a total capacity of 1,172 m^3.

SML completed 7 drilling holes (75mm end hole caliber) for Mwambashi Mine with an aggregate drilling footage of 936.2m and 1 section of geophysical magnetotelluric sounding and survey (EH4) with a total of 46 measuring points (point distance of 40m, profile distance of 200m).

Mining Development

For details of mining development please refer to "Projects under Progress" on page 33.

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP *(CONTINUED)*

Mining Exploration, Mining Development and Ore Mining Activities *(Continued)*

Mining Activities

For details of mining activities please refer to "Production Overview" on page 27.

Infrastructure projects, subcontracting arrangements and procurement of equipment

During the year, the new contracts entered into and commitments undertaken by the Group are as follows:

NFCA

The new infrastructure contracts engaged in the year amounted to US$650,000. As of 31 December 2013, there was US$523,000 of capital commitments in relation to infrastructure projects.

SML

The new infrastructure contracts engaged in the year amounted to US$1,071,000. As of 31 December 2013, there was US$863,000 of capital commitments in relation to infrastructure projects.

No subcontracting arrangements were entered into by the Group during the year.

PROJECTS UNDER PROGRESS

CCS

Phase II of the Expansion Project

The Group is facilitating with the construction of phase II of the Expansion Project of CCS with designed production capacity of 250,000 tonnes of blister copper and 600,000 tonnes of sulfuric acid per annum upon completion. The major construction of phase II of the expansion project was basically completed by 31 December 2013, provided that the furnace body of the anode furnace was at its final stage, i.e. load commissioning. The tail-in work of phase II of the expansion project and certain new modification projects will be completed in 2014.

PROJECTS UNDER PROGRESS *(CONTINUED)*

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project under development is one of the key mine projects under development of the Company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of contained copper in concentrate of approximately 63,000 tonnes per annum. By the end of 2013, in terms of shaft construction: 422m of main shaft was completed with a capacity of 19,243m^3/4,824m^3; 110m of auxilliary shaft was completed with a capacity of 6,403m^3/2,000m^3. In terms of drift exploitation: the ingate, return air access road and 56m of the measure project at the north air shaft were completed with a capacity of 1,141m^3/52m^3; as for the south air drift, the ingate, return air access road and 87m of the measure project were completed with a capacity of 2,254m^3/143m^3 while 30m of ramp was completed with a drilling volume of 444m^3; The office of public auxiliary facilities supply department commenced construction on 15 November 2012 and received acceptance on 10 September 2013. The supply storage commenced construction on 10 November 2012 and was completed at the end of November 2013. The construction of certain roads in the mining area was completed while the preparation for relocation of residents in mining area was finished in 2013. For the surface project, the preliminary work for construction of the 220KV/11KV power and distribution substation and site formation was finished. The civil engineering and installation of auxiliary storage were completed and certain portions have put into use. The aggregate project investments amounted to US$830 million, among which, a total of US$151.4 million of investments had been completed as of the end of December 2013, representing 18.19% of the total amount. The entire project is expected to be completed in 2016.

Construction project of paste backfilling system

The aggregate investments in the paste backfill system was US$12.01 million. The system will play an essential role in the sustainable and balanced operation of West Mine. By the end of 2013, the completed investments was up to US$6.8 million. At present, the system has completed the general construction and commenced equipment commissioning.

Luanshya

Slag copper recovery project

The slag copper recovery project commenced construction in October 2013 with expected total investment of US$20.13 million. The total amount invested by the end of 2013 reached US$0.83 million, representing 4.14% of the total investment. As of the end of December 2013, the project design and general allocation, geological exploration, consulting and order of major equipment were completed. At present, efforts were put into construction design while construction and project supervision contracts were entered into. With the completion of thickener's basic construction, it now proceeds to the installation of steel structure and the basic construction of crushing system. Relevant crushing equipment had arrived in Zambia. The project is scheduled to take one year to finish the construction and commence operation in the second half of 2014.

PROJECTS UNDER PROGRESS *(CONTINUED)*

CNMC-Mabende

The 20,000-tonne Mabende Project of Huachin Metals in the DRC

SML is undertaking a project to construct and operate a leaching plant with annual output of 20,000 tonnes of copper cathode through CNMC-Mabende (the "Mabende Project"). The Mabende Project basically completed its infrastructure construction by the end of 2013 and has commenced individual trial running.

Workers of Mabende Project hoisting copper cathode products (the first batch of products produced in March 2014)

PROJECTS UNDER PROGRESS *(CONTINUED)*

SML

Mwambashi Strip Mine project

The project comprises a strip mine with designed capacity of 600,000 tonnes of ores per annum and a process plant with a capacity of 2,000 tonnes. The construction will commence in September 2013, with a construction period of one year. The total investment amount is US$71,570,400. The total amount invested by the end of December 2013 amounted to US$18.41 million, representing 26.95% of total investment. The project is expected to complete construction and commence operation in the second half of 2014.

The 3,000-tonne Kakoso Tailings Development Project

Kakoso Company is undertaking the development of tailing resources in an area approximately 25 kilometers north to Chingola, Zambia (the "Kakoso Tailings Development Project"). Application for relevant land certificates has been submitted and is pending approval from relevant governmental authorities.

In addition, the feasibility study report for cobalt recovery project of CCS has obtained approval and the preliminary design is in process. The Group currently carries out development of certain new resource projects such as mining activities in the south Muliashi mine of Luanshya, aiming at actively expanding our reserve projects to secure a continuous growth of the Company.

Surface mine of Muliashi Project

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

HUMAN RESOURCES

As of 31 December 2013, the Group employed a total of 6,482 employees (as of 31 December 2012: 6,159 employees). The total cost of employees reflected in the consolidated statement of profit or loss and other comprehensive income amounted to approximately US$96.5 million (in 2012: US$85.7 million). The increase in the cost of employees was attributable to the increase in the number of and benefits for employees.

Employees of CCS participated in the Labour Day parade

The outstanding employees of Luanshya were awarded testimonials and prizes on Labour Day

A group photo of NFCA team with representatives of competition sponsors and referees after successfully defending the championship at the 8th Zambia National Mine Rescue Competition

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2014 OUTLOOK

Looking into 2014, the effect of European debt crisis and the uncertainties in world economic environment will persist. The quantitative easing monetary policy adopted by the United States increased pressure on emerging economies' structural adjustments. China has set a lower growth rate for its economy and adopted a moderately tighter monetary policy. All these factors make the economic environment in 2014 more complicated and volatile. As the demand for base metals, particularly copper, has been dampened, a substantial price recovery is unlikely. However, from a long-term perspective, with the further development of industrialisation and urbanisation in China, the region development still has room to recover, which lay a foundation and creates opportunities for economy to maintain moderate and rapid development in the near future. As the vigorous development of Chinese economy, we may see gradual recovery in the global market and increase in demand for copper. Therefore, it is optimistic in copper price in the long run.

In 2014, the Group will continue to increase investments in geological exploration and development, pay great attention to and more efforts in expanding the exploration area, as well as exploration in the surrounding areas and in the depth of the existing mines. Meanwhile, the Group will continue to identify suitable acquisition targets in regions with rich copper resources such as Zambia and the DRC, with an aim to increase the Group's resources.

Panorama of CCS

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group will continue to optimise internal management, intensify cost control and improve operation efficiency, so as to secure its profitability. The Group will continue to pay due efforts in its mining activities at Chambishi Main Mine, Chambishi West Mine and Baluba Center Mine, so as to increase the production volume of copper concentrate from its own mines. Great efforts will be put to the management of the technology of CCS, Muliashi Leaching and Smelting, SML, Huachin Metals and CNMC-Mabende to improve the output and quality of blister copper, copper cathode and sulfuric acid, with a view to further increase the existing production capacity and returns.

Meanwhile, by facilitating the completed projects, i.e. the 40,000-tonne Muliashi project, 20,000-tonne Mabende Project and the phase II of the the 250,000-tonne copper smelting (600,000 tonnes sulfuric acid) project, to achieve their designed capacity, the Group will continue to carry out the construction of Chambishi Southeast Mine, vigorously speed up the development of new mines such as the Mwambashi Mine and Muliashi South Oxidize, accelerate the implementation of the slag copper recovery project and the cobalt smelting project, so as to increase the self-sufficiency rate of our smelting plants, expand the leaching and smelting capacity, and thus leverage the advantages of vertical integration to improve profitability. The capacity and benefit of the completed projects will be further stimulated while the construction of Chambishi South Mine will be facilitated. In addition, Mwambashi Strip Mine and the slag copper recovery project commence production while the Muliashi South Oxidize and the cobalt smelting project will commence substantial implementation.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

BOARD OF DIRECTORS

Our Board of Directors is responsible for the management and conduct of our business and consists of nine Directors, including one non-executive Director, five executive Directors and three independent non-executive Directors. The table below sets forth certain information in respect of the members of the Board of Directors of our Company:

Name	Age	Position/Title
Tao Luo	60	Chairman and Non-executive Director
Xinghu Tao	56	Vice Chairman, Executive Director and President
Chunlai Wang	53	Executive Director and Vice President
Xingeng Luo	51	Executive Director and Vice President
Xinguo Yang	40	Executive Director and Vice President
Kaishou Xie	58	Executive Director and Vice President
Chuanyao Sun	69	Independent Non-executive Director
Jingwei Liu	46	Independent Non-executive Director
Shuang Chen	46	Independent Non-executive Director

Tao Luo (羅濤), 60, is the chairman and non-executive Director of our Company and was appointed to our Board on April 12, 2012. He has been the general manager of CNMC since July 2005. He currently also serves as the chairman of China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (中國有色金屬建設股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000758), ZCCZ and China Nonferrous Metals International Mining Co., Ltd. (中色國際礦業股份有限公司), the non-executive deputy chairman of Chaarat Gold Holdings Limited ("CGHL") (a company listed on the Alternative Investment Market of the London Stock Exchange ("AIM"), the non-executive chairman of Kryso Resources Plc ("KYS") (a company listed on AIM) and the non-executive chairman of Ord River Resources Limited ("ORD") (a company listed on the Australian Stock Exchange). Mr. Luo has 37 years of experience in the nonferrous metal industry. He was the vice general manager of Aluminum Corporation of China (中國鋁業公司) from 2001 to July 2005. Prior to that, Mr. Luo also served as the vice dean of General Research Institute for Nonferrous Metals (北京有色金屬研究總院), the deputy supervisor of the Human Resources and Training Department of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司) and the director general of Human Resources Department of the State Nonferrous Metals Industry Bureau of the PRC (中國國家有色金屬工業局). Mr. Luo graduated from Beijing Radio and Television University (北京廣播電視大學) in 1990. He was recognized as a State Council Special Allowance Expert in 2010, and was accredited as a Senior Engineer (professor level) in 2012. Save as disclosed herein, Mr. Luo is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BOARD OF DIRECTORS *(CONTINUED)*

Xinghu Tao (陶星虎), 56, is the vice chairman, executive Director and president of our Company and was appointed to our Board on July 18, 2011. He has been the vice general manager of CNMC since November 2007. Mr. Tao currently also serves as the chairman of NFCA, CCS, SML, Luanshya and MPongwe and the vice chairman of ZCCZ. Mr. Tao has 32 years of experience in the mining industry. He became the general manager of ZCCZ and NFCA in June 2006 and September 2002, respectively. Mr. Tao worked in Zhongtiaoshan Nonferrous Metals Group Co., Ltd. (中條山有色金屬集團有限公司) ("Zhongtiaoshan") from 1982 to 2002, during which he also served as the mine manager of Tongkuangyu Mine and the general manager and director of Zhongtiaoshan, etc.. Mr. Tao graduated from the Beijing Steel and Iron Institute (北京鋼鐵學院) (currently the University of Science and Technology Beijing (北京科技大學)) in 1982 with a major in mining engineering. He completed graduate studies in economic management from the Party School of the Central Committee of the Communist Party of China (中共中央黨校) in January 2005. Mr. Tao was recognized as a State Council Special Allowance Expert in 2004 and was recognized as a Senior Mining Engineer (professor level) in 1999. Save as disclosed herein, Mr. Tao is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Chunlai Wang (王春來), 53, is an executive Director and the vice president of our Company primarily in charge of NFCA. He was appointed to our Board on April 12, 2012. Mr. Wang is also responsible for the human resources department of our Company. Mr. Wang has 33 years of experience in the mining industry. He currently is the general manager and an executive director of NFCA. He is also a director of SML. He served as the deputy general manager of NFCA from 2005 to 2009 and became its executive director in 2007. From 1981 to 2005, Mr. Wang worked in the Dongguashan Copper Mine of Tongling Nonferrous Metals Group Co., Ltd. (銅陵有色金屬集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000630) during which period he served as a mining engineer, assistant to the mine manager, deputy mine manager and mine manager. Mr. Wang graduated from Anhui Metallurgy College (安徽冶金專科學校) in 1981 with a major in mining and obtained a Master of Business Administration degree from the School of Business of Nanjing University (南京大學工商管理學院) in 2005. Mr. Wang was recognized as a State Council Special Allowance Expert in 2002 and was recognized as a Senior Mining Engineer (professor level) in 2007. Save as disclosed herein, Mr. Wang is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES (CONTINUED)

BOARD OF DIRECTORS *(CONTINUED)*

Xingeng Luo (駱新耿), 51, is an executive Director and the vice president of our Company primarily in charge of Luanshya. He was appointed to our Board on April 12, 2012. Mr. Luo is also responsible for corporate development and investor relations department of our Company. Mr. Luo has 29 years of experience in the mining industry. He has been the general manager and director of Luanshya, a director of SML and the general manager of NFCA since September 2009, May 2008 and May 2007, respectively. Prior to joining NFCA in April 2004, Mr. Luo worked at Zhongtiaoshan Nonferrous Metals Group Co., Ltd. (中條山有色金屬集團有限公司) ("Zhongtiaoshan") from July 1984 and became the mine manager of the Hujiayu Mine under Zhongtiaoshan in August 1998. He was appointed as chief engineer of Zhongtiaoshan in May 2001. Mr. Luo received a bachelor's degree in mining from Jiangxi University of Science and Technology (江西理工大學) in 1984. He was recognized as a State Council Special Allowance Expert in 2005 and was recognized as a Senior Mining Engineer (professor level) in 2002. Save as disclosed herein, Mr. Luo is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Xinguo Yang (楊新國), 40, is an executive Director and the vice president of our Company primarily in charge of CCS. He was appointed to our Board on April 12, 2012. Mr. Yang is also responsible for the administrative department of our Company. Mr. Yang has 19 years of experience in the copper smelting industry. He has been a director and general manager of CCS since November 2010. Mr. Yang joined CCS in 2006 as the deputy general manager, prior to which he worked as the supervisor of the production department in Yunnan Copper (雲南銅業) and the deputy supervisor of logistics department in Yunnan Copper Group (雲南銅業集團). Mr. Yang graduated from Kunming Institute of Technology (昆明工學院) (currently the Kunming University of Science and Technology (昆明理工大學)) in 1994 with a major in nonferrous metals metallurgy. Save as disclosed herein, Mr. Yang is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Kaishou Xie (謝開壽), 58, is an executive Director and the vice president of the Company primarily in charge of SML. He was appointed to the Board on April 12, 2012. Mr. Xie served as the general manager of Sino-Metals Leach Zambia Limited and Chambishi Sulfuric Acid Plant Zambia Limited* (贊比亞謙比希硫磺制酸公司) since 2006 and 2008 respectively. He served as an executive director and the general manager of Sino-Metals Leach Zambia Limited and Chambishi Sulfuric Acid Plant Zambia Limited* as well as the chairman of Huachin Metals Leach SPRL and CNMC Huachin Mining Company Limited* (中色華鑫礦業公司) in the DRC from 2008 to 2012. He served as director and general manager of Kunming Jinsharen Cemical Co., Ltd. (昆明金沙人化工有限公司) from 2003 to 2006, the workshop director, assistant to the factory director, vice factory director and chief engineer of Dongchuan Aluminum Factory (東川鋁廠) from 1991 to 1998, and the deputy general manager of Dongchuan Aluminum Co., Ltd. (東川鋁業有限公司) from 1998 to 2003. He worked in the Tangdan Mine of Dongchuan Copper Mines Administration (東川礦務局) from 1972 to 1991. Mr. Xie graduated from the Southwest University of Science and Technology (西南科技大學) with a degree in law. Save as disclosed herein, Mr. Xie is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BOARD OF DIRECTORS *(CONTINUED)*

