

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

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

Stock Code: 1258

2015
INTERIM REPORT

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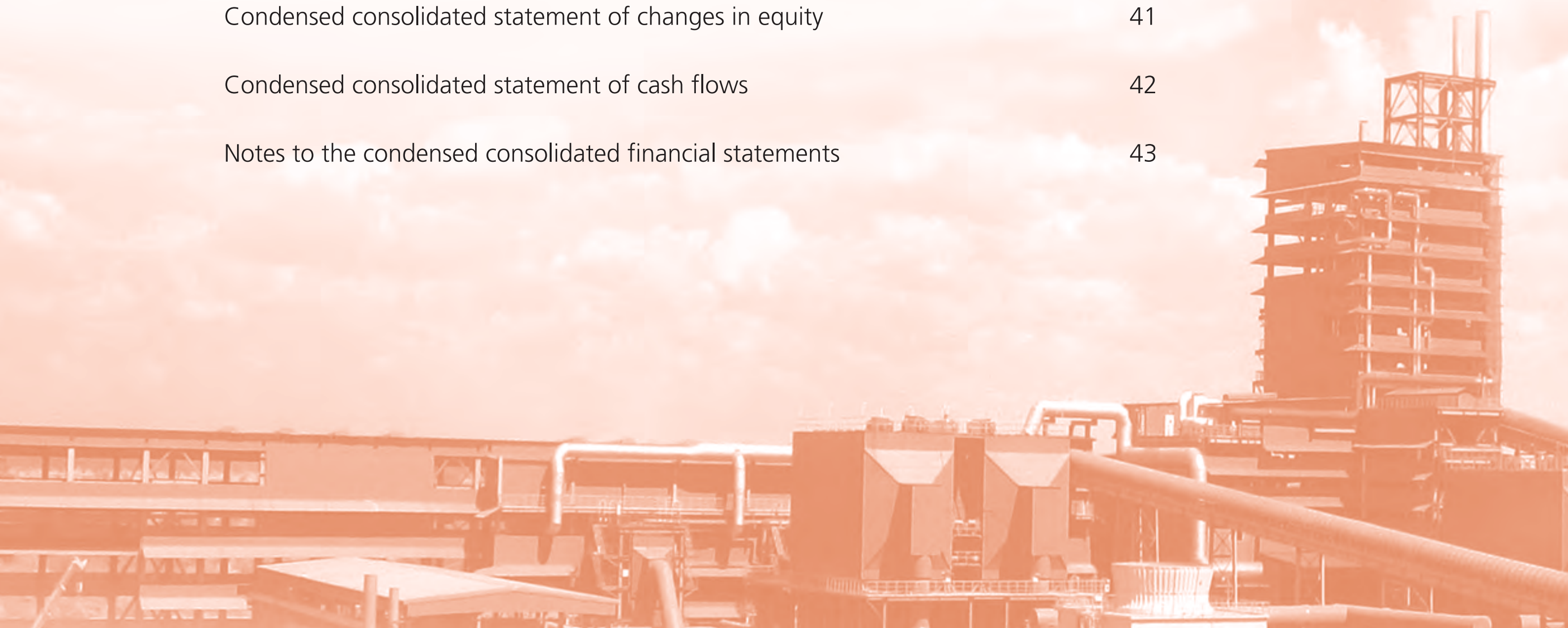

CORPORATE INFORMATION

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

Executive Directors

Mr. Xinghu Tao *(Chairman and President) (appointed as Chairman on 20 April 2015)*
Mr. Chunlai Wang *(Vice President)*
Mr. Xingeng Luo *(Vice President)*
Mr. Wei Fan *(Vice President) (appointed on 28 July 2015)*
Mr. Kaishou Xie *(Vice President)*
Mr. Xinguo Yang *(Vice President) (resigned on 28 July 2015)*

Non-Executive Director

Mr. Diyong Yan *(Vice Chairman) (appointed on 20 April 2015)*
Mr. Tao Luo *(Chairman) (resigned on 20 April 2015)*

Independent Non-Executive Directors

Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan

CORPORATE INFORMATION (CONTINUED)

THE COMMITTEES OF THE BOARD

Audit Committee
Mr. Jingwei Liu *(Chairman)*
Mr. Diyong Yan *(appointed on 20 April 2015)*
Mr. Huanfei Guan
Mr. Tao Luo *(resigned on 20 April 2015)*

Nomination Committee
Mr. Chuanyao Sun *(Chairman)*
Mr. Diyong Yan *(appointed on 20 April 2015)*
Mr. Jingwei Liu
Mr. Tao Luo *(resigned on 20 April 2015)*

Remuneration Committee
Mr. Huanfei Guan *(Chairman)*
Mr. Diyong Yan *(appointed on 20 April 2015)*
Mr. Chuanyao Sun
Mr. Tao Luo *(resigned on 20 April 2015)*

Compliance Committee
Mr. Xinghu Tao *(Chairman) (appointed on 20 April 2015)*
Mr. Tao Luo *(Chairman) (resigned on 20 April 2015)*
Mr. Chuanyao Sun
Mr. Huanfei Guan

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

ISA furnace of copper smelting company

CORPORATE INFORMATION (CONTINUED)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
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

Chairman of the Board
Xinghu Tao

Dear Shareholders,

I would like to take this opportunity to extend my heartfelt gratitude to the Shareholders and all sectors of the society for their care, support and help to China Nonferrous Mining Corporation Limited.

We went through difficult times hand in hand. In the first half of 2015, we witnessed the slowdown of the global economy and the continuous downward trend of the base metal market. Meanwhile, we have encountered various difficulties, including the occurrence of force majeure events such as the reduction in electricity supply due to inadequate rainfall in Zambia and adjustments to tax policies. Faced with these challenges, we are united as a company to facilitate the normal operations of each of our businesses and manage our production costs by strengthening the overall management and efficiency of our production systems. Despite all such efforts, the production volume of blister copper and sulfuric acid dropped as compared to the same period last year. Nonetheless, the production volume of copper cathodes, which are produced through leaching processes with more competitive advantages in cost, saw a significant growth, further optimising the Company's product structure. Even so, the operating revenue and profit for the first half of 2015 fell significantly as compared to the same period last year, as such growth was offset by the drop in the prices of copper and sulfuric acid as well as an increase in tax expenses.

CHAIRMAN'S STATEMENT (CONTINUED)

We maintained stability in our strategies and continued to expedite our development. In the first half of 2015, the Company continued to consolidate efforts to promote key corporate development projects including the Integrating Exploration and Construction Project of the Chambishi Southeast Mine, the Cobalt Converter Slag Recycling Project, the Muliashi South Strip Mine Mining Project and the Mwambashi Strip Mine Project. In particular, we expect these projects, including the Cobalt Converter Slag Recycling Project, Muliashi South Strip Mine Mining Project and Mwambashi Strip Mine Project to be completed this year and become the new growth points for the Company's development.