Chuanyao Sun (孫傳堯), 69, is an independent non-executive Director of our Company and was appointed to our Board on April 27, 2012. He has 45 years of experience in the mining industry. Mr. Sun currently serves as an independent director of Sinotech Mineral Exploration Co., Ltd. (中色地科礦產勘查股份有限公司) and Advanced Technology & Materials Co., Ltd. (安泰科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000969). Mr. Sun joined the Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) ("BGRIMM") in 1981 and served as its dean from February 1988 to February 2007. He worked at the Xinjiang Keketuohai Ore Processing Plant (新疆可哥托海選礦廠) from December 1968 and became its deputy factory director in October 1976. Mr. Sun graduated from Northeastern University (東北大學) with a major in ore processing in 1968 and completed his graduate study in BGRIMM with a major in ore processing in October 1981. He was recognized as a member of Chinese Academy of Engineering in 2003 and awarded with the second prize of the National Science and Technology Advancement Awards (國家科技進步獎). Save as disclosed herein, Mr. Sun is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Jingwei Liu (劉景偉), 46, is an independent non-executive Director of our Company and was appointed to our Board on April 27, 2012. He currently serves as a partner and deputy general manager of Shinewing Certified Public Accountants (信永中和會計師事務所). Mr. Liu previously served as a director and general manager of Beijing Jincheng Gardening Co., Ltd. (北京金城園林公司). He has also served as an independent director of Jinxi Axle Co., Ltd, (晉西車軸股份有限公司) (a company listed on the Shanghai Stock Exchange, SH600495) since 2010 and of Chongqing Fuling Zhacai Group Co., Ltd. (重慶市涪陵榨菜集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ002507) since 2008. Mr. Liu was previously an independent director of Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鉭業股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000962) from 2005 to April 2011. Mr. Liu graduated from the School of Economics of Beijing Forestry University (北京林業大學經濟管理學院) in 1989 and is a PRC Certified Public Accountant. Save as disclosed herein, Mr. Liu is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BOARD OF DIRECTORS *(CONTINUED)*

Shuang Chen (陳爽), 46, is an independent non-executive Director of our Company and was appointed to our Board on April 27, 2012. Mr. Chen has been an executive director and chief executive officer of China Everbright Limited (中國光大控股有限公司) (SEHK 0165) and a director of Everbright Securities Company Limited (光大證券股份有限公司) (a company listed on the Shanghai Stock Exchange, SH601788) since August 2007. He is also an independent director of Noah Holdings Limited (a company listed on the New York Stock Exchange, NOAH.N) since November 2010. He has been appointed as a director of China Everbright Holdings Company Limited (中國光大集團有限公司) since 2002 and deputy general manager thereof since April 2013. Mr. Chen was an executive director and deputy general manager of China Everbright Limited from September 2004 to August 2007. He worked in the Research and Development, Treaty and Law and Legal Departments of Bank of Communications from July 1992 to February 2001. He is currently a non-official member of Financial Services Development Council of Hong Kong, the chairman of Chinese Financial Association of Hong Kong, the vice chairman of Chinese Securities Association of Hong Kong and the visiting professor of East China University of Political Science and Law (華東政法大學). Mr. Chen obtained a master's degree of laws from East China University of Political Science and Law in 1992 and a Diploma in Legal Studies from the School of Professional and Continuing Education of the University of Hong Kong (香港大學專業進修學院) in 2003. He is a qualified lawyer in the PRC and a Senior Economist. Save as disclosed herein, Mr. Chen is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SENIOR MANAGEMENT

Xinghu Tao (陶星虎) is the president of our Company. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Chunlai Wang (王春來) is a vice president of our Company primarily in charge of NFCA. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Xingeng Luo (駱新耿) is a vice president of our Company primarily in charge of Luanshya. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Xinguo Yang (楊新國) is a vice president of our Company primarily in charge of CCS. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Kaishou Xie (謝開壽) is a vice president of our Company primarily in charge of SML. Please refer to the paragraph headed "Board of Directors" for his biographical background.

SENIOR MANAGEMENT *(CONTINUED)*

Hong Han (韓紅), 42, is the chief financial officer of our Company. Ms. Han has 15 years of experience in financial management. She joined CNMC in 1998 and has been the deputy supervisor of its Financial Department since 2003. In 2010, she was appointed as the financial and quality supervisor of phase I of the enterprise resource planning construction project of CNMC. Ms. Han received a bachelor's degree in auditing and a master's degree in accounting from Xi'an Jiaotong University (西安交通大學) in 1995 and 1998, respectively. Ms. Han has been a PRC Certified Public Accountant since 1996 and became a Senior Accountant in 2005. Ms. Han is a member of the Chinese Institute of Certified Public Accountants. Ms. Han is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Aibin Hu (胡愛斌), 45, is the chief compliance officer and joint company secretary of our Company with over 20 years of experience in the mining industry. Mr. Hu joined Luanshya in November 2009 and served as the board secretary and assistant to the general manager of Luanshya. He served as the deputy manager of the Administrative Department of NFCA from January 2007 to October 2009. Mr. Hu served as the office secretary of Tongling Nonferrous Metals Group Holdings Co., Ltd. (安徽銅陵有色金屬集團控股公司) from June 2001 to October 2003 and was seconded to the reorganization group of the SASAC from November 2003 to December 2006. Mr. Hu graduated from Anhui Normal University (安徽師範大學) with a bachelor's degree in science in 1994 and received a Master of Business Administration degree from Beijing Jiaotong University (北京交通大學) on 2008. Mr. Hu is a qualified enterprise legal adviser in the PRC and a senior economist. Mr. Hu is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

JOINT COMPANY SECRETARIES

Aibin Hu (胡愛斌), 45, is the joint company secretary and chief compliance officer of our Company. Please refer to the paragraph headed "Senior Management" above for his biographical background.

Tin Wai Lee (李天維), 39, was appointed as a joint secretary of the Company on 15 December 2013. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in auditing, taxation and company secretarial industries. He is also a partner of a local accounting firm. Mr. Lee is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of Directors and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. The Group had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules for the year ended 31 December 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the Model Code.

The Company had made specific enquiry to all the Directors and confirmed that all of them complied with the Model Code for the year ended 31 December 2013.

BOARD OF DIRECTORS

As at 31 December 2013, the Board of the Company comprised five executive Directors, namely Mr. Xinghu Tao, Mr. Chunlai Wang, Mr. Xingeng Luo, Mr. Xinguo Yang and Mr. Kaishou Xie; one non-executive Director, namely Mr. Tao Luo; and three independent non-executive Directors, namely Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Shuang Chen. Mr. Tao Luo is the chairman of the Board.

For the year ended 31 December 2013, all the members of the Board and Board Committees actively attended relevant meetings. The attendances at the meetings of the Board and its committees and the annual general meeting held in person or through other electronic means of communication are as follows:

	Number of meetings held for the year ended 31 December 2013					
	Board	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Compliance Committee**	**AGM**
Mr. Tao Luo	4/4	2/2	2/2	1/1	2/2	1/1
Mr. Xinghu Tao	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Chunlai Wang	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Xingeng Luo	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Xinguo Yang	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Kaishou Xie	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Chuanyao Sun	4/4	N/A	2/2	1/1	2/2	1/1
Mr. Jingwei Liu	4/4	2/2	2/2	N/A	N/A	1/1
Mr. Shuang Chen	3/4	2/2	N/A	1/1	2/2	1/1

BOARD OF DIRECTORS *(CONTINUED)*

The Board shall meet at least four times a year at approximately quarterly intervals. The Audit Committee shall meet not less than twice a year to review and discuss the interim and annual consolidated financial statements. The Compliance Committee shall meet at least two times a year to review the Company's internal control policies and corporate management. Both of the Nomination Committee and the Remuneration Committee shall meet at least once a year. In addition, the chairman of the Board shall meet with non-executive Directors (including independent non-executive Directors) without the attendance of executive Directors at least once a year. The Company was in compliance with all the requirements in respect of meetings of Board committee throughout the year of 2013.

The Board is responsible for leading, supervising and managing the Company. Its main duties include but not limited to: (i) formulating and reviewing the corporate governance policies and practice of the Company; (ii) reviewing and inspecting trainings and continuing development of Directors and senior management; (iii) reviewing and monitoring relevant policies and rules of the Company in relation to compliance with laws and regulations; and (iv) reviewing the Company's compliance with Corporate Governance Code and the disclosure of relevant information in the Corporate Governance Report. The Board supervises the business, strategy and decision making as well as performance of the Group, in a bid to achieve sound growth momentum to improve shareholder value. Each Director executes his duties in good faith and make objective decisions in compliance with requirements of applicable laws and regulations. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. Non-executive Directors and independent non-executive Directors actively participated in the meetings of the Board and its committees to exercise their independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct of the Company. All of the non-executive Directors and independent non-executive Directors made positive contributions to the strategy and policies of the Company's development through independent, constructive and informed comments. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee.

The Board also has a balance of skills and experience appropriate for the requirements of the Company's business and it ensures that changes to its composition can be managed without undue disruption. There is sufficient number of non-executive Directors for their views to carry weight. As not less than one-third of the Board shall be made up of independent non-executive Directors, there is also a strong independent element on the Board, which facilitates the exercise of independent judgment by the Board. One of the independent non-executive Directors, Mr. Jingwei Liu, holds the appropriate professional qualifications as required under Rules 3.10(2) of the Listing Rules.

BOARD OF DIRECTORS *(CONTINUED)*

During the year ended 31 December 2013, all the Directors have taken continuous professional development trainings in order to refresh their knowledge and skills and have provided their records to the Company.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received written annual confirmation from each independent non-executive Director of his independence and considers that all independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

The Company has arranged appropriate insurance cover in respect of legal action against all the Directors.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the chairman of the Board and chief executive of the Company are separated, with a clear division of responsibilities in written. Mr. Tao Luo is the chairman of the Board while Mr. Xinghu Tao is the president of the Company. Mr. Luo, as the chairman of the Board, leads the Board and is responsible for ensuring that the Board works effectively and performs its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner. The chairman of the Board promotes a culture of openness and discussion to facilitate the effective contribution of Directors (especially non-executive Directors and independent non-executive Directors) and ensure constructive relations between executive and non-executive Directors. Mr Tao, as the president of the Company, is responsible for the management of our business operations.

APPOINTMENT AND RETIREMENT OF DIRECTORS

In accordance with the Article 102 of the Company's Articles of Association, at each annual general meeting, one-third of the directors or, if their number is not three (3) or a multiple of three (3), the number which is nearest to and is at least one-third, shall retire from office by rotation at least once every three (3) years. A retiring director shall be eligible for re-election. In compliance with this provision, Mr. Xingeng Luo, Mr. Xinguo Yang and Mr. Kaishou Xie shall retire, being one-third of the directors, at the forthcoming annual general meeting. They are eligible for re-election and will offer themselves for re-election.

Each of the executive Directors had signed a service agreement with the Company for an initial term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement). Each of the non-executive Directors (including three independent non-executive Directors) had signed a letter of appointment with the Company for an initial term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letters of appointment).

Save as disclosed herein, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without the payment of compensation other than statutory compensation).

PRACTICES OF BOARD MEETINGS

Notices of regular Board meetings are given to all the Directors at least 14 days before the meetings. Schedules and agenda of each meeting are made available to the Directors in advance. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. For other Board and committee meetings, notices are given within reasonable times in advance. Minutes of all Board meetings and committee meetings are kept by the joint company secretaries and open for the Directors' inspection. Draft and final version of minutes are circulated to the Directors for their comments and records within a reasonable time after the Board meeting is held. Minutes of the meetings of the Board and Committees recorded sufficient details of the matters considered and decisions reached at relevant meetings, including any concerns raised by Directors or dissenting views expressed.

The Directors, upon reasonable request, will be provided with independent professional advice, at the Company's expenses, to assist them perform their duties. They may also have access to the senior management whenever necessary. Senior management would attend all regular Board meetings as and whenever necessary to report and advise the Board on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. All Directors are entitled to have access to Board papers and related materials. The Company shall provide prompt and full responses to queries raised by the Directors as possibly as it can be.

Pursuant to the provision of the Company's Articles of Association, a Director shall not vote nor be counted in the quorum at the Board meeting on any resolution approving any contract or arrangement or concerning a matter in which he or any of his associate(s) has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises because of specified matters set out in the Articles.

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee to oversee particular aspects of the affairs of the Company. Each of these committees is set up with specific written terms of reference and the same has been published on the website of Hong Kong Stock Exchange. Each committee is delegated with authorities and duties within its terms of reference. The agenda of Board committees and relevant documents will be sent to all Directors at least three days before the intended date of relevant meetings. Each committee shall report to the Board according to its terms of reference.

AUDIT COMMITTEE

The Audit Committee consists of three members, being Mr. Jingwei Liu, Mr. Tao Luo and Mr. Shuang Chen. The chairman of the Audit Committee is Mr. Jingwei Liu, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include but are not limited to being in charge of matters related to external auditors, assisting the Board by providing an independent view of the effectiveness of the financial process, internal control and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities assigned by the Board.

The Company's and the Group's financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee, who was of the opinion that these statements complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures had been made.

For the period under review, the Audit Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Jingwei Liu	2/2
Mr. Tao Luo	2/2
Mr. Shuang Chen	2/2

NOMINATION COMMITTEE

The Nomination Committee consists of three members, comprising Mr. Chuanyao Sun, Mr. Tao Luo and Mr. Jingwei Liu. The chairman of the Nomination Committee is Mr. Chuangyao Sun. The primary functions of the Nomination Committee include but are not limited to reviewing the structure, size and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. The Nomination Committee is authorised by the Directors to obtain advices from external counsels or other independent professional consultants if necessary. It may invite external individuals with relevant experience and professional knowledge to attend the meeting when it is needed. The Nomination Committee will be provided adequate resources to perform its duties.

The Nomination Committee of the Company has fulfilled the primary duties mentioned above. The Nomination Committee reviewed the appointment of each Director prior to that Director seeking re-election at the forthcoming annual general meeting and was pleased to recommend the re-election of all the three eligible Directors to the Board.

NOMINATION COMMITTEE *(CONTINUED)*

For the period under review, the Nomination Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Chuanyao Sun	2/2
Mr. Tao Luo	2/2
Mr. Jingwei Liu	2/2

REMUNERATION COMMITTEE

The Remuneration Committee consists of two independent non-executive Directors, being Mr. Shuang Chen and Mr. Chuanyao Sun, and a non-executive Director, being Mr. Tao Luo. The Remuneration Committee is chaired by Mr. Shuang Chen, an independent non-executive Director. The primary duties of the Remuneration Committee include, but not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for development policy on such remuneration; (ii) determining the specific remuneration packages of all the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The Remuneration Committee is authorised by the Directors to obtain advices from external counsels or other independent professional consultants if necessary. It may invite external individuals with relevant experience and professional knowledge to attend the meeting when it is needed. The Remuneration Committee will be provided adequate resources to perform its duties.

The Remuneration Committee of the Company has performed the primary duties mentioned above.

For the period under review, the Remuneration Committee held one meeting and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Shuang Chen	1/1
Mr. Tao Luo	1/1
Mr. Chuanyao Sun	1/1

COMPLIANCE COMMITTEE

The Compliance Committee consists of three members, being Mr. Tao Luo, Mr. Shuang Chen and Mr. Chuanyao Sun. The chairman of the Compliance Committee is Mr. Tao Luo. The primary functions of the Compliance Committee include, without limitation, overseeing and monitoring the compliance status of our business and operations based on the applicable legal and regulatory requirements as well as our own internal control policies and procedures; reviewing regular and special reports submitted by the compliance principal in each subsidiary and requiring such compliance principals to prepare specific reports dealing with particular internal control or compliance issues for review; holding regular meeting to discuss, investigate and make plans for the legal and compliance matters; formulating and reviewing our policies and practice on corporate government and making recommendations to the Board; and reviewing our compliance with Corporate Governance Code set out in the Listing Rules and disclosure in the Corporate Governance Report section of our consolidated financial statements.

The Compliance Committee of the Company has performed the primary duties mentioned above.

For the period under review, the Compliance Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Tao Luo	2/2
Mr. Shuang Chen	2/2
Mr. Chuanyao Sun	2/2

INDEPENDENT AUDITOR

The Group's independent external auditor is Deloitte Touche Tohmatsu ("Deloitte"). Deloitte is responsible for presenting independent opinions on the consolidated financial statements of the Group and the Company in accordance with the results of their auditing work, and reporting to the Shareholders of the Company on the same. Apart from the statutory audit and the annual consolidated financial statement, Deloitte was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2013 and to provide service on the review of continuing connected transactions.

The remuneration paid to Deloitte in respect of audit services and other non-auditing services for the year ended 31 December 2013 amounted to US$430,000 (RMB2,660,000) and US$278,000 (RMB1,720,000) respectively.

COMPANY SECRETARIES

Mr. Aibin Hu and Mr. Tin Wai Lee are the joint company secretaries of the Company.

Mr. Tin Wai Lee was appointed as the new joint secretary of the Company on 15 December 2013. Mr. Lee's primary corporate contact person at the Company is Mr. Aibin Hu. The joint company secretaries have taken no less than 15 hours of relevant professional training during the year. Joint secretaries of the Company shall report to chairman of the Board and/or chief executive.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group, which were prepared in accordance with statutory requirements and applicable accounting standards. The management has provided detailed explanation and information to the Board, which will enable the Board to make informed assessment on the financial and other information put before the Board for approval. Updated information has been provided by the management to members of the Board on a monthly basis, containing fair and understandable assessment on performance, financial condition and prospect of the Company.

The auditor's report for the consolidated financial statements for the year ended 31 December 2013 is set out on pages 73 to 74 of this annual report.

INTERNAL CONTROL

The Group dedicates to maintain and establish quality corporate governance. Pursuant to code provisions of the Corporate Governance Code set out in Appendix 14 of Listing Rules, the Basic Standards, the Guidelines for Evaluation as well as other requirements under relevant laws and regulations, the Group has conducted self-evaluation on the effectiveness of internal control in respect of design and operation as at the base date. As at 31 December 2013, the internal control for businesses and matters involved in evaluation was established and operated effectively. Thus the internal control objective of the Company was achieved and the internal control of the Company was sound and effective.

The Board recognises its responsibility for maintaining an adequate and sound internal control system. Through the Audit Committee, the Compliance Committee and an external firm of qualified accountants providing internal control services, the Board conducts reviews on the effectiveness of these systems at least annually, covering all material controls, including financial, operational and compliance controls, and risk management functions.

INTERNAL CONTROL *(CONTINUED)*

Pursuant to Rule 3A.19 of Listing Rules, the Company must appoint a compliance adviser for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 in respect of its financial results for the first full financial year commencing after the date of its initial listing. The Company was listed on 29 June 2012 and pursuant to Rule 3A.19 of Listing Rules, the term of Guotai Junan, our compliance adviser, will expire when the 2013 annual report is distributed pursuant to Rule 13.46 of Listing Rules. Therefore, in accordance with requirements under the contract and Listing Rules, Guotai Junan will cease to be the compliance adviser of the Company from the distribution date of this annual report.

We noticed that the internal control shall be in line with certain benchmarks such as the operation size, business scope, competition situation and risk level, and adjusted in a timely manner based on the changes in conditions. During the year, the posts for corporate general counsel as well as for laws and compliance matters department were set up to further improve the management system of compliance and internal control. In addition to the Board Diversity Policy, the Company also established the Rules of Procedure of the General Meeting, the Board of Directors and the President Office of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司股東大會、董事會暨總裁辦公會議事規則》), the Management Policy of Senior Management Remuneration of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司高級管理人員薪酬管理制度》), the Guidelines on Management of Legal and Compliance of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司法律與合規管理工作指引》), Work Attendance Checking System of China Nonferrous Mining Corporation Limited for Beijing Office (《中國有色礦業有限公司在京機構考勤制度》) and other rules and regulations, considered and amended the Information Disclosure Management System of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司資訊披露管理制度》) as well as considered and approved the Administrative Rules of the General Meetings and Board of Directors of Investees of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司出資企業股東會董事會管理規則》). These regulations laid a necessary foundation for further improving the governance structure and enhancing the governance standards of the Company. The Company invited Davis Polk & Wardwell to provide special trainings on obligations on performing Directors' duties and connected transactions to all the directors, senior management and compliance personnel. The Company also assigned staff to participate in trainings organised by Hong Kong Stock Exchange and the HKICS in relation to the updates of Listing Rules, organised compliance personnel to attend the trainings of corporate legal counsel and the examination thereof, and supported professional staff such as corporate finance personnel to take part in continuing education trainings. Reports of litigations, connected transactions and internal control system were presented at the end of each month while necessary investigation and examination were conducted to secure the effective operation of internal control system. In the future, members of the Group will continue to enhance internal management, improve internal control and strengthen executive capability, so as to facilitate the implementation of our strategy.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group emphasises the importance of maintaining good communication with the Shareholders and investors, so as to increase the Group's transparency and facilitate the performance of undertaking by the Shareholders. The annual general meeting provides a useful forum for Shareholders to exchange views with the Board. The chairman of the Board will attend and invite the chairmen of Audit Committee, Remuneration Committee and Nomination Committee to attend the annual general meetings. The members of the Board are pleased to answer Shareholders' questions. To foster two-way communication amongst the Group, its Shareholders and potential investors, the Group has assigned personnel in respect of investor relations to respond to enquiries from Shareholders and the public. In the event that a Shareholder wishes to put forward a proposal to the Board, he may put forth his enquiry in writing to the investor relations personnel who will handle the same accordingly. The Group is also willing to maintain communication with shareholders and investors on a continuous basis through individual and group meetings. In addition, the Group is committed to maximising the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.

An annual general meeting and any extraordinary general meetings at which the passing of a special resolution is to be considered shall be called by notice of not less than twenty-one (21) clear days. All other extraordinary general meetings may be called by notice of not less than fourteen (14) clear days or of shorter period pursuant to provisions of articles of association of the Company. In addition, in accordance with the provisions of the Company's Articles of Associations, an extraordinary general meeting may be convened on requisition as provided by the Companies Ordinance. According to the Companies Ordinance, the Directors are required to call a general meeting if the Company has received requests to do so from Shareholders of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings. Such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting. The Directors also have a duty to circulate a resolution proposed as a written resolution by a Shareholder (together with any statement of not more than 1,000 words on the subject of the resolution proposed by the Shareholder) if the Company has received such requests from the Shareholders of the Company representing not less than 5% of the total voting rights of all the Shareholders entitled to vote on the resolution.

INVESTOR RELATIONS

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the reporting period, the Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. One of the joint company secretaries, Mr. Aibin Hu, together with the manager of general affairs department, Mr. Shuai Hao are responsible for the investor relations of the Group with the full support from the Board and the senior management. Mr. Hu can be contacted by email at huab@cnmc.com.cn, by telephone at +86 10 8442 6886 and by fax at +86 10 8442 6376. Mr. Hao can be contacted by email at haos@cnmc.com.cn and by telephone at +86 10 8442 6232. During the reporting period, the Group actively participated in various investor relations activities and provided on-time information to investors through its company website.

CONTINUOUS IMPROVEMENT OF INVESTOR RELATIONS

The Group published interim and annual results and disclosed discloseable inside information promptly in strict compliance with guidelines of Securities and Futures Commission and Hong Kong Stock Exchange, to provide financial performance, operating strategies and future prospects of the Company to the public in an accurate and effective manner.

The Group maintained a close relationship with certain institutions including professional media and investment banks, in a view to learn about the market recognition and expectation to the Group through various channels such as media and analysts. In the meantime, the Group provided updates to the public in a bid to increase the Group's publicity.

The Company's website is considered to be one of the quickest means to communicate with investors. Through on-going information dissemination, the Group's website www.cnmcl.net serves as a platform to communicate with the public. The Group regularly updates the website contents, disseminates the latest updates, so as to enable the public to obtain such information in a timely manner. In addition, the Group also swiftly responds to different enquiries made by the Shareholders, investors, analysts and media by means of email, facsimile and telephone. The Group also published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

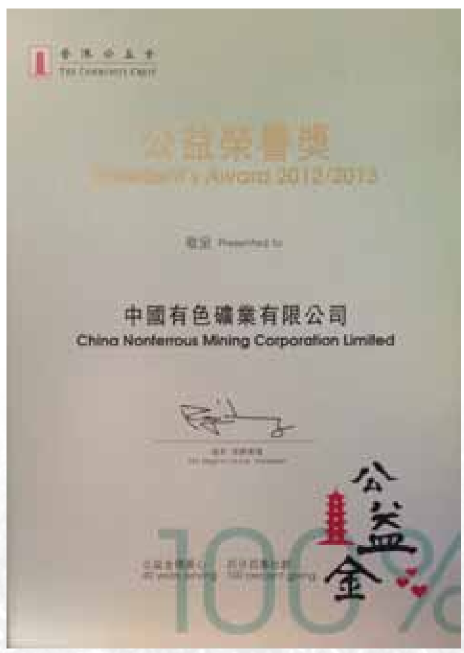
CORPORATE SOCIAL RESPONSIBILITY

The Group always adheres to the tenet of "delivering returns to shareholders, employees and the society through corporate development". In 2013, subsidiaries of the Group strived to achieve development and obtain economic benefits in compliance with relevant laws and regulations in host countries concerning safety and environmental protection. Meanwhile, it spared no efforts in fulfilling its corporate social responsibility in respect of production safety, environment protection, spearheading local economic development, employment provision and local public welfare undertakings.

The Group always adheres to the safe production principle of "safety first, prevention foremost", and firmly embeds the safe production concept of "respect for life, prevention first". The standards for safe production management has been improved year by year through the implementation of an accountability mechanism of the entities responsible for safe production, confirmation of the scope of safe production responsibility, enhancement of education on safe production and risk prevention and control, development of overall safety inspection and hidden danger investigation and governance, constant improvement and optimisation of the contingency plan and reinforcement of emergency rescue team building. Throughout 2013, the Group maintained stable performance in safe production. NFCA won the champion again in the 2013 Rescue Drill Competition organised by Mining Ministry of Zambia while CCS won the second place. Luanshya also won the champion in the same competition in 2011. These fully demonstrated the high importance attached to safe production as well as the outstanding training standards of our subsidiaries in Zambia.

The Group has attached great importance to the harmonious relationship between enterprise development and the natural environment, community and residents. The Group endeavours to promote the establishment of an environmental management system, pays attention to using environmental-friendly equipment and advanced technology for production, fully implements energy conservation and emission reduction in the process of production by optimising resource management, and strives to achieve a win-win situation of environmental protection and resource development. In particular, we invested over US$7 million in the new project to equip the tailings ponds of Muliashi Leach Plant with HPDE, which obtained good results and won high praise from local environmental protection authority.

Along with its self-development, the Group follows the "win-win" concept of cooperation, actively cultivates the local market, supports local enterprises and contributes to the local economy and social development and progress in the place where its operations are located through the creation of taxes, provision of jobs and development of related industries.



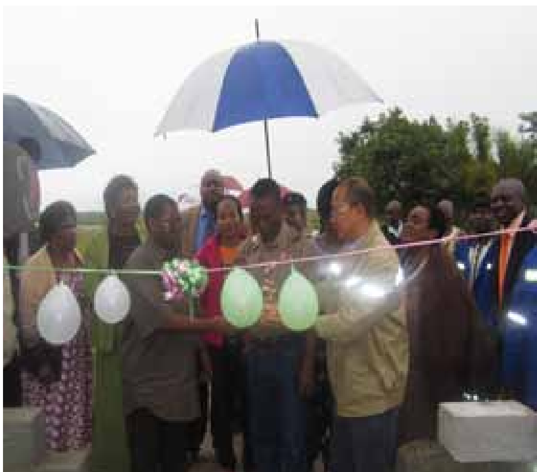
The Company was awarded the President's Award 2012/2013 by The Community Chest

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

The Group has the utmost respect of a "people-oriented" corporate governance concept and promotes an equal and normative labor policy. We fully respect the cultural background of local staff, protect their legitimate rights and interests and endeavour to improve the working and living conditions of our staff. Meanwhile, we provide quality environment for their growth by carrying out comprehensive and multi-level trainings for our employees, so as to achieve a joint development of employees and enterprise.

In 2013, the Group actively participated in local social welfare undertakings in Zambia through monetary fund, physical assets and other means. It supported urban construction, constructed markets, provided language education, donated medicines, food and housing and benefited local municipal administration, education, medical treatment and public health and public physical education undertakings, which were highly appreciated by the local government and residents and further established a good image as a model for the Sino-Zambian economic cooperation.

CCS donated housings for doctors and nurses to Chambishi, Zambia



Grader (engineering vehicles) and construction fences donated by NFCA to local city hall

Chinese-language teaching volunteer in Luanshya trust school

Luanshya donated food to the local babies

REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and sulfuric acid. There has been no significant change in the Group's principal activities for the year ended 31 December 2013.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Hong Kong Stock Exchange on 29 June 2012. Net proceeds from the Global Offering have been and will continue to be used by the Group for the operations in Zambia, such as exploration and development of mines, construction of smelting plants, repayment of bank loans and replenishment of working capital, which are in compliance with the intended use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

According to the intended usages as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the application of such proceeds as at 31 December 2013 was as follow:

	Net Proceeds *(US$'000)*		
Items	**Available**	**Utilised**	**Unutilised**
Exploration and development of the Chambishi Southeast Mine	72,000	72,000	—
Expansion of the Chambishi Copper Smelter	48,000	48,000	—
The Muliashi Project	12,000	12,000	—
Development of the Mwambashi Project	12,000	12,000	—
Acquisitions of companies with existing exploration rights and additional mining assets	37,000	—	37,000
Repayment of certain existing loans	36,000	36,000	—
Working capital and other general corporate purposes	30,770	16,904	13,866
Total	247,770	196,904	50,866

RESULTS

The Group's operating results for the year ended 31 December 2013 and the financial position of the Group as at 31 December 2013 are set out on pages 75 to 157 in the audited consolidated financial statements contained in this annual report.

DIVIDENDS

The Board has recommended the payment of final dividend of US$0.2 cent per share for the year ended 31 December 2013.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group and the Prospectus, is set out on page 158 in this annual report.

BANK AND OTHER BORROWINGS

Details of bank borrowings of the Group during the year ended 31 December 2013 are set out in note 25 to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Company during the year ended 31 December 2013 amounted to US$425,000.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2013 are set out in note 15 to the consolidated financial statements.

RESERVES

Details of change in the reserves of the Group during the year ended 31 December 2013 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company had distributable reserves amounting to US$121,207,000.

SHARE CAPITAL

Details of the changes in share capital of the Company during the year ended 31 December 2013 and as at 31 December 2013 are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the year ended 31 December 2013.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, sales to the Group's five largest customers accounted for 95.3% of the Group's total sales, and sales to its largest customer, being the Retained Group, accounted for 59.6% of the Group's total sales. The second largest customer, namely Yunnan Copper Group, is a Substantial Shareholder of CCS.

During the year ended 31 December 2013, purchases from the Group's five largest suppliers in aggregate accounted for approximately 67.9% of the total purchases and purchases from the largest supplier accounted for approximately 36.7% of total purchases. The third largest supplier, CNMC International Trade and the fourth largest supplier, Fifteen MCC Africa, are fellow subsidiaries of CNMC, the ultimate Controlling Shareholder of the Company.

Save as disclosed above, none of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2013.

DIRECTORS

The Directors of the Company during the year were as follows:

Non-Executive Director:
Mr. Tao Luo

Executive Directors:
Mr. Xinghu Tao
Mr. Chunlai Wang
Mr. Xingeng Luo
Mr. Xinguo Yang
Mr. Kaishou Xie

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

DIRECTORS *(CONTINUED)*

In accordance with the Company's Articles of Association, at each annual general meeting, one-third of the directors or, if their number is not three (3) or a multiple of three (3), the number which is nearest to and is at least one-third, shall retire from office by rotation at least once every three (3) years. A retiring director shall be eligible for re-election. A director appointed to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election. A vacancy of the Board created by the removal of a Director may be filled by the election or appointment by the shareholders at the meeting at which such Director is removed to hold office until the next appointment of Directors or until their successors are elected or appointed or, in the absence of such election or appointment, shareholders may authorise the Board at such general meeting to fill any vacancy in the number left unfilled. In compliance with the provisions of the Articles, Mr. Xingeng Luo, Mr. Xinguo Yang and Mr. Kaishou Xie shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received annual confirmation of independence from the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management are set out on page 40 to page 45 in this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had an interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2013.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of the Directors of the company had engaged in any business or had any interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group throughout the year ended 31 December 2013.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 December 2013, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests or short positions which fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as stipulated in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2013, so far as it is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Section 336 of the SFO:

Substantial Shareholder	Capacity/Nature of interest	Long/short position	Number of shares	Approximate percentage of shareholdings
CNMD *(Note)*	Registered owner	Long position	2,600,000,000	74.52%
CNMC	Interest in a controlled corporation	Long position	2,600,000,000	74.52%

Note: CNMD is a wholly-owned subsidiary of CNMC and therefore, by virtue of the SFO, CNMC is deemed or taken to be interested in all the Shares which are owned by CNMD.

As at 31 December 2013, each of the following entities were directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of our Group	Entity with 10% or more interest (other than member of the Group)	Percentage of that entity's interest
NFCA	ZCCM-IH	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Group	40%
SML	China Hainan Sino-Africa Mining Investment Ltd.* (海南中非礦業投資有限公司)	30%
Huachin	Huachin SPRL	37.5%
Kakoso Company	Shenzen Resources Limited	12%
CNMC-Mabende	Huachin SPRL	40%
Green Home Farm Limited	ZCCM-IH	15%

Note: As at 31 December 2012, CNMC held another 5% interest in Luanshya on trust for ZCCM-IH. The transfer of such 5% interest by CNMC to ZCCM-IH had been completed by 10 January 2013.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(CONTINUED)*

Save as disclosed above, as at 31 December 2013, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 38 to the consolidated financial statements.

SHARE OPTION SCHEME

The Group has not adopted any share option scheme.