We turn crisis into opportunities to strive for a better future. We are pleased to see that the National Assembly of Zambia has considered the advice given by various sectors and passed the relevant policies to reduce mining taxes with effect from 1 July 2015. The electricity supply will still be limited in the second half of the year. However, such problem will be gradually alleviated in the long run given the upcoming of rainy season and the increase in investments by the local government. Despite the recent fluctuations in the global stock market, the Chinese economy did not experience fundamental changes. Given the introduction and implementation of reform measures, China is expected to act as a driving force to continue to steer global economic growth alongside other emerging economies. In other words, opportunities and challenges exist amid the economic slowdown. We will strengthen our capability of enhancing cost control during this time of difficulty to sharpen our competitive edge. We will proactively promote mergers, acquisitions and restructuring strategies, improve our self-sufficiency in resources, economic efficiency and scale during this period of opportunities, so as to fully utilise the strengths of the Company as a copper manufacturer with vertical integration of mining, processing and smelting, to expedite development and achieve even more brilliant results as a return to our Shareholders, employees and society.

China Nonferrous Mining Corporation Limited
Chairman of the Board and President
Xinghu Tao

Hong Kong, 25 August 2015

RESULTS HIGHLIGHTS

OPERATING RESULTS

- In the first half of 2015, China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded revenue of US$676.9 million, representing a decrease of 33.3% as compared with the first half of 2014;

- In the first half of 2015, the Group recorded profit attributable to owners of the Company of US$1.0 million, representing a decrease of 97.6% as compared with the first half of 2014.

CHANGES IN PRODUCT OUTPUT

- In the first half of 2015, blister copper produced amounted to 100,228 tonnes, representing a decrease of 10.5% as compared with the first half of 2014;

- In the first half of 2015, copper cathode produced amounted to 31,661 tonnes, representing an increase of 41.5% as compared with the first half of 2014;

- In the first half of 2015, sulfuric acid generated amounted to 259,711 tonnes, representing a decrease of 15.8% as compared with the first half of 2014.

STEADY PROGRESS IN PROJECT DEVELOPMENTS

- The Integrating Exploration and Construction Project of the Chambishi Southeast Mine of NFC Africa Mining PLC ("NFCA") is under development. In the first half of 2015, the construction period of auxiliary shaft drilling was delayed due to the impart of groundwater. The main shaft, south wind shaft and north wind shaft were drilled to the deepest and the civil engineering for the project was also completed, and were partially delivered for usage.

- The Cobalt Converter Slag Recycling Project of Chambishi Copper Smelter Limited ("CCS") is under development and is expected to be completed by the end of 2015.

- The Muliashi South Strip Mine Mining Project of CNMC Luanshya Copper Mines PLC ("Luanshya") is under development and is capable of supplying ores.

- The construction of Mwambashi Strip Mine Project of Sino-Metals Leach Zambia Limited ("SML") was postponed due to abundant amount of groundwater. It will commence production in the second half of 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2015, facing the slow recovery of the global economy and a weak market demand for base metals, the Group overcame challenges from, inter alia, insufficient electricity supply, increase in resources tax and increase in sulfuric acid supply while insisting on accelerating development and paying effort to increase revenue and reduce cost. Business development remained steady. However, affected by the market and the price, operating revenue decreased significantly over the corresponding period last year.

During the reporting period, the production and sales of blister copper and sulfuric acid, the main products of the Company, decreased while the production and sales of copper cathode further increased due to the expansion of its production capacity. Affected by the year-on-year decrease in the prices of copper and sulfuric acid, the revenue decreased by 33.3% to US$676.9 million over the same period last year. Profit attributable to owners of the Company amounted to US$1.0 million, representing a decrease of 97.6% over the same period last year.

Meanwhile, Phase II of the Expansion Project of CCS, the Mabende Project and the Muliashi Leach Project of the Group commenced production. The production capacity of the said projects continued to expand while the Mwambashi Strip Mine Project is expected to commence production in the second half of the year. The Integrating Exploration and Construction Project of the Chambishi Southeast Mine is under large-scale construction. Along with the completion of Cobalt Converter Slag Recycling Project and Muliashi South Oxidized Ores Project, a solid foundation for the Group's business growth was created.

BUSINESS REVIEW

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

The businesses of the Group are carried out mainly through the following companies: NFCA, Luanshya, CCS and SML located in Zambia, as well as through two joint subsidiaries of SML, namely Huachin Metals Leach SA ("Huachin Leach") and CNMC Huachin Mabende Mining SA ("CNMC Huachin Mabende") located in the DRC.

From January 2015 to June 2015, blister copper produced by the Group amounted to 100,228 tonnes in total, representing a decrease of 10.5% over the same period last year; copper cathode produced amounted to 31,661 tonnes in total, representing an increase of 41.5% over the same period last year; and sulfuric acid generated amounted to 259,711 tonnes in total, representing a decrease of 15.8% over the same period last year. Revenue of the Group decreased by 33.3% from US$1,015.2 million for the first half of 2014 to US$676.9 million for the first half of 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW *(CONTINUED)*

Production overview

NFCA

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

From January 2015 to June 2015, copper contained in concentrate produced by the Chambishi Main Mine and Chambishi West Mine amounted to 12,671 tonnes, representing a decrease of 8.8% over the same period last year. This was primarily due to the insufficient electricity supply and the slightly degraded crude ores in Zambia.

Luanshya

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

Copper contained in concentrate produced by the Baluba Center Mine for the first half of 2015 amounted to 7,930 tonnes, representing a decrease of 3.1% over the same period last year. This was mainly due to the insufficient electricity supply and decrease of processing rate of ores.

The Muliashi Project produced 15,919 tonnes of copper cathode in the first half of 2015, representing an increase of 13.4% over the same period last year. The increase was mainly attributable to the increase of heap leaching, leading to continuous improvement in the output capacity of the system.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2015, blister copper and sulfuric acid produced by CCS amounted to 100,228 tonnes and 259,711 tonnes, respectively, representing decreases of 10.5% and 15.8%, respectively, over the same period last year. The decrease was mainly attributable to the insufficient electricity supply, increase in supply of sulfuric acid in the market and repair of equipment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW *(CONTINUED)*

Production overview *(Continued)*

SML

SML mainly operates the Chambishi Leach Plant. It also operates the CNMC Huachin Leach Project through Huachin Leach and the Mabende Project through CNMC Huachin Mabende.