CONNECTED TRANSACTIONS

During the year ended 31 December 2013, the Group had the following continuing connected transactions subject to reporting and announcement requirements but exempt from the independent Shareholders' approval requirements:

1. CNMC Copper Supply Framework Agreement

On 14 May 2012, the Company entered into the CNMC Copper Supply Framework Agreement with CNMC pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathode to the Retained Group. Details of the CNMC Copper Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2013, the revenue from the sale of copper products to the Retained Group amounted to US$1,049,210,000.

CNMC held 100% and 74.52% of the Company's issued share capital before and after the Listing, respectively. The Retained Group consists of CNMC and its subsidiaries, excluding the Group. Both CNMC and the Retained Group constitute connected persons of the Company under the Listing Rules.

CONNECTED TRANSACTIONS *(CONTINUED)*

2. Yunnan Copper Supply Framework Agreement

On 14 May 2012, the Company entered into the Yunnan Copper Supply Framework Agreement with Yunnan Copper Group pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, copper products to Yunnan Copper Group and its subsidiaries. Details of the Yunnan Copper Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2013, the revenue from the sale of copper products to Yunnan Copper Group and its subsidiaries amounted to US$411,114,000.

Yunnan Copper Group is a Substantial Shareholder of CCS holding 40% of the issued share capital of CCS. Yunnan Copper Group and its subsidiaries constitute connected persons of the Company under the Listing Rules.

3. Huachin Ore Supply Framework Agreement

On 14 May 2012, the Company entered into the Huachin Ore Supply Framework Agreement with Huachin Minerals pursuant to which the Company agreed to purchase, or procure its subsidiaries to purchase, ores mined by Huachin Minerals. Details of the Huachin Ore Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2013, the Group had not made any purchase of ores from Huachin Minerals.

Huachin Minerals is 70% owned by Mr. Ng Siu Kam, who holds the entire interest in Huachin SPRL. Huachin SPRL holds 37.5% of Huachin, one of the Company's subsidiaries. Huachin Minerals constitutes a connected person of the Company under the Listing Rules.

4. Mutual Supply Framework Agreement

On 14 May 2012, the Company entered into the Mutual Supply Framework Agreement with CNMC pursuant to which both parties agreed to provide, or procure their respective subsidiaries to provide certain raw materials, products and services to each other, and CNMC agreed to provide, or procure its subsidiaries to provide transportation and logistics services to the Group. Details of the Mutual Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2013, the amount paid by the Group for the provision of raw materials, products and services provided by the Retained Group amounted to US$201,055,000; and the revenue from the provision of raw materials, products and services to the Retained Group amounted to US$2,990,000.

CONNECTED TRANSACTIONS *(CONTINUED)*

5. Properties Leasing Framework Agreement

On 14 May 2012, the Company entered into the Properties Leasing Framework Agreement with CNMC pursuant to which CNMC agreed to lease certain buildings and properties to the Group for general business and ancillary purposes. Details of the Properties Leasing Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2013, the rentals paid to the Retained Group amounted to US$6,409,000.

6. Guarantees from CNMC

During the year ended 31 December 2013, CNMC continued to guarantee one external borrowings of the Group provided by third party independent financial institutions which involved the Group providing security deposit.

As at 31 December 2013, the outstanding amounts of the secured loans taken out by Luanshya with China Construction Bank, Johannesburg Branch amounted to US$100,000,000.

CONNECTED TRANSACTIONS *(CONTINUED)*

7. Guarantee fees to CNMC

During the year ended 31 December 2013, the Group had reimbursed CNMC certain guarantee fees in respect of certain guarantee provided by CNMC.

The Group had procured the following loans guaranteed by CNMC which involved the Group paying guarantee fees to CNMC:

- On 13 September 2012, Luanshya entered into a loan contract with Industrial and Commercial Bank of China (Europe) S.A. in respect of a fixed term loan for 1,093 days in the amount of US$60,000,000 for working capital. This loan involved the Industrial and Commercial Bank of China Limited, Beijing Branch issuing a legal and valid letter of credit or guarantee to Industrial and Commercial Bank of China (Europe) S.A.. Industrial and Commercial Bank of China Limited, Beijing Branch charged CNMC guarantee fees at a rate of 0.2875% per quarter of the guaranteed amount in respect of the guarantee it issued to Industrial and Commercial Bank of China (Europe) S.A.. Pursuant to a guarantee contract dated 5 September 2012 between Luanshya and CNMC, Luanshya had agreed to reimburse CNMC for any guarantee fees it paid to Industrial and Commercial Bank of China Limited, Beijing Branch in this connection.

- On 14 November 2012, CCS obtained a term loan facility of US$70,000,000 for general corporate purposes from China Construction Bank, Johannesburg Branch which was guaranteed by CNMC. The facility is repayable in full on or before 12 October 2015. The facility involved China Construction Bank Corporation, Beijing Branch issuing a guarantee or letter of credit for an amount of US$70,000,000 to China Construction Bank, Johannesburg Branch and CCS providing a security deposit of US$2,000,000. China Construction Bank, Beijing Branch charged CNMC guarantee fees calculated at 1.4% per annum of the guaranteed amount in respect of the guarantee it issued to China Construction Bank, Johannesburg Branch. Pursuant to a guarantee contract dated 26 September 2012 between CCS and CNMC, CCS had agreed to reimburse CNMC for any guarantee fees it paid to China Construction Bank, Beijing Branch in this connection.

- On 13 December 2012, Luanshya entered into a loan contract with Industrial and Commercial Bank of China (Europe) S.A. in respect of a fixed term loan for 1,095 days in the amount of US$45,000,000 for working capital. This loan involved the Industrial and Commercial Bank of China Limited, Beijing Branch issuing a legal and valid letter of credit or guarantee to Industrial and Commercial Bank of China (Europe) S.A.. Industrial and Commercial Bank of China Limited, Beijing Branch charged CNMC guarantee fees at a rate of 0.275% per quarter of the guaranteed amount in respect of the guarantee it issued to Industrial and Commercial Bank of China (Europe) S.A.. Pursuant to a guarantee contract dated 3 December 2012 between Luanshya and CNMC, Luanshya had agreed to reimburse CNMC for any guarantee fees it paid to Industrial and Commercial Bank of China Limited, Beijing Branch in this connection.

CONNECTED TRANSACTIONS *(CONTINUED)*

Guarantee Fee Framework Agreement

On 7 March 2013, the Company entered into the Guarantee Fee Framework Agreement with CNMC pursuant to which the subsidiaries of the Company will reimburse CNMC for any guarantee fees that it pays to third party financial institutions for the unconditional irrevocable letters of guarantee to be issued. The details of the Guarantee Framework Agreement had been disclosed in the announcement dated 7 March 2013 published by the Company. During the year ended 31 December 2013, the aggregate amount of guarantee fees paid by the Group to CNMC amounted to US$2,988,000.

For related party transactions disclosed in note 37 to the consolidated financial statements which constituted connected transactions under the Listing Rules, the Company has complied with all the relevant requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transactions of the Group and have confirmed that these transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's auditor has been engaged to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its letter containing its findings and conclusions, in respect of the above-mentioned continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.38 of the Listing Rules.

CONNECTED TRANSACTIONS *(CONTINUED)*

In respect of the continuing connected transactions disclosed (the "Disclosed Continuing Connected Transactions"), the Company's auditor confirmed that:

a. nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to its attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

c. nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions have exceeded the maximum aggregate annual value disclosed in the prospectus of the Company dated 20 June 2012 and the previous announcement dated 7 March 2013 made by the Company in respect of each of the Disclosed Continuing Connected Transactions.

A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the compliance by CNMC and its associates with the Non-Competition Undertaking under the Deed of Non-Competition Undertaking, including whether to pursue any business opportunities which may be referred or offered to the Company by the Retained Group. The Company has received an annual confirmation from CNMC in respect of its compliance with the Non-Competition Undertaking. The independent non-executive Directors of the Company have reviewed the status of compliance of the Non-Competition Undertaking for the year ended 31 December 2013 and confirmed that all the undertakings under the Deed of Non-Competition Undertaking have been complied with by CNMC.

COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

The Group had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the period from the Listing Date to 31 December 2013.

SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as at the date of this annual report.

AUDIT COMMITTEE

The Group's audited consolidated financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee, who were of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

AUDITOR

A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company is to be submitted at the forthcoming annual general meeting.

On Behalf of the Board of Directors
Tao LUO
Chairman

21 March 2014

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF CHINA NONFERROUS MINING CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 157, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY *(CONTINUED)*

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2013

	Notes	**2013** ***US$'000***	2012 *US$'000*
Revenue	5, 6	**1,744,023**	1,532,315
Cost of sales		**(1,469,766)**	(1,249,365)
Gross profit		**274,257**	282,950
Other income	7	**10,333**	6,440
Distribution and selling expenses		**(42,578)**	(34,871)
Administrative expenses		**(51,634)**	(46,618)
Finance costs	8	**(10,635)**	(5,957)
(Loss) Gain arising on change in fair value of derivatives	26	**(300)**	937
Other expenses	9	**(3,264)**	(10,131)
Profit before tax		**176,179**	192,750
Income tax expense	10	**(48,819)**	(24,706)
Profit and total comprehensive income for the year	6, 11	**127,360**	168,044
Profit and total comprehensive income attributable to:			
Owners of the Company		**67,257**	98,544
Non-controlling interests		**60,103**	69,500
		127,360	168,044
Earnings per share	14		
— Basic *(US cents)*		**1.93**	3.23
— Diluted *(US cents)*		**N/A**	3.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 US$'000	2012 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,185,068**	1,006,959
Interest in an associate	16	**2,143**	2,143
Restricted bank balances	22	**12,137**	12,128
Other assets	21	**12,870**	12,916
Finance lease receivables	18	**16,645**	27,015
		1,228,863	1,061,161
CURRENT ASSETS			
Inventories	19	**370,175**	330,415
Finance lease receivables	18	**10,335**	8,793
Trade receivables	20	**143,386**	120,306
Prepayments and other receivables	21	**148,332**	60,594
Available-for-sale investments	17	**6,397**	—
Restricted bank balances	22	**4,573**	2,281
Bank balances and cash	22	**415,135**	264,723
		1,098,333	787,112
CURRENT LIABILITIES			
Trade payables	23	**239,445**	192,110
Other payables and accrued expenses	24	**101,256**	84,337
Income tax payable		**31,356**	5,021
Bank and other borrowings - due within one year	25	**61,000**	11,000
Derivatives, at fair value	26	**614**	—
		433,671	292,468
NET CURRENT ASSETS		**664,662**	494,644
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,893,525**	1,555,805

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2013

	Notes	2013 US$'000	2012 US$'000
CAPITAL AND RESERVES			
Share capital	27	**447,901**	447,901
Share premium		**165,332**	165,332
Retained profits		**169,516**	102,259
Equity attributable to owners of the Company		**782,749**	715,492
Non-controlling interests		**137,441**	135,546
TOTAL EQUITY		**920,190**	851,038
NON-CURRENT LIABILITIES			
Bank and other borrowings - due after one year	25	**817,955**	578,450
Deferred revenue	28	**21,752**	17,811
Provision for restoration, rehabilitation and environmental costs	29	**20,043**	15,272
Deferred tax liabilities	30	**113,585**	93,234
		973,335	704,767
		1,893,525	1,555,805

The consolidated financial statement on pages 75 to 157 were approved and authorised for issue by the Board of Directors on 21 March 2014 and are signed on its behalf by:

Tao Luo
DIRECTOR

Xinghu Tao
DIRECTOR

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

At 31 December 2013

	Notes	2013 US$'000	2012 US$'000
NON-CURRENT ASSETS			
Equipment		**27**	28
Investment in a subsidiary	31	**315,859**	315,859
Receivable from a subsidiary	32	**68,728**	60,729
Loans to subsidiaries	32	**341,443**	168,000
		726,057	544,616
CURRENT ASSETS			
Other receivables		**475**	—
Due from subsidiaries	32	**10,559**	1,414
Bank balances and cash	22	**113,713**	68,406
		124,747	69,820
CURRENT LIABILITIES			
Due to a subsidiary	32	**14,988**	—
Other payables and accrued expenses	24	**1,376**	689
Bank and other borrowings			
— due within one year	25	**50,000**	—
		66,364	689
NET CURRENT ASSETS		**58,383**	69,131
TOTAL ASSETS LESS CURRENT LIABILITIES		**784,440**	613,747
CAPITAL AND RESERVES			
Share capital	27	**447,901**	447,901
Share premium	40	**165,332**	165,332
Retained profits	40	**121,207**	514
TOTAL EQUITY		**734,440**	613,747
NON-CURRENT LIABILITIES			
Bank and other borrowings - due after one year	25	**50,000**	—
		784,440	613,747

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2013

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2012	333,333	35,256	3,715	372,304	117,046	489,350
Shares issued	114,568	137,626	—	252,194	—	252,194
Share issue expenses	—	(7,550)	—	(7,550)	—	(7,550)
Profit and total comprehensive income for the year	—	—	98,544	98,544	69,500	168,044
Dividend declared by subsidiaries	—	—	—	—	(51,000)	(51,000)
Balance at 31 December 2012	447,901	165,332	102,259	715,492	135,546	851,038
Profit and total comprehensive income for the year	—	—	67,257	67,257	60,103	127,360
Capital contribution by a non-controlling shareholder of a subsidiary	—	—	—	—	3,600	3,600
Dividend declared by subsidiaries	—	—	—	—	(61,808)	(61,808)
Balance at 31 December 2013	447,901	165,332	169,516	782,749	137,441	920,190

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2013

	2013 US$'000	2012 US$'000
OPERATING ACTIVITIES		
Profit before tax	**176,179**	192,750
Adjustments for:		
Depreciation of property, plant and equipment	**88,676**	71,045
Interest income	**(1,394)**	(416)
Finance income earned under finance leases to a fellow subsidiary	**(1,154)**	(1,162)
Loss (Gain) arising on changes in fair value of derivatives	**300**	(937)
Impairment loss reversed on trade receivables, net	**—**	(2,203)
Loss on disposal of property, plant and equipment, net	**533**	—
Finance costs	**10,635**	5,957
Operating cash flows before movements in working capital	**273,775**	265,034
Increase in inventories	**(39,760)**	(166,134)
Increase in trade and other receivables, prepayments and other assets	**(111,527)**	(37,243)
Decrease in investments in derivatives	**—**	10,000
Increase in trade and other payables and accrued expenses	**15,801**	107,518
Cash generated from operations	**138,289**	179,175
Income tax paid	**(2,133)**	(2,827)
NET CASH FROM OPERATING ACTIVITIES	**136,156**	176,348
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	**(6,397)**	—
Purchase of property, plant and equipment	**(267,339)**	(192,558)
Placement of restricted bank balances	**(2,301)**	(924)
Investment in an associate	**—**	(2,143)
Withdrawal of restricted bank balances	**—**	4,050
Purchase of property, plant and equipment under finance leases to a fellow subsidiary	**—**	(14,388)
Repayment of finance lease receivables from a fellow subsidiary	**8,828**	8,414
Interest received	**1,394**	416
Finance income earned under finance leases to a fellow subsidiary received	**1,154**	1,162
Receipts of government grants	**5,403**	6,353
Proceeds from disposal of property, plant and equipment	**455**	1,858
NET CASH USED IN INVESTING ACTIVITIES	**(258,803)**	(187,760)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For The Year Ended 31 December 2013

	2013	2012
	US$'000	*US$'000*
FINANCING ACTIVITIES		
Shares issued	**—**	252,194
Share issue expenses paid	**—**	(7,550)
Capital contribution by a non-controlling shareholder of a subsidiary	**3,600**	—
New bank and other borrowings raised	**300,505**	175,000
Repayment of bank and other borrowings	**(11,000)**	(296,729)
Dividends paid to non-controlling shareholders	**—**	(49,350)
Interest paid	**(15,573)**	(14,917)
NET CASH FROM FINANCING ACTIVITIES	**277,532**	58,648
NET INCREASE IN CASH AND CASH EQUIVALENTS	**154,885**	47,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**264,723**	217,303
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(4,473)**	184
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	**415,135**	264,723

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 December 2013

1. GENERAL INFORMATION

The Company is company incorporated in Hong Kong on 18 July 2011 and its shares are listed on the Stock Exchange of Hong Kong Limited. In the opinion of the directors (the "Directors"), the Company's parent and ultimate holding company are China Nonferrous Mining Development Limited, incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC"), which is wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council and is incorporated in the People's Republic of China (the "PRC"), respectively. The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal place of business is located at 32 Enos Chomba Road, Kitwe, Zambia.

The principal activity of the Company is investment holding. The Group's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and sulfuric acid. The activities of the subsidiaries of the Company are set out in the note 31.