Copper cathode produced by SML in the first half of 2015 increased by 88.9% to 15,742 tonnes as compared to the same period last year, primarily attributable to the copper cathode of 7,955 tonnes produced by the CNMC Huachin Mabende, representing a year-on-year increase of 124.4%. Copper cathode produced by Chambishi Leach Plant increased by 16.4% to 1,600 tonnes as compared to the same period last year. Copper cathode produced by Huachin Leach increased by 81.3% to 6,187 tonnes as compared to the same period last year. In particular, the increase in production of CNMC Huachin Mabende was due to the shorter production period in May last year while the increase in production of Chambishi Leach Plant and Huachin Leach was due to the improvement of raw materials supply.

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

	Production volume for the first half of 2015 [(1)] *(Tonnes)*	Production volume for the first half of 2014 [(1)] *(Tonnes)*	Period-on-period growth *(%)*
Copper concentrate	**20,666**	22,081	-6.4%
Blister copper	**100,228**	111,980	-10.5%
Copper cathode	**31,661**	22,372	41.5%
Sulfuric acid	**259,711**	308,413	-15.8%

Note: (1) The production volumes of all the products are based on the copper concentration, except for sulfuric acid.

Smelting

Leaching

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW *(CONTINUED)*

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Expenses of exploration, development and mining activities of the Group for the six months ended 30 June 2015 are set out below:

	NFCA				Luanshya		SML	
Unit: Million US dollars	Chambishi Main Mine	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Mine Sulfide	Muliashi North Mine	Muliashi South Mine	Mwambashi Mine	Total
Exploration activities								
Drilling and analysis	0.2	0.1	0.2	0.3	0.0	–	0.1	0.9
Sub-total	**0.2**	**0.1**	**0.2**	**0.3**	**0.0**	**–**	**0.1**	**0.9**
Development activities (including mine construction)								
Purchases of assets and equipment	–	10.1	1.9	1.0	0.5	0.2	0.1	13.8
Civil work for construction of tunnels and roads	–	0.5	22.3	2.2	0.4	0.7	–	26.1
Staff Cost	–	–	–	0.8	–	–	–	0.8
Other	–	–	9.5	–	4.9	1.7	–	16.1
Sub-total	**–**	**10.6**	**33.7**	**4.0**	**5.8**	**2.6**	**0.1**	**56.8**
Mining activities (excluding ore processing)								
Staff cost	2.0	2.6	–	10.5	0.1	–	0.1	15.3
Consumables	–	–	–	8.8	0.9	–	–	9.7
Fuel, electricity, water and other services	3.3	4.3	–	7.0	3.8	–	–	18.4
Non–income taxes, royalties and other governmental charges	–	–	–	5.6	4.0	–	–	9.6
Others	0.8	1.0	–	31.8	27.3	0.5	0.4	61.8
Sub-contracting charges	12.9	16.5	–	–	–	–	0.9	30.3
Depreciation	4.6	6.0	–	–	18.5	0.5	0.6	30.2
Sub-total	**23.6**	**30.4**	**–**	**63.7**	**54.6**	**1.0**	**2.0**	**175.3**

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW *(CONTINUED)*

Mining Exploration, Mining Development and Ore Mining Activities

Mining Exploration

During the reporting period, 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, 18 pit drilling holes were completed for production purposes with 1,493m drilled. In the Chambishi West Mine, 22 pit drilling holes (with a 75mm-diameter end-hole) for production purposes were completed with 2,866m drilled. In the Chambishi Southeast Mine, 5 surface drilling holes (with a 75mm-diameter end-hole) were completed for infrastructure and exploration purposes with 635m drilled.

Luanshya conducted drilling in Baluba Mine and Muliashi Open-pit Mine (North Mine) for production and exploration purposes. In particular, 96 drilling holes (with a 46mm-diameter end-hole) for production purposes were completed in Baluba Mine with 2,517m drilled. In Muliashi Open-pit Mine, a total of 60 pit drilling holes (with a 75mm-diameter end-hole) for production and exploration purposes were completed with 2,517m drilled. In addition, 24 platform trenches (1 m × 1 m) were completed with a total length of 2,412m.

No exploration activities were carried out in the Mwambashi Mine of SML in the first half of 2015.

Mining Development

The integrating Exploration and Construction Project of the Chambishi Southeast Mine: the diameter of the main shaft was 6.5m, with 1,251m completed from a designed length of 1,260m; the diameter of the auxiliary shaft was 7.2m, with 627m completed from a designed length of 1,180m; the diameter of the south wind shaft was 6.5m, the designed length of 785m was completed with mid-segment horizontal tunnel under construction; the diameter of the north wind shaft was 6.5m, the designed length of 1,015m was completed; and the mid-segment slope ramp was under construction with 1,715m and 26,881m^3 drilled. 478m of the measure projects such as pump house, water sump and chamber was completed with 7,128m^3 drilled.

Ground surface project of the Integrating Exploration and Construction Project of the Chambishi Southeast Mine: 220KV equipment for converting station were arrived for installation and the Report on Environmental Impact Assessment for the 220KV electric transmission line project was approved by the environmental management authority of Zambia in April 2015; land acquisition for the tailings impoundment area has commenced while that for supply warehouse has been completed; and construction of the main part of the 11KV distribution substation project was basically completed with interior wall being under plastering and it was estimated that the test and installation would be completed in late October 2015. The basic renovation and wall masonry for the integrated office building were completed with steel roof truss being under hoisting and outer wall being under plastering, which was planned to be completed and put into service in late December 2015. Phases I and II of resettlement housing works were all completed and the preliminary inspection and acceptance were carried out on 10 April 2015. At present, the construction, masonry and installation of outdoor paths, septic-tank and sewage pipes was completed and the said works were planned to be completed and put into service in late September 2015 for residents' relocation.

Mwambashi Strip Mine Project: stripping earth of 610,000m^3 was completed in the first half of the year with an accumulative volume of 2,960,000m^3 and stripping depth at an elevation of 1,245m.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW *(CONTINUED)*

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

Ore Mining

For details of ore mining activities, please refer to "Production overview" on page 9.

Infrastructure projects, subcontracting arrangements and procurement of equipment

The major contracts entered into during the reporting period are as follows:

Underground Drainage Equipment Supply Contract, Underground Track Equipment Supply Contract and Underground Unloading Point Equipment Supply Contract of Chambishi Southeast Mine; as well as Spare Parts of Wind Turbines and Electrical Equipment Supply Contract of Chambishi Main Mine.