The consolidated financial statements are presented in United States dollars ("US$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED/AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised/amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised/amended HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED/AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of HKFRS 10 and HKFRS 12 is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation - Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether the introduction of the new definition of control under HKFRS 10 has resulted in a change of control over the existing entities treated as subsidiaries of the Company. Previously, the Directors concluded that the Group has control over the existing subsidiaries because the Group has power to govern the financial and operating policies of these subsidiaries so as to obtain benefits from their activities. Under HKFRS 10, the power existed because the Group owned more than half of the voting power by virtue of these subsidiaries, and/or has power to cast majority votes at the board of directors meeting. Additionally, the Group has the power over these entities including but not limited to power to appoint, reassign, and remove the key management personnel such as executive director of an entity, who has ability to direct relevant activities of that entity which include primarily the sale and purchase, working capital, investments and financing activities. The Directors also made the assessment on whether there is a change in control over the existing entity accounted for as an associate of the Group and concluded that the Group continues to exercise significant influence over its associate but has no power to direct the relevant activities of the associate.

2. APPLICATION OF NEW AND REVISED/AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

Impact of the application of HKFRS 10 *(Continued)*

The Directors concluded that the adoption of HKFRS 10 has had no material impact on the Group's consolidated financial statements for the current or prior years because the Group's control over the existing investees remained unchanged in accordance with the new definition of control under HKFRS 10.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. Other than the additional disclosures in note 31, the application of HKFRS 12 has not had any material impact on the amounts recognised in the consolidated financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED/AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

HK (IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine*

HK (IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("Mining properties") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. In the previous years, the Group's accounting treatment for the stripping costs is consistent with the requirements under HK (IFRIC)-Int 20.

Accordingly, the adoption of HK (IFRIC)-Int 20 has had no material impact on the Group's consolidated financial statements for the current and prior year.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Other than the above mentioned name change, the application of the amendments to HKAS 1 has not resulted in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. APPLICATION OF NEW AND REVISED/AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK (IFRIC) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

The Directors anticipate that the application of the above new and revised HKFRSs will have no material impact on these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for goods sold in the normal course of business, net of allowances, applicable sales taxes and mineral royalty.

Sale of goods

Revenue from the sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In most instances, sales revenue is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises.

For certain sales of the Group, the sales price is determined on a provisional basis at the date of sale, as the final selling price is subject to the grades of copper, gold and silver in the Group's copper products and movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking. Revenue on provisionally priced sales is recognised based on the estimated grades of copper, gold and silver in the Group's copper products and fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised in the profit and loss and included in revenue. In all cases, fair value is estimated by reference to forward market prices.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition *(Continued)*

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probably that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies

The functional currency of companies comprising the Group is US$. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purpose (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method or the unit-of-production method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Mining properties in the course of development or construction are included under construction in progress and are not depreciated. Capitalised mining properties costs are depreciated once commercial production commences, as described in "Property, plant and equipment - mining properties".

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment *(Continued)*

Depreciation for other property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	10 to 30 years
Machinery and equipment	3 to 10 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of any item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment *(Continued)*

Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties, are firstly capitalised as property, plant and equipment under the heading of "Construction in progress" in the year in which they are incurred and then reclassified to the heading of "Mining properties" when they are ready for commercial production.

When a decision is taken that a mining property is viable for commercial production, all pre-production primary development expenditure other than land, buildings, plant and equipment, etc. is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties costs are depreciated on a unit-of-production basis over the total estimated remaining commercial reserves of each property or a group of properties.

Stripping costs incurred in the development of a mine (or pit) before the production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a unit of production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of an ore body, to the extent that the benefit from these activities is realised in the form of improved access ore, is recognised as a non-current asset ("Mining properties") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of tangible assets *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the following bases:

- Purchased copper concentrate and all other materials, including spare parts and consumables, are valued on weighted average basis.

- Finished products are valued at raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or production facilities. Costs arising from the installation of plant and other site preparation work, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to profit or loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in profit or loss.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other income" line item in the consolidated statement of profit or loss and other comprehensive Income. Fair value is determined in the manner described in note 34.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Debt securities held by the Group that are classified as AFS financial assets and are measured at fair value at the end of each reporting period. Changes in the carrying amount relating to interest income calculated using the effective interest method is recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables (excluding the embedded commodity derivative component), finance lease receivables, amounts due from subsidiaries, restricted bank balances, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets (including finance lease receivables)

Financial assets, other than those at FVTPL and finance lease receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (including finance lease receivables) *(Continued)*

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amounts of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (including finance lease receivables) *(Continued)*

In respect of AFS financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 34.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to a subsidiary, bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset (including finance lease receivables) only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset (including finance lease receivables), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Revenue recognition

The Group produces blister copper, copper cathodes, copper concentrate and sulfuric acid. Copper products are sold under provisional pricing arrangements where final grades of copper, gold and silver in copper products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenues are recognised when title and risk pass to the customer using history of grades of copper, gold and silver in copper products based on internal examination statistics and forward prices for the expected date of final settlement. Besides, changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices result in the existence of a commodity derivative embedded in the relevant sale contracts. This embedded derivative is recorded at fair value, with changes in fair value recognised in the profit or loss.

Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites and certain production facilities of the Group as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of mining, leaching and smelting industries and they are normally incurred at the end of the life of the mine and production facilities. The costs are estimated on the basis of mine/plant closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting the Group's obligations at that time. A corresponding provision is created on the liability side.

The capitalised asset is charged to profit or loss over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

The Group provides for such costs in accordance with statutory requirements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Depreciation of mining properties

Mining properties costs are depreciated using the unit of production method (the "UOP"). The calculation of the UOP rate of depreciation, and therefore the annual depreciation charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mine reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the project, which, in turn is limited to the life of the proved and probable mineral reserves. Estimates of proved and probable reserves are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve base and the operating and development plan are performed regularly.

Estimated impairment of trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the estimates, the Directors considered detailed procedures have been in place to monitor this risk. In estimating whether allowance for bad and doubtful debts is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the responsible sales personnel discuss with the relevant customers and report on the recoverability. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Details of movements of allowance for trade receivables are disclosed in note 20.

5. REVENUE

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

	2013	2012
	US$'000	*US$'000*
Blister copper	**1,412,390**	1,321,923
Copper cathodes	**267,790**	147,102
Sulfuric acid	**63,843**	63,290
	1,744,023	1,532,315

6. SEGMENT INFORMATION

Information reported to the President of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods produced. Mining, leaching and smelting information was reported to the chief operating decision maker in prior year.

As the Group's sulfuric copper concentrate produced in the mining division has been solely used for the production of blister copper in the smelting division, in order to better reflect the nature and financial effects of the leaching and smelting businesses of the Group and the organisational structure of the Group, the previous mining and smelting segments are regarded as a single component of the Group in current year whose operating results are regularly produced and reviewed by the chief operating decision maker to make decisions about resources to be allocated to this component and assess its performance. Moreover, the Group continues to develop its oxide copper mines in the leaching division for the production of copper cathodes and leaching operating results are also regularly produced and reviewed by the chief operating decision maker.

Prior year segment information has been re-presented to conform to current year's presentation.

6. SEGMENT INFORMATION *(CONTINUED)*

The Group's operating and reportable segments in current year under HKFRS 8 *Operating Segments* are as follows:

- Leaching - Production and sale of copper cathodes (including exploration and mining of oxide copper mines) which are produced using the solvent extraction-electrowinning technology; and

- Smelting - Production and sale of blister copper (including exploration and mining of sulfuric copper mines) and sulfuric acid which are produced using ISA smelting technology.

Segment revenue and results

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

	2013 US$'000	2012 US$'000 (Re-presented)
Segment revenue		
Revenue from external customers		
— Leaching	**267,790**	147,102
— Smelting	**1,476,233**	1,385,213
	1,744,023	1,532,315
Inter-segment sales		
— Leaching	**1,140**	—
— Smelting	**16,433**	9,514
	17,573	9,514
Total segment revenue		
— Leaching	**268,930**	147,102
— Smelting	**1,492,666**	1,394,727
	1,761,596	1,541,829
Elimination*	**(17,573)**	(9,514)
Revenue for the year	**1,744,023**	1,532,315

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

6. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

	2013 US$'000	2012 US$'000 (Re-presented)
Segment profit		
— Leaching	**24,261**	27,126
— Smelting	**105,520**	148,922
	129,781	176,048
Unallocated income*	**13,102**	11,232
Unallocated expenses#	**(4,462)**	(8,487)
Elimination	**(11,061)**	(10,749)
Profit for the year	**127,360**	168,044

* The unallocated income mainly represents the interest income of the Company arising from the loans to the subsidiaries of the Group.

The unallocated expenses mainly represent the administrative expenses of the Company and China Nonferrous Mining Holdings Limited ("CNMH"), a directly wholly owned subsidiary of the Company which directly holds the Group's shareholdings in the subsidiaries in Zambia.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit for the year 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.

6. SEGMENT INFORMATION *(CONTINUED)*

Segment assets and liabilities

	2013 **US$'000**	2012 US$'000 (Re-presented)
Segment assets		
— Leaching	**690,100**	459,742
— Smelting	**1,590,574**	1,334,704
Total segment assets	**2,280,674**	1,794,446
Unallocated assets*	**113,740**	68,434
Elimination	**(67,218)**	(14,607)
Consolidated total assets	**2,327,196**	1,848,273
Segment liabilities		
— Leaching	**628,904**	420,044
— Smelting	**1,112,320**	827,252
Total segment liabilities	**1,741,224**	1,247,296
Unallocated liabilities*	**148,766**	689
Elimination	**(482,984)**	(250,750)
Consolidated total liabilities	**1,407,006**	997,235

* The unallocated assets and liabilities mainly represent those of the Company and CNMH.

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

6. SEGMENT INFORMATION *(CONTINUED)*

Other segment information

	2013 **US$'000**	2012 *US$'000* (Re-presented)
Interest income		
— Leaching	**6**	—
— Smelting	**743**	266
	749	266
Unallocated interest income*	**645**	150
	1,394	416
Finance income earned under finance leases to a fellow subsidiary		
— Leaching	**1,154**	1,162
— Smelting	**—**	—
	1,154	1,162
(Loss)Gain arising on changes in fair value of derivatives		
— Leaching	**—**	—
— Smelting	**(300)**	937
	(300)	937
Finance costs		
— Leaching	**—**	—
— Smelting	**(10,635)**	(5,957)
	(10,635)	(5,957)
Income tax expense		
— Leaching	**(10,695)**	(5,169)
— Smelting	**(38,124)**	(19,537)
	(48,819)	(24,706)

* Represents interest income earned from bank balances of the Company and CNMH.

6. SEGMENT INFORMATION *(CONTINUED)*

Other segment information *(Continued)*

	2013 US$'000	2012 US$'000 (Re-presented)
Depreciation		
— Leaching	**(15,945)**	(13,011)
— Smelting	**(72,731)**	(58,034)
	(88,676)	(71,045)
Impairment loss reversed on trade receivables, net		
— Leaching	**—**	814
— Smelting	**—**	1,389
	—	2,203
Additions to non-current assets#		
— Leaching	**(132,944)**	(75,303)
— Smelting	**(135,222)**	(126,650)
	(268,166)	(201,953)

Excluding financial instruments and deferred tax assets.

Revenue from major products

The Group's revenue from its major products is set out in note 5.

6. SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The Group's operation is mainly in Zambia and US$1,040,977,000 (2012: US$987,636,000) and US$159,104,000 (2012: US$34,382,000) of its non-current assets (other than financial instruments and deferred tax assets) are in Zambia and the Democratic Republic of Congo (the "DRC"), respectively.

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

	2013	2012
	US$'000	*US$'000*
PRC	**660,447**	1,215,545
Hong Kong	**767,295**	677
Singapore	**120,700**	—
Switzerland	**94,172**	251,975
Luxembourg	**—**	828
Africa	**101,409**	63,290
	1,744,023	1,532,315

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2013	2012
	US$'000	*US$'000*
Customer A		
— Leaching	**164,074**	43,881
— Smelting	**875,985**	784,690
Customer B		
— Smelting	**411,114**	386,974
Customer C		
— Leaching	**—**	72,529
— Smelting	**—**	141,197
	1,451,173	1,429,271

7. OTHER INCOME

	2013 US$'000	2012 US$'000
Interest income	**1,394**	416
Government grants	**4,594**	—
Finance income earned under finance leases to a fellow subsidiary	**1,154**	1,162
Net income from sale of spare parts and other materials	**2,099**	1,254
Impairment loss reversed on trade receivables, net	**—**	2,203
Others	**1,092**	1,405
	10,333	6,440

8. FINANCE COSTS

	2013 US$'000	2012 US$'000
Interest on bank and other borrowings:		
— wholly repayable within five years	**9,165**	8,850
— not wholly repayable within five years	**6,408**	6,067
Total borrowing costs	**15,573**	14,917
Unwinding of the discount *(Note 29)*	**330**	298
Less: amount capitalised in the cost of qualifying assets	**(5,268)**	(9,258)
	10,635	5,957
The weighted average capitalisation rate on funds borrowed (per annum)	**2.2%-2.3%**	1.2%-2.3%

9. OTHER EXPENSES

	2013 US$'000	2012 US$'000
Foreign exchange losses, net	**471**	2,938
Loss on disposal of property, plant and equipment, net	**533**	—
Listing expenses	**—**	5,864
Others	**2,260**	1,329
	3,264	10,131

10. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss:

	2013	2012
	US$'000	*US$'000*
Current tax:		
— Income Tax in Zambia	**8,430**	2,917
— Income Tax in DRC	**2,664**	—
— Income Tax in Ireland	**17,374**	4,844
	28,468	7,761
Deferred tax *(Note 30)*	**20,351**	16,945
Total income tax expense	**48,819**	24,706

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit. No provision for Hong Kong profits tax has been made as there was no assessable profit arising in, or derived from Hong Kong during the years ended 31 December 2013 and 2012.

Income Tax in Ireland is calculated at 12.5% (2012: 12.5%) on the estimated assessable income.

Income Tax in DRC is calculated at 30% (2012: 30%) on the estimated assessable income.

Income Tax in Zambia is calculated at 35% (2012: 35%) on the assessable income, except for that arising from mining activities which is 30% (2012: 30%) on the relevant assessable income.

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

- On 3 April 2009, Chambishi Copper Smelter Limited ("CCS", a directly 60% owned subsidiary of CNMH) was granted ten-year income tax incentives for zero rate of income tax for the first five profitable years; 50% of income tax relief for the next three years thereafter; and 25% of income tax relief for the remaining 2 years. The first profitable year of CCS, for Income Tax purpose, is 2010. In 2012 and 2013, CCS enjoyed tax incentives for zero rate of income tax.

- On 10 June 2011, Sino-metals Leach Zambia Limited ("SML", a directly 55% owned subsidiary of CNMH) was granted ten-year income tax incentives for zero rate of income tax for the first five profitable years; 50% of income tax relief for the next three years thereafter; and 25% of income tax relief for the remaining 2 years. The first profitable year of SML, for Income Tax purpose, is 2008. The applicable tax rate for SML for the year ended 31 December 2013 was 17.5% (2012:0%).

10. INCOME TAX EXPENSE *(CONTINUED)*

Certain dividend income of CNMH from Zambia subsidiaries may be subject to Income Tax in Ireland at 12.5%. At the end of the reporting period, deferred tax liability of US$10,062,000 (31 December 2012: nil) has been provided for temporary differences associated with undistributed earnings of subsidiaries (see note 30) while the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised amounting to US$14,526,000 (31 December 2012: US$107,607,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	US$'000	*US$'000*
Profit before tax	**176,179**	192,750
Tax at Income Tax rate in Ireland		
— for operations at 12.5%	**17,374**	4,844
Tax at Income Tax rate in DRC		
— for operations at 30%	**5,312**	4,679
Tax at Income Tax rate in Zambia		
— for operations at 30%	**7,253**	10,926
— for operations at 35%	**48,749**	54,441
	78,688	74,890
Tax effect of expenses not deductible for tax purpose	**6,588**	4,289
Tax losses not recognised	**—**	1,391
Deferred tax on undistributed earnings	**10,062**	—
Tax effect of income not taxable for tax purpose	**(439)**	(6,867)
Effect of tax incentives granted to the Group	**(46,080)**	(48,997)
Income tax expense for the year	**48,819**	24,706
Effective tax rate	**27.7%**	12.8%

10. INCOME TAX EXPENSE *(CONTINUED)*

Other taxes

The Group is also subject to other non-income taxes as below:

The Group is subject to Value Added Tax ("VAT") at 16% on purchases and sales in Zambia whereas VAT is exempted on export, and relevant input VAT paid for purchases supported by valid VAT invoices could be refunded by the Zambia Revenue Authority (the "ZRA") to the extent total input VAT paid on purchases exceeds total output VAT payable on domestic sales.

In addition, NFC Africa Mining PLC ("NFCA") and CNMC Luanshya Copper Mines PLC ("Luanshya") are also subject to mineral royalty at 3% on sale of taxable mining products before 1 April 2012, at 6% on sale of taxable mining products thereafter. On 25 September 2009, according to Statutory Instrument No. 66 of 2009, the Commissioner of ZRA shall remit the whole or part of the mineral royalties payable by Luanshya not exceeding US$9 million which was fully utilised by Luanshya up to June 2012.