Strip Mining Design Contract of Muliashi South Mine, 500,000-tonne Slag Project Grinding System Engineering Exploration Construction Contract, Road Repairing Contract of Slag Copper Recovery Factory Area, and Heap Leaching Earth Engineering Contract.

The Contract for the Purchase of a 250KW Electricity Generator for Mwambashi Strip Mine, the Contract for the Purchase of an Excavator for Huachin Leach, Contract for the Purchase Air Compressor (Mining Equipment) for CNMC-Huachin Mabende, and the Agreement on Purchasing 5276 Mining Area close to Mabende, which were still undergoing relevant formalities as at 30 June 2015.

For the six months ended 30 June 2015, the aggregate value of contracts newly entered into relating to infrastructure and procurement of the Group amounted to US$48,841,000, of which the capital commitment was US$45,048,000.

There was no subcontracting arrangement during the period*.

* Subcontracting arrangement refers to an arrangement made between one party to a contract and a third party, pursuant to which the third party shall fulfill all or part of the obligation of that party under the said contract. For example, it refers to the circumstance where the Group wins a project as a contractor and then transfers the entire project or subcontracts part of the project to a third party.

Panorama of the ore processing plant of Chambishi Copper Mine

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW *(CONTINUED)*

Projects in Progress

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project under development is one of the key development mine projects of the Company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in coppor concentrate of approximately 63,000 tonnes per annum. The aggregate project investments amounted to US$830.0 million, among which, an accumulated investment of a total of US$228.6 million had been completed as in late June 2015. In the first half of 2015, the main shaft, south wind shaft and north wind shaft were drilled to the deepest and the civil engineering for the project was also completed, and were partially delivered for usage. In particular, the construction period of auxiliary shaft drilling was delayed due to the impact of groundwater.

CCS

Cobalt Converter Slag Recycling Project

The Cobalt Converter Slag Recycling Project consists of two sub-projects known as "the converter slag reduction furnace" and "the high grade cobalt matte metallurgy". The total investment for the Cobalt Converter Slag Recycling Project was approximately US$40.9 million and the construction period was one year. The scale of converter slag reduction furnace project refers to the capacity of processing 100,000 tonnes of converter slag per annum, while the scale of the high grade cobalt matte metallurgy project refers to the capacity of processing 50,000 tonnes of high grade cobalt matte per annum. The annual output is 10,350 tonnes of copper-cobalt alloy and 34,650 tonnes of copper concentrate. As at the end of June 2015, the cumulative total investment amounted to US$22.2 million in total. The converter slag reduction furnace system successfully commenced one-off operation in late April. We are currently seeking for the best technical control condition. The entire project is expected to be completed by the end of this year.

Luanshya

Muliashi South Strip Mine Mining Project

It was planned for the project that the mixed copper ores with oxidation rate of 66%, and the scale was an annual construction of 500,000 tonnes. The total investment of the project amounted to US$14.0 million, and the construction period was one year. As at the end of June 2015, the cumulative total investment amounted to US$6.4 million in total. It is capable of supplying ores.

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 per day. The construction commenced in September 2013 with an expected construction period of one year. The total investment amount is US$71.6 million. The construction was postponed due to abundant amount of groundwater. The total amount invested by the end of June 2015 amounted to US$26.1 million. It will commence production in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Results of Operations

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

	For the six months ended 30 June							
	2015				2014			
	Sales Volume (1) (Tonnes)	Average Selling Price (US$ per tonne)	Revenue (US$'000)	% of Total Revenue (%)	Sales Volume (1) (Tonnes)	Average Selling Price (US$ per tonne)	Revenue (US$'000)	% of Total Revenue (%)
Blister copper	**99,633**	**5,338**	**531,813**	**78.5**	131,621	6,497	855,163	84.2
Copper cathode	**26,225**	**4,792**	**125,663**	**18.6**	20,763	6,024	125,075	12.3
Sulfuric acid	**148,641**	**131**	**19,461**	**2.9**	218,433	160	34,987	3.5
Total	**274,499**		**676,937**	**100.0**	370,817		1,015,225	100.0

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

Revenue

The revenue of the Group decreased by 33.3% from US$1,015.2 million in the first half of 2014 to US$676.9 million in the first half of 2015, primarily attributable to the decrease in global copper prices and decrease in sales volume of blister copper and sulfuric acid.

The revenue of blister copper decreased by 37.8% from US$855.2 million in the first half of 2014 to US$531.8 million in the first half of 2015, primarily due to the decrease in copper price and the decrease of 24.3% in sales volume of blister copper as compared to the first half of last year.

The revenue of copper cathode increased by 0.5% from US$125.1 million in the first half of 2014 to US$125.7 million in the first half of 2015, mainly attributable to the increase of 26.3% in the sales volume of copper cathode, partially offset by the decrease in the average selling price of copper cathode.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Revenue *(Continued)*

The revenue of sulfuric acid decreased by 44.3% from US$35.0 million in the first half of 2014 to US$19.5 million in the same period of 2015, primarily attributable to the increase in supply of sulfuric acid in the market and the decreasing demand of sulfuric acid from mining and leaching attributable to the insufficient supply of electricity, leading to a decrease of 32.0% in sales volume outside the Group and a decrease of 18.1% in the average selling price of sulfuric acid.

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 for the periods indicated.

	For the six months ended 30 June							
	2015				2014			
	Cost of Sales	**Unit Cost of Sales**	**Gross Profit**	**Gross Profit Margin**	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin
	(US'000)	***(US$ per tonne)***	***(US'000)***	***(%)***	*(US'000)*	*(US$ per tonne)*	*(US'000)*	*(%)*
Blister copper	**495,349**	**4,972**	**36,464**	**6.9**	785,150	5,965	70,013	8.2
Copper cathode	**98,640**	**3,761**	**27,023**	**21.5**	89,394	4,305	35,681	28.5
Sulfuric acid	**3,778**	**25**	**15,683**	**80.6**	4,693	21	30,294	86.6
Total	**597,767**		**79,170**	**11.7**	879,237		135,988	13.4

Panorama of the plant of copper smelting company

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Cost of sales

The cost of sales of the Group in the first half of 2015 decreased by 32.0% to US$597.8 million from US$879.2 million in the first half of 2014, primarily due to the decrease in global copper and sulfuric acid prices and sales volume of blister copper and sulfuric acid.

The cost of sales of blister copper decreased by 36.9% from US$785.2 million in the first half of 2014 to US$495.4 million in the first half of 2015, primarily due to the relatively significant decrease in the sales volume of blister copper and the decrease in global copper prices.