In May 2013, SML received assessments in relation to the Pay-as-you-earn, mineral royalties and withholding tax for years 2005 to 2011 from ZRA for additional taxes of US$1,440,000, US$4,232,000 and US$199,000, respectively. Management of SML had lodged objection on the aforesaid assessments and submitted additional information to ZRA. Based on the current discussion with ZRA, management of SML believes that the additional taxes should be approximately US$1 million that has been fully accrued in the consolidated financial statements. In the opinion of the Directors, based on the current discussion with ZRA, the additional taxes have been appropriately and adequately accrued for the year ended 31 December 2013.

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

11. PROFIT FOR THE YEAR

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

	2013 ***US$'000***	2012 *US$'000*
Depreciation of property, plant and equipment	**88,676**	71,045
Auditor's remuneration	**1,122**	895
Staff costs:		
Salaries, wages and welfare (including directors' remuneration as disclosed in Note 12)	**84,210**	78,195
Retirement benefit schemes contributions	**14,957**	12,578
Total staff costs	**99,167**	90,773
Less: Amounts included in construction in progress	**(2,593)**	(5,046)
	96,574	85,727
Cost of inventories recognised as an expense	**1,469,766**	1,249,365
Donations	**425**	497
Minimum lease payments in respect of		
— Land and buildings	**6,234**	6,567
— Machinery and equipment	**19**	21

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid or payable to the Directors are as follows:

	2013				
Name of director	**Fees** *US$'000*	**Salaries and other allowances** *US$'000*	**Discretionary performance bonus** *US$'000*	**Retirement benefit schemes contributions** *US$'000*	**Total emoluments** *US$'000*
Executive Directors					
Mr. Xinghu Tao	—	—	—	—	—
Mr. Chunlai Wang	—	133	70	6	209
Mr. Xingeng Luo	—	182	—	13	195
Mr. Xinguo Yang	—	182	76	12	270
Mr. Kaishou Xie	—	117	72	—	189
Non-Executive Director					
Mr. Tao Luo	—	—	—	—	—
Independent Non-executive Directors					
Mr. Chuanyao Sun	—	39	—	—	39
Mr. Jingwei Liu	—	39	—	—	39
Mr. Shuang Chen	—	39	—	—	39
	—	731	218	31	980

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Directors *(Continued)*

	2012				
Name of director	Fees	Salaries and other allowances	Discretionary performance bonus	Retirement benefit schemes contributions	Total emoluments
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive Directors					
Mr. Xinghu Tao	—	—	—	—	—
Mr. Chunlai Wang	—	153	47	6	206
Mr. Xingeng Luo	—	174	42	6	222
Mr. Xinguo Yang	—	135	105	3	243
Mr. Kaishou Xie	—	84	105	—	189
Non-Executive Director					
Mr. Tao Luo	—	—	—	—	—
Independent Non-executive Directors					
Mr. Chuanyao Sun	—	20	—	—	20
Mr. Jingwei Liu	—	20	—	—	20
Mr. Shuang Chen	—	20	—	—	20
	—	606	299	15	920

No Directors waived any emoluments in the year ended 31 December 2013 (2012: Nil).

Mr. Xinghu Tao, the President of the Company, assumes the role as a chief executive and his emoluments for services rendered by him have been borne by CNMC.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Employees

Of the five individuals with the highest emoluments in the Group, three (2012: three) were Directors whose emoluments are included in the disclosure above. The emoluments of the remaining two (2012: two) individuals were as follows:

	2013	2012
	US$'000	*US$'000*
Salaries and other allowances	**454**	454
Retirement benefit schemes contributions	**25**	19
	479	473

The emoluments of the above employees were within the following bands:

	2013	2012
	Number of employees	
HK$nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**2**	2

13. DIVIDENDS

No dividend was paid, declared or proposed during the year ended 31 December 2013 and 2012.

A final dividend of US$0.2 per share (2012: Nil) in respect of the year ended 31 December 2013 has been proposed by the Directors and is subject to the approval of the shareholders of the Company in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

	2013	2012
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share *(in US$'000)*	**67,257**	98,544
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share *('000)*	**3,489,036**	3,050,453

During the year ended 31 December 2012, the effect of the over-allotment option on diluted earnings per share is insignificant.

During the year ended 31 December 2013, there was no potential ordinary share outstanding.

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Mining properties	Land and buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	US'000	*US'000*	*US'000*	*US'000*	*US'000*	*US'000*
Cost						
At 1 January 2012	200,439	156,413	291,454	40,142	405,567	1,094,015
Additions	22,184	1,040	9,284	4,152	167,369	204,029
Transfer from construction in progress	133,596	38,054	199,245	—	(370,895)	—
Disposals	—	—	(9,649)	(1,332)	—	(10,981)
At 31 December 2012	356,219	195,507	490,334	42,962	202,041	1,287,063
Additions	8,990	4,558	20,178	7,156	226,891	267,773
Transfer from construction in progress	—	120,539	44,139	—	(164,678)	—
Disposals	—	—	(1,450)	(90)	—	(1,540)
At 31 December 2013	365,209	320,604	553,201	50,028	264,254	1,553,296
Depreciation						
At 1 January 2012	(71,420)	(20,058)	(109,226)	(17,478)	—	(218,182)
Depreciation	(12,364)	(8,152)	(42,581)	(7,948)	—	(71,045)
Disposals	—	—	8,050	1,073	—	9,123
At 31 December 2012	(83,784)	(28,210)	(143,757)	(24,353)	—	(280,104)
Depreciation	(13,938)	(14,576)	(51,565)	(8,597)	—	(88,676)
Disposals	—	—	464	88	—	552
At 31 December 2013	(97,722)	(42,786)	(194,858)	(32,862)	—	(368,228)
Carrying amounts						
At 31 December 2013	267,487	277,818	358,343	17,166	264,254	1,185,068
At 31 December 2012	272,435	167,297	346,577	18,609	202,041	1,006,959

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Except for certain pieces of land of Luanshya amounting to US$530,000 (2012: US$532,000), in Zambia held under medium-term lease, the above land and buildings are located in Zambia held under long-term lease.

The Group is in the process of obtaining land use right certificates for certain parcels of its land for its tailing storage facility and several residential areas, which in the opinion of the Directors, are not crucial to the operations of the Group.

16. INTEREST IN AN ASSOCIATE

THE GROUP

As at 31 December 2013 and 2012, the amount represents the Group's share of net assets of the associate, being the Group's cost of investment. As at 31 December 2013 and 2012, the associate had property, plant and equipment of US$7,143,000 and did not have any revenue and results for the year then ended.

Details of the associate of the Group as at the end of the reporting period are set out below:

Name of company	Place/Country of operations and date of incorporation	Issued and fully paid-up ordinary capital	Equity interest/ voting power attributable to the Company as at 31 December **2013** **%**	2012 %	Principal activities
Huachin Minerals SPRL *(Note)*	The DRC 27 January 2012	US$5,000,000	**20.33**	20.33	Mining, exploration and sale of copper ores

Note: 30% and 70% of the issued and paid-up ordinary share capital of the associate, which is unlisted, are directly held by SML and Mr. Ng Siu Kam, a non-controlling interest of Huachin Metals Leach SPRL, a non-wholly owned subsidiary of the Group, respectively.

As the Group's interest in an associate is not significant, no further financial information of the associate is presented.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2013 ***US$'000***	2012 *US$'000*
Unlisted investments	**6,397**	—

Note: The above unlisted investments represent unlisted debt securities issued by private entities incorporated in the PRC. They are measured at fair values as at 31 December 2013.

18. FINANCE LEASE RECEIVABLES

THE GROUP

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

	2013	2012
	US$'000	*US$'000*
Analysed as:		
Current	**10,335**	8,793
Non-current	**16,645**	27,015
	26,980	35,808

	Minimum lease payments		**Present value of minimum lease payments**	
	2013	2012	**2013**	2012
	US$'000	*US$'000*	***US$'000***	*US$'000*
Finance lease receivables comprise:				
Within one year	**10,660**	10,660	**10,335**	8,793
In more than one year but not more than two years	**10,660**	10,660	**9,743**	9,327
In more than two years but not more than five years	**8,003**	18,700	**6,902**	17,688
	29,323	40,020	**26,980**	35,808
Less: Unearned finance income	**(2,343)**	(4,212)	**N/A**	N/A
Present value of minimum lease payment receivables	**26,980**	35,808	**26,980**	35,808

During the year ended 31 December 2013, effective interest rates of the above finance leases range from 5.6% to 6.1% per annum (2012: 5.6% to 6.1% per annum).

In the event of default by the lessee, the Group has the right to sell the lease assets. At the end of the lease term, the lease assets will be transferred to the fellow subsidiary at nil consideration.

19. INVENTORIES

THE GROUP

	2013	2012
	US$'000	*US$'000*
Raw materials	**122,947**	110,781
Spare parts and consumables	**73,977**	52,957
Work in progress	**36,032**	18,442
Finished goods	**137,219**	148,235
	370,175	330,415

20. TRADE RECEIVABLES

THE GROUP

	2013	2012
	US$'000	*US$'000*
Trade receivables	**145,008**	121,928
Less: Allowance of doubtful debts	**(1,622)**	(1,622)
	143,386	120,306

The following is an aged analysis of trade receivables, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, net of allowance for doubtful debts:

	2013	2012
	US$'000	*US$'000*
Within 1 month	**137,043**	108,236
More than 1 month, but less than 3 months	**4,221**	6,652
More than 3 months, but less than 6 months	**1,382**	1,566
More than 6 months, but less than 12 months	**15**	1,414
Over 1 year	**725**	2,438
	143,386	120,306

20. TRADE RECEIVABLES *(CONTINUED)*

THE GROUP *(Continued)*

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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed regularly. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Age of receivables that are past due but not impaired is analysed as follows:

	2013 ***US$'000***	2012 *US$'000*
Overdue by:		
Within 1 month	**26,319**	24,510
More than 1 month, but less than 3 months	**3,418**	173
More than 3 months, but less than 6 months	**1,382**	1,566
More than 6 months, but less than 12 months	**15**	1,414
Over 1 year	**725**	2,438
	31,859	30,101

20. TRADE RECEIVABLES *(CONTINUED)*

THE GROUP *(Continued)*

Movement in the allowance for doubtful debts is as follows:

	2013	2012
	US$'000	*US$'000*
Balance at the beginning of the year	**(1,622)**	(3,825)
Impairment losses reversed on trade receivables, net	**—**	2,203
Balance at the end of the year	**(1,622)**	(1,622)

In determining the recoverability of a trade receivable, the Directors consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Although the Group's largest two (2012: three) customers accounted for significant portion of 83% (2012: 93%) of its sales, these customers are large and reputable in the market and have traded with the Group with good settlement history. The remaining sales revenue is attributable to a number of customers in different countries. In the opinion of the Directors, the Group has concentration of credit risk because 87% (2012: 71%) of the trade receivables was due from the Group's two (2012: three) largest customers.

The Group does not hold any collateral over these balances.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$1,622,000 (31 December 2012: US$1,622,000).

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

	2013	2012
	US$'000	*US$'000*
Fellow subsidiaries	**91,481**	65,149
Subsidiaries of a non-controlling shareholder of a subsidiary	**33,536**	13,327
	125,017	78,476

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

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

THE GROUP

	2013	2012
	US$'000	*US$'000*
Non-current:		
Deposits for property, plant and equipment	**2,653**	2,260
Contributions to Environment Protection Fund *(Note 29)*	**1,434**	1,434
Prepayments for electricity*	**8,783**	9,222
	12,870	12,916
Current:		
Prepayments for inventories and others	**21,847**	28,985
VAT recoverable**	**109,139**	19,251
Deposits in futures margin accounts	**4,835**	4,521
Other receivables	**12,511**	7,837
	148,332	60,594

* Pursuant to a power supply agreement (the "Power Supply Agreement") and a connection agreement (the "Connection Agreement") entered into between a subsidiary of the Group, Luanshya, and a power supply company, Copperbelt Energy Corporation Plc ("Copperbelt Energy"), in Zambia, Luanshya undertook to construct certain power supply network assets (the "Network Assets") to enable Copperbelt Energy to supply the electricity to the mining/leaching project of Luanshya in Muliashi, Copperbelt Province of Zambia. According to the Connection Agreement, Luanshya shall transfer the Network Assets to Copperbelt Energy upon the completion of the construction for a consideration of US$3,725,000 payable by Copperbelt Energy to Luanshya within the seventh anniversary from the date of transfer, subject to Luanshya's fulfillment of consumption of electricity prescribed in the Connection Agreement.

The total construction cost of the Network Assets is US$9,442,000 and the construction of the Network Assets completed in March 2012.

The Directors consider that the construction costs for the Network Assets are, in substance, prepayments for electricity that will be amortised over the tenure of the Power Supply Agreement (expiring in January 2025) upon the commencement of electricity consumption by Luanshya. During the year ended 31 December 2013, the prepayment for electricity released to profit or loss is amounting to US$439,000 (2012: US$220,000).

** In the opinion of the Directors, the VAT will be recoverable in one year after the end of the reporting period.

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

	2013	2012
	US$'000	*US$'000*
CNMC and fellow subsidiaries	**5,596**	8,955
Non-controlling shareholder of a subsidiary	**170**	172
	5,766	9,127

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

22. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

THE GROUP

(i) Restricted bank balances

The Group's restricted bank balances are analysed as follows:

	2013	2012
	US$'000	*US$'000*
Pledged for bank loans:		
— repayable after 1 year classified as non-current assets	**4,157**	4,154
Designated as deposits classified as non-current assets:		
— for issuing letters of guarantee to secure future restoration costs as required by the government of Zambia *(Note 29)*	**7,980**	7,974
Designated as deposits classified as current assets:		
— for custom clearance	**460**	1,181
— for issuing letters of credit	**4,113**	1,100
	16,710	14,409

The restricted bank balances carry interest at rates ranging from 0.1% to 3.1% (2012: 0.1% to 3.1%) per annum.

(ii) Bank balances and cash

Bank balances carry interest at market rates ranging from 0.1% to 3.1% (2012: 0.1% to 3.1%) per annum.

THE COMPANY

Bank balances carry interest at market rates at 0.1% (2012: 0.1%) per annum.

23. TRADE PAYABLES

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

	2013	2012
	US$'000	*US$'000*
Within 1 month	**116,728**	117,613
More than 1 month, but less than 3 months	**107,838**	63,202
More than 3 months, but less than 6 months	**10,063**	8,955
More than 6 months, but less than 12 months	**1,891**	1,262
Over 1 year	**2,925**	1,078
	239,445	192,110

The average credit period on purchases of certain goods is within 3 months and most payables are paid within the credit timeframe.

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

	2013	2012
	US$'000	*US$'000*
CNMC and fellow subsidiaries	**38,816**	29,527

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

24. OTHER PAYABLES AND ACCRUED EXPENSES

THE GROUP

	2013	2012
	US$'000	*US$'000*
Receipts in advance from customers	**3,805**	19,202
Payables for properties, plant and equipment	**8,901**	17,783
Accrued and other payables*	**88,550**	47,352
	101,256	84,337

* Included a provision for legal cases of US$300,000 (2012: US$300,000), details of which are set out in note 39.

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

	2013	2012
	US$'000	*US$'000*
CNMC and fellow subsidiaries	**2,190**	47,500
A subsidiary of a non-controlling shareholder of a subsidiary	**89**	—
Dividend payable to non-controlling shareholders of subsidiaries	**64,958**	3,150
	67,237	50,650

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

THE COMPANY

The balance as at 31 December 2013 and 2012 represents accrued expenses.

25. BANK AND OTHER BORROWINGS

THE GROUP

	Notes	**2013** **US$'000**	2012 US$'000
Bank borrowings			
— secured	(1)	**170,000**	170,000
— unsecured	(2)	**686,350**	419,450
		856,350	589,450
Loan from a non-controlling shareholder of a subsidiary, unsecured	(3)	**22,605**	—
		878,955	589,450
Carrying amount repayable:			
Within one year		**61,000**	11,000
More than one year, but not exceeding two years		**290,000**	11,000
More than two year, but not exceeding five years		**250,505**	290,000
More than five years		**277,450**	277,450
		878,955	589,450
Less: Amounts shown under current liabilities		**(61,000)**	(11,000)
Non-current portion		**817,955**	578,450

25. BANK AND OTHER BORROWINGS *(CONTINUED)*

THE COMPANY

	Notes	**2013** **US$'000**	2012 US$'000
Bank borrowings, unsecured	(2)	**100,000**	—
Carrying amount repayable:			
Within one year		**50,000**	—
More than two year, but not exceeding five years		**50,000**	—
		100,000	—
Less: Amounts shown under current liabilities		**(50,000)**	—
Non-current portion		**50,000**	—

Notes:

(1) The bank loans as at 31 December 2013 bore interest at rates varied based on London Interbank Offered Rate ("LIBOR"), ranging from 1.0% to 2.1% per annum (2012: 1.1% to 2.1% per annum) and are secured by certain restricted bank balances of US$4,157,000 (2012: US$4,154,000) and guarantee by CNMC.