The cost of sales of copper cathode increased by 10.3% from US$89.4 million in the first half of 2014 to US$98.6 million in the first half of 2015, primarily due to the increase of 26.3% in sales volume of copper cathode.

The cost of sales of sulfuric acid decreased by 19.1% from US$4.7 million in the first half of 2014 to US$3.8 million in the first half of 2015, primarily due to the decrease of 32.0% in sales volume of sulfuric acid.

Gross profit and gross profit margin

The Group recorded a gross profit of US$79.2 million in the first half of 2015, representing a decrease of 41.8% from US$136.0 million in the same period of 2014. The gross profit margin decreased from 13.4% in the first half of 2014 to 11.7% in the first half of 2015.

Distribution and selling expenses

The distribution and selling expenses of the Group increased by 142.3% from US$2.6 million in the first half of 2014 to US$6.3 million in the first half of 2015 primarily due to the increase in the sales volume of copper cathode in DRC, leading to the increase in customs clearance fees.

Administrative expenses

The administrative expenses of the Group decreased by 19.1% from US$32.5 million in the first half of 2014 to US$26.3 million in the first half of 2015 primarily due to the decrease in remuneration of employees resulting from the depreciation of Zambia Kwacha ("ZMK"), leading to the decrease in staff remuneration.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Finance costs

The finance costs of the Group increased by 25.9% from US$8.1 million in the first half of 2014 to US$10.2 million in the first half of 2015 primarily due to the increase in bank borrowings for the period and the decrease in capitalised interests.

Gain arising on change in fair value of derivatives

The gain arising on change in fair value of derivatives decreased by 36.0% from US$2.5 million in the first half of 2014 to US$1.6 million in the first half of 2015. The Group entered into copper futures contracts to hedge against its net exposure to the copper price fluctuations due to the discrepancy between the time it expects to procure copper concentrate from external suppliers and when it expects to sell blister copper to external customers.

Other gains and losses

Other gains and losses of the Group increased by 33.5% from US$16.2 million in the first half of 2014 to US$21.6 million in the first half of 2015, primarily due to the continuous depreciation of ZMK, resulting in exchange loss arising from the amount of refundable value-added tax and monetary assets denominated in ZMK.

Income tax expense

The income tax expense of the Group decreased by 51.3% from US$8.0 million in 2014 to US$3.9 million in the first half of 2015. Effective tax rate increased from 9.7% in the first half of 2014 to 20.9% in the first half of 2015, primarily due to the fact that CCS has been subject to the corporate income tax since this year.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company significantly decreased by 97.6% from US$43.8 million in the first half of 2014 to US$1.0 million in the first half of 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and Capital Resources

Cash flows

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

	For the six months ended 30 June	
	2015	2014
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**221,130**	185,070
Net cash used in investing activities	**(42,049)**	(101,539)
Net cash used in financing activities	**(125,095)**	(21,287)
Net increase in cash and cash equivalents	**53,986**	62,244
Cash and cash equivalents at beginning of the period	**501,145**	415,135
Effect of foreign exchange rate changes	**(6,850)**	(7,707)
Cash and cash equivalents at the end of the period	**548,281**	469,672

Net cash flows from operating activities

Net cash flows generated from the operating activities of the Group increased by US$36.0 million from US$185.1 million in the first half of 2014 to US$221.1 million in the first half of 2015, primarily attributable to recovery of accounts receivable and other receivables during the period.

Net cash flows used in investing activities

The net cash flows used in investing activities of the Group decreased by US$59.5 million from US$101.5 million in the first half of 2014 to US$42.0 million in the same period of 2015, primarily due to the year-on-year decrease in investment expenditure during the period with the completion of Phase II of the Expansion Project of CCS and the Mabende Project in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and Capital Resources *(Continued)*

Net cash flows used in financing activities

The net cash flow used in financing activities of the Group was US$125.1 million in the first half of 2015, representing an increase of US$103.8 million as compared to the net cash flow generated from financing activities of US$21.3 million in the same period of 2014, mainly attributable to the increase in repayment of bank loans for the period.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US$47.2 million from US$501.1 million as at 31 December 2014 to US$548.3 million as at 30 June 2015.

Trade receivables

Trade receivables of the Group decreased by US$119.0 million from US$183.5 million as at 31 December 2014 to US$64.5 million as at 30 June 2015, primarily attributable to the significant decrease in sales revenue.

Inventories

Inventories held by the Group increased by US$28.6 million from US$313.7 million as at 31 December 2014 to US$342.3 million as at 30 June 2015, primarily due to the increase in stocks of copper cathode.

Trade payables

Trade payables of the Group increased by US$15.3 million from US$164.2 million as at 31 December 2014 to US$179.5 million as at 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and Capital Resources *(Continued)*

Bank loans and other borrowings

As of 30 June 2015, the Group's balance of bank loans and other borrowings amounted to US$912,955,000.

Among which:

(1) Balance of bank loans due within one year amounted to US$317,605,000;

(2) Balance of bank loans and other borrowings due more than one year but not exceeding two years amounted to US$110,900,000;

(3) Balance of bank loans due more than two years but not exceeding five years amounted to US$484,450,000;

As of 30 June 2015, the borrowings with fixed interest rate amounted to US$22,605,000.

As of 30 June 2015, the Group's bank loans and other borrowings were denominated in USD and had no seasonal features.

Blister copper products

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Capital expenditure

	For the six months ended 30 June	
	2015	2014
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Southeast Mine of NFCA	**27,276**	27,379
Other mining and ore processing facilities at NFCA	**5,627**	6,700
Mining and ore processing facilities at Luanshya (Baluba Center Mine)	**6,537**	17,842
Mining and leaching facilities at Luanshya (Muliashi Project)	**5,970**	11,589
Smelting facilities at CCS	**5,896**	19,002
Leaching facilities at Chambishi Leach Plant	**4,171**	3,445
Leaching facilities at CNMC Huachin Leach Project	**59**	101
Leaching facilities at Mabende Project	**1,291**	20,289
Total	**56,827**	106,347

The total capital expenditure of the Group decreased by US$49.5 million from US$106.3 million in the first half of 2014 to US$56.8 million in the first half of 2015, primarily due to the decrease in investment expenditure for projects during the period.

Financial Policies

As of 30 June 2015, the Group formulated the Financial Budget Management System, the Funds Management System, the Inventories Management System, the Fixed Assets Management System, the Financial Information Disclosure Management System, Management Measures on Approval Procedures and Permissions of Financial Income and Expenses of the Central Office and other financial policies, which aim to regulate and enhance internal control of relevant activities of the Group to ensure the safety of the Group's assets, protect investors' interests and improve operation and management level for compliance with relevant laws and regulations of Hong Kong as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW *(CONTINUED)*

Market Risk Disclosure

In the ordinary 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 due to 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.

Foreign currency exchange risk

The Group operates its business in Zambia and most of its businesses in the past were settled in US dollar, its functional currency, while certain businesses 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. During the reporting period, the Group was not engaged in any foreign currency hedging activities.

Interest rate risk

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

Changes in the Group's performance

From 1 January 2015 to 30 June 2015, save as disclosed in this interim report, there are no material changes which will result in any conflict with the Group's performance as disclosed in the annual report for 2014.

EMPLOYEE AND REMUNERATION POLICIES

Remuneration of employees (including directors of the Company, the "Directors") was determined based on their work nature, experience and contributions to the Company. Employees were also entitled to bonus as an incentive subject to their performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Save for those disclosed in this interim report, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the period for six months ended 30 June 2015. Apart from those disclosed in this interim report, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this interim report.

CHARGES ON ASSETS

Details of charges on assets as at 30 June 2015 are included in note 18 to the condensed consolidated financial statements of this interim report.

GEARING RATIO

As at 30 June 2015, the gearing ratio was 37.4% (as at 31 December 2014: 52.8%) which is calculated by the net debts (being bank and other borrowings minus bank balances and cash, and restricted bank balances) divided by the total equity attributable to owners of the Company.

CONTINGENT LIABILITIES

Details of contingent liabilities as at 30 June 2015 are included in note 21 to the condensed consolidated financial statements of this interim report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Details of events after the end of the reporting period as at 30 June 2015 are included in note 22 to the condensed consolidated financial statements of this interim report.

Save for the above, the electricity supply in Zambia was reduced by approximately 30% due to the decrease in rainfall for the rainy season. For details, please refer to the announcement of Company dated 31 July 2015.

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 of the Company dated 20 June 2012 (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 up to 30 June 2015 was as follows:

	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	26,637	4,133
Total	247,770	206,637	41,133

The remaining balance of the net proceeds has been placed in interest bearing deposit accounts with banks.

Muliashi Strip Mine

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS

NUMBER OF SHARES

For the six months ended 30 June 2015, the Company has issued 3,489,036,000 ordinary shares (the "Shares").

PARTICULARS OF SHAREHOLDERS

Substantial Shareholders and Other Persons' Interest and Short Positions in the Shares and Underlying Shares

As at 30 June 2015, to the best knowledge of 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 Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the provisions of Section 336 of the Securities and Futures Ordinance (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 owned by CNMD.

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

As at 30 June 2015, each of the following entities was directly 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	Zambia Consolidated Copper Mines Investments Holdings Plc ("ZCCM-IH")	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Industry (Group) Co., Ltd*	40%
SML	Hainan Sino-Africa Mining Investment Ltd.	30%
Huachin Leach	Huachin SPRL	37.5%
Kakoso Metals Leach Limited	Shenzen Resources Limited	12%
CNMC Huachin Mabende	Huachin SPRL	40%

Save as disclosed above and the Directors' and chief executive's interests disclosed at "Directors' and chief executive's interests and short positions in Shares and underlying Shares", as at 30 June 2015, no other persons 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Board 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.

During the reporting period, in order to further optimise and strengthen better corporate governance practices and procedures, the Group further optimised the internal control system and made full use of monthly compliance report to effectively monitor on significant issues including legal cases, connected transactions and inside information, etc.

During the reporting period, the Board and the committees of the Board of the Company complied with laws in performing their duties and operated in accordance with standards. The Group fulfilled relevant procedures and made disclosure in respect of the use of raised proceeds, material investment and connected transactions and so forth.

To provide further understanding of operation mode, business activities and development conditions for independent Directors, the management provided the Directors with a monthly summary of the major information about the operational development and compliance of the Company.

Mr. Xinghu Tao serves as the Chairman and President of the Company with effect from 20 April 2015. This is at variance with code provision A.2.1 of the Corporate Governance Code, which provides that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing.

In view of the ever-changing business environment in which our Group operates, the Chairman and President must be proficient in the mining industry and be sensitive to market changes in order to promote the businesses of the Group. The Board thus considers that a segregation of the role of the Chairman and President may create unnecessary costs for the daily operation of the Group.

Besides, all major decisions have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. Chief officers and senior executives are invited to attend Board meetings from time to time to make presentations and answer Board's enquiries. In addition, directors are encouraged to participate actively in all Board and committee meetings of which they are members, and the Chairman ensures that all issues raised are properly briefed at the Board meetings, and together with the senior management, provide adequate, accurate, clear, complete and reliable information to members of the Board in a timely manner. Further, the Chairman ensures that adequate time is available for discussion for all items at the Board meetings.

The Board is therefore of the view that there are adequate balance of power and safeguards in place. Nevertheless, the Board will continue to regularly monitor and review the Company's current structure and to make necessary changes at an appropriate time.

Except for deviation from code provision A.2.1 of the Corporate Governance Code which is explained above, the Company had complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the period for the six months ended 30 June 2015.

HUMAN RESOURCES

As of 30 June 2015, the Group employed a total of 6,904 employees (as at 30 June 2014: 6,841). The total cost of employees reflected in the condensed consolidated statement of profit or loss and other comprehensive income amounted to approximately US$44.8 million (30 June 2014: US$49.8 million). The year-on-year decrease in the total cost of employees was primarily attributable to the depreciation of ZMK.

The management of NFCA participated in the Mine Rescue Drill Competition

Mines Rescue Team

CORPORATE SOCIAL RESPONSIBILITY

The Group always adheres to its the operating mission of "delivering returns to Shareholders, employees and the society through corporate development", and seriously performs environmental and social responsibility in accordance with the industry that the enterprise belongs to as well as operational features.

WORKING ENVIRONMENT

The Group highly embraces the corporate governance concept of being "people oriented", and strictly implements labour policies in relation to social security, working hours and holidays where the enterprises are located. By regularly organizing collective negotiations to determine welfare including remuneration, transportation, housing and medical allowance, and striving to offer a market-competitive remuneration system, the Group provides employees with a healthy and harmonious working and living environment; for the employment and promotion of employees, the Group handles the business in strict compliance with employment management system. Discriminations based on race, religion, skin colour and gender are prohibited; the breach of rules will be handled by the commission comprising representatives of human resources and labour union in accordance with the employees' rules on penalty; and procedures for complaints are set up. The Group upholds a fair and normative labour policy, pays great respect to the cultural background of employees, and protects employees' interests.