(2) As at 31 December 2013, the unsecured bank loans comprise the following:

- Bank loans of US$446,350,000 (2012: US$339,450,000) with corporate guarantees issued by CNMC in favor of the relevant banks.
- Bank loans of US$80,000,000 (2012: US$80,000,000) with joint corporate guarantees issued by both CNMC and a non-controlling shareholder of a subsidiary in favor of the relevant banks.
- Bank loans of US$60,000,000 (2012: Nil) with corporate guarantees issued by a non-controlling shareholder of a subsidiary in favor of the relevant banks.
- Bank loans of US$100,000,000 (2012: Nil) without corporate guarantee.

The aforesaid bank loans as at 31 December 2013 bore interest at rates varied based on LIBOR ranging from 1.41% to 2.9% per annum (2012: 1.41% to 2.58% per annum).

(3) The loan from a non-controlling shareholder of a subsidiary of US$22,605,000 (2012: Nil) bore interest at a rate of 8% and is repayable in May 2016.

26. DERIVATIVES

THE GROUP

	2013	2012
	US$'000	*US$'000*
Copper futures contracts, at fair value	**(614)**	—

Details of the above futures contracts are analysed as follows:

	At December 31	
	2013	2012
Number of contracts		
— Buy	**—**	—
— Sell	**145**	—
Exercise price *(in US$)*	**6,961–7,405**	—
Maturity date	**Jan 14,2014– March 31,2014**	—

The Group entered into certain copper futures contracts during the year to hedge its risk associated with the prices of its blister copper sold as follows:

	2013	2012
Number of contracts		
— Buy	**78**	241
— Sell	**384**	256
Exercise price *(in US$)*	**6,990–7,405**	7,255–8,745
(Loss)gain arising on change in fair value of derivatives recognised in profit or loss *(in US$'000)*	**(300)**	937

27. SHARE CAPITAL

	Number of shares		Share capital	
	2013	2012	**2013**	2012
	('000)	*('000)*	***HK$'000***	*HK$'000*
Ordinary shares of HK$1.00 each				
Authorised:				
At beginning of the year and end of the year	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Issued and fully paid:				
At beginning of the year	**3,489,036**	2,600,000	**3,489,036**	2,600,000
Issued pursuant to the global offering completed on 28 June 2012 (the "Global Offering")	**—**	870,000	**—**	870,000
Issued pursuant to the over-allotment option granted to the international underwriters pursuant to the Global Offering	**—**	19,036	**—**	19,036
At end of the year	**3,489,036**	3,489,036	**3,489,036**	3,489,036

	2013	2012
	US$'000	*US$'000*
Presented in the consolidated and the Company's financial statements as	**447,901**	447,901

28. DEFERRED REVENUE

THE GROUP

	2013	2012
	US$'000	*US$'000*
Balance at beginning of year	**17,811**	11,458
Additions to the grants during the year	**8,535**	6,353
Recognised in profit or loss during the year	**(4,594)**	—
Balance at end of year	**21,752**	17,811

The above balances represented grants from Ministry of Finance of the PRC to subsidise the Group's capital expenditure and interest incurred in its copper mines development activities in Zambia which were capitalised under mining properties. These grants are recognised in profit or loss on a systematic and rational basis over the useful lives of the related assets.

29. PROVISION FOR RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

THE GROUP

	2013	2012
	US$'000	*US$'000*
Balance at beginning of year	**15,272**	17,452
Provisions recognised(reversed)	**4,441**	(2,478)
Unwinding of discount *(Note 8)*	**330**	298
Balance at end of year	**20,043**	15,272

The Group's provision for restoration, rehabilitation and environmental costs is related to the Group's subsidiaries in Zambia which are involved in mining, leaching and smelting operations. The provision represents the accrued cost required to provide adequate restoration and rehabilitation measured by qualified professionals in Zambia, as discounted at rates ranging from 1.75% to 3.02% per annum (2012: 1.75% to 3.02% per annum), upon the completion of their operations. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project life, which ranges from 2 to 38 years.

The Group is required, under the prevailing regulations, to make an annual contribution equal to one-fifth of 5% to 20% of the estimated restoration costs into an Environmental Protection Fund which is administrated by the Government of the Republic of Zambia. The regulations also require that the balance of the estimated restoration costs be secured using letters of guarantee. All companies in the Group have provided the relevant letters of guarantee as at 31 December 2013 (Note 22 (i)), except for SML, which has not received a demand notice at the date of issuance of these consolidated financial statements.

The Directors opined that adequate provision has been made at the end of each reporting period.

30. DEFERRED TAXATION

THE GROUP

	2013	2012
	US$'000	*US$'000*
Deferred tax liabilities	**(113,585)**	(93,234)

The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

	Property, plant and equipment	**Undistributable profits of subsidiaries**	**Tax losses**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2012	(198,909)	—	122,620	(76,289)
(Charge)credit to profit or loss	(25,428)	—	8,483	(16,945)
Balance at 31 December 2012	(224,337)	—	131,103	(93,234)
(Charge)credit to profit or loss	5,079	(10,062)	(15,368)	(20,351)
Balance at 31 December 2013	(219,258)	(10,062)	115,735	(113,585)

As at 31 December 2013, the Group has unused tax losses of US$385,783,000 (2012: US$437,010,000) in respect of the subsidiaries in Zambia available for offset against future profits. Deferred tax assets of US$115,735,000 (2012: US$131,103,000) have been recognised in respect of all the losses of these subsidiaries in Zambia. Subject to agreement with the Zambia Revenue Authority, the above tax losses of these subsidiaries are available to be carried forward up to a maximum of ten years from the year in which they are incurred for set off against future taxable profits from the same source of those subsidiaries.

31. INVESTMENT IN A SUBSIDIARY

THE COMPANY

	2013	2012
	US$'000	*US$'000*
Cost of investment in an unlisted subsidiary	**315,859**	315,859

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of company	Place/Country of operations and date of incorporation	Issued and fully paid-up ordinary share capital	Equity interest attributable to the Company as at 31 December 2013 %	2012 %	Principal activities
CNMH *(Note 1)*	Ireland 23 September 2011	Euro171,152,002	**100**	100	Investment holding
NFCA *(Note 2)*	Zambia 5 March 1998	US$9,000,001	**85**	85	Exploration and mining of copper and production of copper concentrate
CCS *(Note 2)*	Zambia 19 July 2006	US$2,000	**60**	60	Production and sale of blister copper and sulfuric acid
SML *(Notes 2, 3)*	Zambia 3 December 2004	US$1,000	**67.75**	67.75	Production and sale of copper cathodes
Luanshya *(Note 2)*	Zambia 10 July 2003	US$10,000,001	**80**	80	Exploration and mining of copper and production of copper concentrate and copper cathode
Kakoso Metals Leach Limited ("Kakoso") *(Notes 2, 5)*	Zambia 18 August 2010	ZMK10,000,000	**59.62**	59.62	Inactive
Huachin Metals Leach SPRL *(Notes 2, 5)*	DRC 17 December 2010	US$10,000,000	**42.34**	42.34	Production and sale of copper cathodes and sulfuric acid
Green Home Farm Limited ("Green Home") *(Notes 2, 4)*	Zambia 12 July 2012	ZMK5,000,000	**85**	85	Farming
CNMC Huachin Mabende Mining SPRL *(Notes 2, 5)*	DRC 5 October 2012	(Note 6)	**40.65**	40.65	Inactive

31. INVESTMENT IN A SUBSIDIARY *(CONTINUED)*

Notes:

(1) The ordinary share capital of this company is directly held by the Company.

(2) The ordinary share capital of these companies is indirectly held by the Company.

(3) 55% and 15% of the issued and paid-up ordinary share capital of SML are directly held by CNMH and NFCA, respectively.

(4) Green Home is a wholly-owned subsidiary of NFCA.

(5) Incorporated by SML and other non-controlling shareholders, 88%, 62.5% and 60% of the issued and paid-up ordinary share capital of Kakoso, Huachin Minerals Leach SPRL and CNMC Huachin Mabende Mining SPRL, respectively, are directly held and controlled by SML.

(6) The registered capital of this subsidiary is US$10,000,000. As at 31 December 2012, the capital has not been paid-up by its investors.

Details of non-wholly owned subsidiaries that have material non-controlling interests:

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of company	Place/Country of operations and Principal place of activities	Proportion of ownership interests and voting rights held interests by non-controlling interests 2013 %	2012 %	Profit allocated to non-controlling interests 2013	2012	Accumulated non non-controlling interests 2013	2012
NFCA	Zambia	**15**	15	**1,879**	2,394	**27,339**	25,460
CCS	Zambia	**40**	40	**53,342**	54,710	**90,008**	75,867
Subsidiaries with individually immaterial non-controlling interests						**20,094**	34,219
						137,441	135,546

31. INVESTMENT IN A SUBSIDIARY *(CONTINUED)*

Details of non-wholly owned subsidiaries that have material non-controlling interests: *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NFCA	**2013** ***US$'000***	2012 *US$'000*
Current assets	**129,387**	113,641
Non-current assets	**359,432**	294,395
Current liabilities	**(70,180)**	(40,299)
Non-current liabilities	**(236,379)**	(198,004)
Equity attributable to owners of the Company	**154,921**	144,273
Non-controlling interests	**27,339**	25,460
Revenue	**153,024**	170,361
Expenses	**(140,497)**	(154,404)
Profit and total comprehensive income for the year	**12,527**	15,957
Profit and total comprehensive income attributable to owners of the Company	**10,648**	13,563
Profit and total comprehensive income attributable to the non-controlling interests	**1,879**	2,394
Net cash inflow from operating activities	**48,696**	15,069
Net cash outflow from investing activities	**(83,303)**	(36,244)
Net cash inflow from financing activities	**54,552**	8,328
Net cash inflow (outflow)	**19,945**	(12,847)

31. INVESTMENT IN A SUBSIDIARY *(CONTINUED)*

Details of non-wholly owned subsidiaries that have material non-controlling interests: *(Continued)*

CCS	**2013** **US$'000**	2012 *US$'000*
Current assets	**627,492**	451,870
Non-current assets	**231,432**	211,265
Current liabilities	**(362,317)**	(270,177)
Non-current liabilities	**(271,587)**	(203,291)
Equity attributable to owners of the Company	**135,012**	113,800
Non-controlling interests	**90,008**	75,867
Revenue	**1,492,666**	1,394,727
Expenses	**(1,359,311)**	(1,257,951)
Profit and total comprehensive income for the year	**133,355**	136,776
Profit and total comprehensive income attributable to owners of the Company	**80,013**	82,066
Profit and total comprehensive income attributable to the non-controlling interests	**53,342**	54,710
Dividends paid to non-controlling interests	**39,200**	48,000
Net cash inflow from operating activities	**40,934**	151,837
Net cash outflow from investing activities	**(36,226)**	(63,861)
Net cash inflow (outflow) from financing activities	**31,006**	(88,431)
Net cash inflow (outflow)	**35,714**	(455)

32. AMOUNTS DUE FROM/LOANS TO SUBSIDIARIES

THE COMPANY

	Notes	**2013** **US$'000**	2012 US$'000
Non-current:			
Receivable from a subsidiary			
— Luanshya	(i)	**68,728**	60,729
Loans to subsidiaries			
— NFCA	(ii)	**92,000**	72,000
— Luanshya	(iii)	**98,000**	48,000
— SML	(iv)	**53,443**	—
— CCS	(v)	**98,000**	48,000
		341,443	168,000
Current:			
Due from subsidiaries	(vi)	**10,559**	1,414
Due to a subsidiary	(vii)	**(14,988)**	—

Notes:

(i) The receivable from Luanshya of US$106,058,000 was assigned to the Company from CNMC pursuant to a deed of assignment dated 22 November 2011. The receivable is unsecured and interest-free. The Directors consider that the balance will not be repayable within one year. Fair value adjustment at intial recognition amounting to US$53,328,000 in respect of the receivable, calculated using a discount rate of 15% (2012: 15%) per annum and a term of five years has been recognised as part of the cost of investment in Luanshya.

(ii) The balance is unsecured and bears interest at rate of 4.5% per annum. US$34,100,000 of the balance is repayable in July 2017 and the remainder of the balance is repayable in September 2017.

(iii) The balance is unsecured, bears interest at rate of 4.5% per annum and is repayable in July 2017.

(iv) Included in the loans to SML is an amount of US$12,000,000, which is unsecured, bears interest at rate of 4.5% per annum and is repayable in November 2016. The remaining amount is unsecured, bears interest at rate of 8% per annum and has no fixed terms of repayment.

(v) The balance is unsecured, bears interest at rate of 4.5% per annum and is repayable in August 2017.

(vi) The balance mainly represents interest receivables from subsidiaries and is unsecured, interest-free and is repayable according to the relevant loan agreements with subsidiaries.

(vii) The balance mainly represents dividend income received on behalf of a subsidiary.

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes bank and other borrowings), restricted bank balances, bank balances and cash and equity attributable to owners of the Company (comprising capital, share premium, other reserves and retained profits).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The Group's management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	Notes	**2013** ***US$'000***	2012 *US$'000*
Debts	(i)	**878,955**	589,450
Less: Restricted bank balances, bank balances and cash		**(431,845)**	(279,132)
Net debt		**447,110**	310,318
Equity	(ii)	**782,749**	715,492
Net debt to equity ratio		**57.1%**	43.4%

Notes:

(i) Debt comprises non-current and current bank and other borrowings as detailed in note 25.

(ii) Equity includes capital, share premium, other reserves and retained profits attributable to owners of the Company.

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013	2012
	US$'000	*US$'000*
THE GROUP		
Financial assets		
Loans and receivables (including restricted bank balances, bank balances and cash)	**592,577**	411,796
Finance lease receivables	**26,980**	35,808
Available-for-sale investments, at fair value	**6,397**	—
Financial liabilities		
Amortised costs	**1,185,190**	812,704
Derivatives	**614**	—
THE COMPANY		
Financial assets		
Loans and receivables (including restricted bank balances, bank balances and cash)	**534,918**	298,549
Financial liabilities		
Amortised costs	**114,988**	214

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted bank balances, bank balances and cash, available-for-sale investments trade and other payables, finance lease receivables, bank and other borrowings and derivatives. The Company's major financial instruments include amounts due from/to subsidiaries and loan to subsidiaries, bank balances and cash and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

The Group's significant operation is in Zambia and most of its sales and purchases were denominated in US$, the functional currency of the companies comprising the Group, while certain sales and purchases were settled in currencies (mainly Zambia Kwacha ("ZMK") and Renminbi ("RMB")) other than the functional currency of these group entities that expose the Group to foreign currency risk.

The Company's currency risk is primarily arising from the bank balances denominated in HK$. That is not considered significant as HK$ is pegged to US$.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities are as follows:

THE GROUP

	2013	2012
	US$'000	*US$'000*
ZMK denominated monetary assets	**183,600**	60,596
ZMK denominated monetary liabilities	**(22,295)**	(11,846)
RMB denominated monetary assets	**15,894**	18,336
RMB denominated monetary liabilities	**(537)**	(79)
HK$ denominated monetary assets	**428**	14,521

THE COMPANY

	2013	2012
	US$'000	*US$'000*
HK$ denominated monetary assets	**428**	14,521

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk *(Continued)*

The sensitivity analysis below has been determined based on the exposure to exchange rates of ZMK and RMB against US$. For a 5%, 10%, 15% weakening/strengthening of ZMK and RMB against US$ and all other variables being held constant, there would have no impact on the Group's total equity apart from the retained profits and the effect on the Group's and the Company's profit before tax are as follows:

THE GROUP

	2013	2012
	US$'000	*US$'000*
	Increase/(Decrease)	
ZMK against US$		
Weakening		
— 5%	**(8,065)**	(2,437)
— 10%	**(16,131)**	(4,874)
— 15%	**(24,196)**	(7,312)
Strengthening		
— 5%	**8,065**	2,437
— 10%	**16,131**	4,874
— 15%	**24,196**	7,312
RMB against US$		
Weakening		
— 5%	**(768)**	(913)
— 10%	**(1,536)**	(1,826)
— 15%	**(2,304)**	(2,738)
Strengthening		
— 5%	**768**	913
— 10%	**1,536**	1,826
— 15%	**2,304**	2,738

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk management

Apart from the fixed rate loan from a non-controlling shareholder of a subsidiary that expose the Group to fair value interest rate risk, the Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest-bearing financial assets and liabilities, mainly interest-bearing restricted bank balances, bank balances and bank and other borrowings at variable interest rates. The Group currently does not have an interest rate hedging policy. However, the Directors will consider hedging significant interest rate risk should the need arise.