HEALTH AND SAFETY

The Group strictly complies with relevant laws and regulations concerning safety production and labour protection where the enterprises are located, and always adheres to the safety production principle of "safety first, prevention foremost". The safety production concept of "respect for life, prevention first" was upheld from the Group to all the subsidiaries. The standards for safety production management have been effectively improved through the implementation of an accountability mechanism of the entities responsible for safety production, confirmation of the scope of safety production responsibility, enhancement of education of safety production and risk prevention and control, development of overall safety inspection and latent defect investigation and governance, constant improvement and optimisation of the contingency plan and reinforcement of emergency rescue team building. The Group has attached great importance to the investment and construction of safety environmental facilities as well as the equipment and the use of management of protection equipment of labours. In every exploration area and factory, fully-equipped emergency ambulance corps were developed, and first aid stations were also established. In the first half of 2015, according to the information of the local environmental and safety management department, various safety indexes, including the number and ratio of death and work injury resulting in the loss of working days in the enterprises under the Group were of high standards.

Donation of food to the infants of the local area by Luanshya

Voluntary Chinese teaching in Luanshya trust school

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

DEVELOPMENT AND TRAINING

The Group attaches great importance to enhance quality and ability of staff. Every subsidiary has its special training institution and staff, which carries out comprehensive and multi-level trainings for our employees such as vocational skills training and health and safety training, and provides quality environment for their growth, thus achieves a joint development of employees and enterprise. Luanshya Workers and Technicians School (中色盧安夏職工技工學校) is open to the society. Apart from normal training of internal employees, it has 230 registered students majoring in mine machinery repair and maintenance, electrical engineering etc, which provides technical talents for the development of Zambia industrial enterprises.

ENVIRONMENTAL PROTECTION

The Group aims at establishing an environmentally friendly enterprise, actively carries out energy conservation and emission reduction and strengthens the testing and monitoring of pollutants emission to ensure clean production. The Group attaches great importance to the recycling and sustainable use of resources. The Group pays attention to using environmental-friendly equipment and advanced technology for production, endeavors to promote the establishment of an environmental management system, so as to improve the resources recycling and reuse as well as environmental protection level. Currently, the Group has basically achieved the selection of mines and reuse of industrial water under the wells. In the first half of 2015, subsequent to the project of copper concentrate and bismuth metal produced from smelting slag being basically completed, the Group again launched the project of recycling cobalt by using smelting slag. All these projects stand for a win-win situation of emission reduction and resources development.

COMMUNITY PARTICIPATION AND OPERATING PRACTICE

Based on copper and cobalt resources development, with the self-development and growth of the Group, it follows the concept of achieving a win-win situation of cooperation, attaches great importance to the concern about suppliers, communities, Shareholders and employees, actively cultivates the local market, supports local enterprises, shares benefits with suppliers, contributes to the local economy and social development and progress where the enterprises are located through the creation of taxation income, provision of jobs and development of related industries, and provides employees with vocational development and protection to create value for Shareholders.

In the first half of 2015, the Group continued to actively participate in local social welfare undertakings where the enterprises were located through monetary fund and physical assets. It supported social welfare undertakings including urban construction, AIDS and malaria prevention and cure and public sports facilities construction, which were highly appreciated by the local government and local residents and further established a good enterprise-citizen image for the listed Company.

STRATEGIES AND PROSPECTS

The Group is dedicated to ultilising advanced and practical technology and managing the development of resources to deliver returns to our Shareholders and employees and promote economic and social development.

The Group is determined to increase its investment in exploration and development, by expanding the exploration area, as well as exploration in the peripheral and in-depth areas of 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 overall resources and the proportion of resources generated from its own mines for smelting.

Through implementing the expansion plan for existing smelting projects, the Group will continue to expand its capacities in leaching and smelting operations, and enhance its profitability by leveraging the advantages of its vertically integrated operations.

The Group, through actively using advanced and practical technology and management, will continue its focus on researching and developing the copper production chain, especially in the areas of separation of copper and cobalt and bioleaching technology. The Group will continue to improve its current mining, processing and smelting business capacities, improve its production efficiency, reduce production costs and increase profitability.

The Group has always adhered to the strict implementation of environmental laws and regulations. It aims to improve its safety and environmental protection management by continuously increasing investment in this area. The Group highly values the relationship with its stakeholders and aspires to achieve a win-win cooperation. The Group will continue to fulfill its corporate social responsibility by contributing to the economy and social development.

A bird view of the mining and processing project of Chambishi Southeast Mine

FUTURE PROSPECTS

Due to the slow recovery of the global economy, the overall base metals market, especially for copper metals, was still in downturn in the first half of 2015. Looking forward, in the second half of 2015, growth of the global economy will remain sluggish as it is still overcoming difficulties. In view of a series of reform initiatives, including the Shenzhen-Hong Kong Stock Connect, the reformation of state-owned enterprises, a lower threshold for administrative approval, the "One Belt and One Road" strategy and the investments in infrastructure construction by the Asian Infrastructure Investment Bank, there is still enormous economic development potential in the PRC, which will, along with other emerging economic entities, create new driving forces for the development of the global economy. In the long run, the copper price is expected to increase in a stable fashion.

In light of the conditions described above, the Group will:

1. CONTINUE THE CONSTRUCTION OF KEY PROJECTS

In the second half of 2015, the heap construction of Muliashi Project will be further expedited as we continue to expand the production capacity of the heap leaching system to meet target levels and output. We will speed up the completion of the construction of Cobalt Converter Slag Recycling Project of CCS, Mwambashi Strip Mine Project and Muliashi South Oxidized Ores Project. The exploitation in Chambishi Southeast Mine will also be expedited to enhance efficiency and provide new production sources for the Company.

2. IMPROVE PERFORMANCE OF EXISTING OPERATIONS

Due to a decrease in rainfall during the rainy seasons, there has been approximately 30% reduction in electricity supply in Zambia. The Group will strengthen the arrangement and deployment of various production systems, enhance cost control, improve production and operation efficiency to alleviate the impact of insufficient electricity supply in the upcoming rainy season as much as possible.

3. CARRY FORWARD INITIATIVES REGARDING THE GUARANTEE OF RESOURCES, MERGER AND REORGANIZATION

In light of the conditions described above, the Group will continue to further increase its copper and cobalt reserve and resources by exploration, development as well as mergers and acquisitions, optimize and reorganize its internal structure, and increase operation efficiency to strengthen the Group's market competitiveness.

The Group will continue to pay attention to improve its work environment, further enhance its standards in human resources management and strengthen our employee training to ensure production safety and efficiency.