The Company is exposed to fair value interest rate risk in relation to fixed rate loans to subsidiaries and cash flow interest rate risk in relation to its interest-bearing bank loans, details of which are set out in note 32 and 25, respectively.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing restricted bank balances, bank balances and variable rate bank and other borrowings at the end of each reporting period and assumed that the amount of assets and liabilities outstanding at the end of each reporting period was outstanding for the whole year.

If interest rates on bank and other borrowings had been 100 basis points ("BPs") lower (such effect on restricted bank balances and bank balances, however, had been ignored as most of them bore interest at minimal rate at the end of each reporting period) and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit before tax is as follows:

	2013 ***US$'000***	2012 *US$'000*
Increase in profit before tax for the year	**8,564**	4,924

If interest rates on bank and other borrowings had been 100 BPs higher and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit before tax is as follows:

	2013 ***US$'000***	2012 *US$'000*
Decrease in profit before tax for the year	**(4,225)**	(3,678)

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(iii) Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper which are the major commodities purchased, produced and sold by the Group. To minimise this risk, the Group enters into copper futures contracts and provisional price arrangement to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell the Group's copper products.

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper mainly comprise copper futures contracts and provisional price arrangements. If all prices of copper futures had been increased by 10% and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit before tax is as follows:

	2013	2012
	US$'000	*US$'000*
Increase (Decrease) in profit before tax for the year	**8,413**	(10,177)

There would be an equal and opposite impact on the profit before tax for the year where there had been 10% decrease in all prices of copper futures.

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables, and finance lease receivables. In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Company's credit risk is related to the amounts due from subsidiaries and loan to subsidiaries. The Directors consider that the Company's credit risk is limited as these subsidiaries have the ability to repay the amounts owed to the Company as and when is required by the Company.

The credit risk on restricted bank balances and bank balances is minimal as such amounts are placed in banks with good reputation.

The Group has concentration of credit risk because 87% (2012: 71%) of the trade receivables was due from the Group's two (2012: three) largest customers.

Other than the above, the Group does not have significant concentration of credit risk.

Liquidity risk management

The Directors have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of its financial assets and liabilities.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or if variable, based on the prevailing market rate at the end of each reporting period. For derivatives settled on a net basis, the table has been drawn up based on undiscounted contractual net cash flows.

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk management (Continued)

	Weighted average interest rate	Less than 6 months	Over 6 months but not more than 1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
THE GROUP							
31 December 2013							
Trade and other payables		306,235	—	—	—	306,235	306,235
Bank and other borrowings	2.25%	19,547	8,533	516,752	282,720	827,552	878,955
		325,782	8,533	516,752	282,720	1,133,787	1,185,190
Derivative liabilities		614	—	—	—	614	614
31 December 2012							
Trade and other payables		223,254	—	—	—	223,254	223,254
Bank and other borrowings	2.04%	14,821	3,807	329,827	299,049	647,504	589,450
		238,075	3,807	329,827	299,049	870,758	812,704
THE COMPANY							
31 December 2013							
Due to a subsidiary		14,988	—	—	—	14,988	14,988
Bank and other borrowings	2.04%	52,070	730	52,008	—	104,808	100,000
		67,058	730	52,008	—	119,796	114,988
31 December 2012							
Other payables		214	—	—	—	214	214

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 *US$'000*	**Level 2** *US$'000*	**Level 3** *US$'000*	**Total** *US$'000*
31 December 2013				
Financial assets				
Available-for-sale investments *(Note 1)*	—	6,397	—	6,397
Financial liabilities				
Derivative instruments *(Note 2)*	—	(614)	—	(614)

Valuation technique

Note 1: Calculate using discounted cash flow. Future cash flows are estimated based on the expected redemption amount that are discounted at a rate that reflects the credit risk of the counterparty.

Note 2: Calculate using quoted prices in an active market.

There were no transfers between Level 1 and 2 in the year.

Except as detailed above, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost recognised in the consolidated financial statements approximate their fair values.

35. OPERATING LEASE - THE GROUP AS LESSEE

At the end of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease in respect of buildings and properties of CNMC and a fellow subsidiary in the PRC and Zambia for general and ancillary purposes which fall due as follows:

	2013	2012
	US$'000	*US$'000*
Within one year	**3,054**	6,373
In the second to fifth years inclusive	**—**	3,111
	3,054	9,484

36. CAPITAL COMMITMENTS

THE GROUP

	2013	2012
	US$'000	*US$'000*
Capital expenditure contracted for but not provided for in respect of:		
— acquisition of property, plant and equipment	**233,691**	245,861
Capital expenditure authorised but not contracted for in respect of:		
— acquisition of property, plant and equipment	**991,007**	1,117,789

37. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

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

	Notes	**Related parties**	**2013** ***US$'000***	2012 *US$'000*
Sales of:				
— Blister copper	(i)	Fellow subsidiaries	**875,985**	784,690
	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**411,114**	386,974
— Copper cathodes	(i)	Fellow subsidiaries	**173,225**	43,881
— Other materials	(i)	Fellow subsidiary	**1,031**	2,246
Services income	(i)	Fellow subsidiary	**91**	23
Finance income earned under finance leases	(i),(iii)	Fellow subsidiary	**1,868**	1,162
Purchases of:				
— Plant and equipment	(i)	Fellow subsidiaries	**(37,859)**	(35,090)
— Materials	(i)	Fellow subsidiaries	**(78,427)**	(60,960)
— Electricity	(i)	Fellow subsidiary	**(12,716)**	(11,003)
— Services	(i)	Fellow subsidiaries	**(71,033)**	(80,988)
— Freight and transportation	(i)	Fellow subsidiaries	**(1,020)**	(1,596)
Rental expenses	(i)	Fellow subsidiary	**(6,069)**	(6,270)
Rental expenses	(i)	CNMC	**(340)**	(297)
Interest expense	(ii)	CNMC	**—**	(3,369)
	(ii)	Non-controlling shareholders of subsidiaries	**(1,206)**	(234)
Guarantee fees	(i)	CNMC	**(2,988)**	(1,561)

Notes:

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

(ii) The interest expense arose from unsecured loans from CNMC and a non-controlling shareholder of a subsidiary of the Group. Further details of the loans at the end of the reporting period are set out in note 25.

(iii) The finance income earned under finance leases arose from the finance leases to a fellow subsidiary. Details of the finance leases are set out in note 18.

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

(i) Apart from those disclosed above, CNMC also provided guarantees to banks, at nil consideration, for granting unsecured loans to the Group. Further details are set out in note 25.

(ii) The details of remuneration of key management personnel, represents emoluments of the Directors, are set out in note 12.

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

(iv) The Group has also entered into various transactions, including deposits placements, borrowings and other general bank facilities, with banks which are government-related entities in its ordinary course of business.

38. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries in Zambia are members of the state-managed retirement benefits scheme operated by the Zambia government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. Besides, certain employees of the Group are also members of the state-managed retirement benefits scheme operated by the PRC government. The Group also contributes a certain percentage of their payroll to the retirement benefits scheme to fund the benefits.

The only obligation of the Group with respect to the aforesaid retirement benefits schemes is to make the required contributions under the schemes.

39. CONTINGENT LIABILITIES

Other than as disclosed in Note 24, as at the date of approval of these consolidated financial statements, the Group was the defendant for various claims involving alleged unfair/unlawful termination or breach of employment contracts, wrongful calculation of wages/benefits, compensation for injuries and false imprisonment and defamation.

As at 31 December 2013, the Group has made relevant provision for the potential liabilities of US$300,000 (2012: US$300,000) which the Directors opined is adequate based on the present assessments by the Group's legal advisers.

40. MOVEMENTS IN RESERVES OF THE COMPANY

	Share premium*	Retained profits/ (Accumulated losses)	Total
	US$'000	*US$'000*	*US$'000*
At 1 January 2012	35,256	(2,281)	32,975
Shares issued	137,626	—	137,626
Share issue expenses	(7,550)	—	(7,550)
Profit and total comprehensive income for the year	—	2,795	2,795
At 31 December 2012	165,332	514	165,846
Profit and total comprehensive income for the year	—	120,693	120,693
At 31 December 2013	165,332	121,207	286,539

* Share premium as at 1 January 2012 represents the excess of the aggregate amount of (i) net assets of NFCA, Luanshya, CCS and SML attributable to the Company; and (ii) a receivable of US$106,058,000 assigned to the Company over the total nominal value of the share capital issued by the Company in 2011.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for last five financial years, as extracted from the published audited financial statements and the Prospectus, is set out below.

RESULTS

	Year ended 31 December				
	2013	**2012**	**2011**	**2010**	**2009**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	**1,744,023**	1,532,315	1,283,906	1,357,285	696,290
Gross profit	**274,257**	282,950	188,258	216,139	91,740
Profit before tax	**176,179**	192,750	118,310	127,584	105,827
Net profit	**127,360**	168,044	103,290	107,382	94,347
Profit attributable to owners of the Company	**67,257**	98,544	70,014	73,911	81,674

ASSETS, LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	At 31 December				
	2013	**2012**	**2011**	**2010**	**2009**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets	**1,228,863**	1,061,161	925,725	557,486	446,966
Current assets	**1,098,333**	787,112	547,494	801,936	621,130
Total assets	**2,327,196**	1,848,273	1,473,219	1,359,422	1,068,096
Current liabilities	**433,671**	292,468	364,342	440,299	300,977
Net current assets	**664,662**	494,644	183,152	361,637	320,153
Non-current liabilities	**973,335**	704,767	619,527	514,063	440,941
Equity attributable to owners of the Company	**782,749**	715,492	372,304	318,703	267,067
Non-controlling interests	**137,441**	135,546	117,046	86,357	59,111

DEFINITIONS

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	the annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of the Company that were adopted on 27 April 2012
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CCS"	Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*), a company incorporated in Zambia on 19 July 2006 and a subsidiary of the Company
"Chambishi Leach Plant"	the copper leaching plant located in the Copperbelt province in Zambia held by SML and where SML undertakes its leaching operations
"China" or "PRC"	the People's Republic of China. For the purpose of this report and for geographical reference only and except where the context requires, references to "China" and the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong Special Administrative Region
"CNMC"	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a state-owned enterprise incorporated under the laws of the PRC in 1997 with operating history dating back to 1983, directly administered by SASAC, and the ultimate Controlling Shareholder of the Company
"CNMC Copper Supply Framework Agreement"	the copper supply framework agreement dated 14 May 2012 entered into between the Company and CNMC
"CNMC International Trade"	CNMC International Trade Ltd*(中色國際貿易有限公司), a company incorporated under the laws of the PRC on 28 August 2007 and a subsidiary of CNMC
"CNMC-Mabende"	CNMC Mabende SPRL (中色馬本德濕法冶煉有限公司*), a joint venture established in the DRC on 9 November 2012 by SML and Huachin SPRL, an associate of the Group

DEFINITIONS (CONTINUED)

"CNMD"	China Nonferrous Mining Development Limited (中色礦業發展有限公司), an investment holding company incorporated under the laws of the BVI on 12 July 2011, a wholly owned subsidiary of CNMC and the Controlling Shareholder of the Company
"CNMH"	China Nonferrous Mining Holdings Limited (中色礦業控股有限公司*), an investment holding company incorporated under the laws of the Republic of Ireland on 23 September 2011 and a wholly owned subsidiary of the Company
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "we", "us" or "our"	China Nonferrous Mining Corporation Limited (中國有色礦業有限公司), a company incorporated in Hong Kong on 18 July 2011 with limited liability under the Companies Ordinance and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"Compliance Committee"	the compliance committee of the Board
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Deed of Non-Competition Undertaking"	a deed of non-competition undertaking dated 14 May 2012 entered into between CNMC and the Company under which CNMC has given us certain undertakings in respect of the conduct of certain of its activities outside the PRC
"Director(s)"	director(s) of the Company
"DRC"	The Democratic Republic of the Congo
"Fifteen MCC Africa"	Fifteen MCC Africa Construction & Trade Ltd (中國十五冶非洲建築貿易公司*), a company incorporated under the laws of Zambia on 24 May 2007 and a fellow subsidiary of CNMC
"Global Offering"	the offering of the Shares of the Company for subscription by the public in Hong Kong and purchase by institutional and professional investors as described in the Prospectus

"Group", "we" or "us"	the Company and its subsidiaries or any of them, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company
‘‘Framework Agreement for Guarantee Fees’’	the agreement entered into by the Company to reimburse CNMC for any guarantee fees on 7 March 2013
"Hainan Sino-Africa Mining"	China Hainan Sino-Africa Mining Investment Ltd. (海南中非礦業投資有限公司), a company incorporated under the laws of the PRC in October 2004 holding 30% of SML
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standard, as issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huachin"	Huachin Metals Leach SPRL (中色華鑫濕法冶煉有限公司*), a company incorporated under the laws of the DRC on 17 December 2010 and a subsidiary of SML
"Huachin Minerals"	Huachin Minerals SPRL (華鑫礦產有限公司*), a company incorporated under the laws of the DRC on 27 January 2011 and an associate of the Company
"Huachin Ore Supply Framework Agreement"	the ore supply framework agreement entered into between the Company and Huachin Minerals
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kakoso Tailings Development Project"	the development of tailing resources in approximately 25 kilometers north of Chingola, Zambia undertaken by Kakoso Company
"Kakoso Company"	Kakoso Metals Leach Limited, a company incorporated under the laws of Zambia on 18 August 2010, and a subsidiary of SML

"LIBOR"	London Interbank Offer Rate
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange on 29 June 2012
"Listing Date"	the date the Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange, being 29 June 2012
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Luanshya"	CNMC Luanshya Copper Mines PLC (中色盧安夏銅業有限公司*), formerly Luanshya Copper Mines PLC, a company incorporated in Zambia on 10 July 2003 and a subsidiary of the Company
"Mabende Project"	the project undertaken by SML through CNMC-Mabende to construct and operate a leaching plant in the DRC
"Main Board"	the Main Board of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MPongwe"	CNMC MPongwe Mining Company Ltd (中色鵬威礦業有限公司*), a company incorporated in Zambia on 3 May 2010, and a subsidiary of CNMC
"Muliashi Project"	an integrated project involving the mining and leaching of copper oxide ores undertaken by Luanshya, including the Muliashi North Mine, the Muliashi Leach Plant and the planned Baluba East Mine
"Mutual Supply Framework Agreement"	the mutual supply framework agreement dated 14 May 2012 entered into between the Company and CNMC
"NFCA"	NFC Africa Mining PLC (中色非洲礦業有限公司*), a company incorporated in Zambia on 5 March 1998, and a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"Non-Competition Undertaking"	the non-competition undertaking set out in the Deed of Non-Competition Undertaking

DEFINITIONS (CONTINUED)

"PRC government" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Properties Leasing Framework Agreement"	the properties leasing framework agreement dated 14 May 2012 entered into between the Company and CNMC
"Prospectus"	the prospectus dated 20 June 2012 issued by the Company in connection with the Global Offering and the Listing
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi yuan, the lawful currency of the PRC
"Retained Group"	CNMC and its subsidiaries (excluding the Group)
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares of the Company
"SML"	Sino-Metals Leach Zambia Limited (贊比亞謙比希濕法冶煉有限公司*), a company incorporated under the laws of Zambia on 3 December 2004 and a subsidiary of the Company
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed thereto in the Listing Rules
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US¢" or "US cent(s)"	United States cents, the lawful currency for the time being of the United States
"US$" or "US dollar(s)"	United States dollars, the lawful currency for the time being of the United States

DEFINITIONS (CONTINUED)

"VAT"	value-added tax; all amounts are exclusive of VAT in this report except indicated otherwise
"Yunnan Copper"	Yunnan Copper Industry Co., Ltd*(雲南銅業股份有限公司), a company incorporated under the laws of the PRC on 15 May 1998 and a subsidiary of Yunnan Copper Group
"Yunnan Copper Group"	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司), a company incorporated under the laws of the PRC in April 1996 holding 40% of the issued share capital of CCS
"Yunnan Copper Supply Framework Agreement"	the copper supply framework agreement dated 14 May 2012 entered into between the Company and Yunnan Copper Group
"Zambia"	The Republic of Zambia
"ZCCM"	Zambia Consolidated Copper Mines Limited, a company incorporated in Zambia in 1982 and succeeded by ZCCM-IH
"ZCCM-IH"	Zambia Consolidated Copper Mines Investments Holdings Plc, the successor company to ZCCM, majority owned by the Government of Zambia
"ZCCZ"	Zambia-China Economic & Trade Cooperation Zone Development Ltd (贊比亞中國經濟貿易合作區發展有限公司*), a company incorporated in Zambia on 16 January 2007 and a subsidiary of CNMC
"ZMK"	Zambian Kwacha, the lawful currency for the time being of Zambia

* *Translation of English or Chinese terms for reference purposes only.*

Bird's-eye view of mining and processing engineering of Chambishi Southeast Mine

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