OTHER SIGNIFICANT EVENTS

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

As of 30 June 2015, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interest or short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests or short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as stipulated in the Appendix 10 to the Listing Rules ("Model Code").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares or debentures 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' 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 six months ended 30 June 2015.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established with written terms of reference in compliance with the Listing Rules and Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control system of the Group. The Audit Committee consists of Mr. Diyong Yan, a non-executive director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non-executive directors. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2015 and the interim report 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.

OTHER SIGNIFICANT EVENTS (CONTINUED)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code throughout the six months ended 30 June 2015.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities throughout the six months ended 30 June 2015.

Monument for the discovery of the copper mine at Luanshya

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	NOTES	Six months ended 30 June 2015 US$'000 (Unaudited)	30 June 2014 US$'000 (Unaudited)
Revenue	4	**676,937**	1,015,225
Cost of sales		**(597,767)**	(879,237)
Gross profit		**79,170**	135,988
Other income		**2,214**	4,194
Distribution and selling expenses		**(6,254)**	(2,596)
Administrative expenses		**(26,306)**	(32,465)
Finance costs	6	**(10,156)**	(8,136)
Gain arising on change in fair value of derivatives		**1,583**	2,492
Other gains and losses	7	**(21,623)**	(16,202)
Profit before tax		**18,628**	83,275
Income tax expense	8	**(3,887)**	(7,999)
Profit and total comprehensive income for the period	9	**14,741**	75,276
Profit and total comprehensive income attributable to:			
Owners of the Company		**1,044**	43,797
Non-controlling interests		**13,697**	31,479
		14,741	75,276
Earnings per share	11		
— Basic *(US cents per share)*		**0.03**	1.26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	NOTES	**At 30 June 2015 *US$'000* (Unaudited)**	At 31 December 2014 *US$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**1,208,499**	1,208,297
Interest in an associate		**2,143**	2,143
Restricted bank balances		**7,790**	7,980
Other assets		**20,518**	20,359
Finance lease receivables		**2,497**	7,281
		1,241,447	1,246,060
CURRENT ASSETS			
Inventories	13	**342,333**	313,660
Finance lease receivables		**10,335**	10,335
Trade receivables	14	**64,542**	183,483
Prepayments and other receivables	15	**175,883**	210,489
Derivatives, at fair value		**67**	780
Bank deposits and restricted bank balances		**14,743**	8,773
Bank balances and cash		**548,281**	502,562
		1,156,184	1,230,082
CURRENT LIABILITIES			
Trade payables	16	**179,496**	164,190
Other payables and accrued expenses	17	**80,154**	78,721
Income tax payable		**16,833**	16,796
Bank and other borrowings — due within one year	18	**317,605**	330,000
Bank overdrafts, unsecured		**–**	1,417
		594,088	591,124
NET CURRENT ASSETS		**562,096**	638,958
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,803,543**	1,885,018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 30 JUNE 2015

	NOTES	At 30 June 2015 US$'000 (Unaudited)	At 31 December 2014 US$'000 (Audited)
CAPITAL AND RESERVES			
Share capital		**613,233**	613,233
Retained profits		**300,528**	309,358
Equity attributable to owners of the Company		**913,761**	922,591
Non-controlling interests		**213,960**	200,263
TOTAL EQUITY		**1,127,721**	1,122,854
NON-CURRENT LIABILITIES			
Bank and other borrowings — due after one year	18	**595,350**	674,955
Deferred income		**25,235**	24,629
Provision for restoration, rehabilitation and environmental costs		**21,035**	20,831
Deferred tax liabilities		**34,202**	41,749
		675,822	762,164
		1,803,543	1,885,018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	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*
Six months ended 30 June 2015						
At 1 January 2015 (Audited)	**613,233**	**–**	**309,358**	**922,591**	**200,263**	**1,122,854**
Profit and total comprehensive income for the period	**–**	**–**	**1,044**	**1,044**	**13,697**	**14,741**
Dividend declared	**–**	**–**	**(9,874)**	**(9,874)**	**–**	**(9,874)**
At 30 June 2015 (Unaudited)	**613,233**	**–**	**300,528**	**913,761**	**213,960**	**1,127,721**
Six months ended 30 June 2014						
At 1 January 2014 (Audited)	447,901	165,332	169,516	782,749	137,441	920,190
Profit and total comprehensive income for the period	–	–	43,797	43,797	31,479	75,276
Transfer from share premium upon abolition of par value	165,332	(165,332)	–	–	–	–
Dividend declared	–	–	(6,979)	(6,979)	–	(6,979)
At 30 June 2014 (Unaudited)	613,233	–	206,334	819,567	168,920	988,487

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended	
	30 June	30 June
	2015	2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Net cash from operating activities	**221,130**	185,070
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and other assets	**(54,246)**	(103,432)
Placement of restricted bank balances	**(798)**	(502)
Proceeds from release of restricted bank balances	**2,051**	–
Proceeds from disposal of available-for-sale investments	**–**	6,397
Repayment of finance lease receivables from a fellow subsidiary	**4,507**	4,618
Interest received	**1,315**	1,036
Finance income under finance leases to a fellow subsidiary received	**277**	333
Increase in non-restricted bank deposits with original maturity of more than three months when acquired	**(7,033)**	(10,000)
Proceeds from disposal of property, plant and equipment	**30**	11
Receipts of government grants	**11,848**	–
Net cash used in investing activities	**(42,049)**	(101,539)
FINANCING ACTIVITIES		
New bank loans raised	**195,000**	90,000
Repayments of bank loans	**(287,000)**	(61,000)
Dividend paid to non-controlling shareholders	**(20,000)**	(39,200)
Dividend paid to shareholders	**(2,382)**	(1,779)
Interest paid	**(10,713)**	(9,308)
Net cash used in financing activities	**(125,095)**	(21,287)
Net increase in cash and cash equivalents	**53,986**	62,244
Cash and cash equivalents at beginning of the period	**501,145**	415,135
Effect of foreign exchange rate changes	**(6,850)**	(7,707)
Cash and cash equivalents at the end of the period represented by bank balances and cash	**548,281**	469,672

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on the Stock Exchange of Hong Kong Limited. 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 condensed consolidated financial statements are presented in United States dollars ("US$"), which is also the functional currency of the Company and the Group.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010–2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011–2013 Cycle*

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

4. REVENUE

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

	Six months ended	
	30 June 2015	30 June 2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Blister copper	**531,813**	855,163
Copper cathodes	**125,663**	125,075
Sulfuric acid	**19,461**	34,987
	676,937	1,015,225

5. 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.

The Group's operating and reportable segments in the current period 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.

5. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results

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

	Leaching *US$'000* (Unaudited)	Smelting *US$'000* (Unaudited)	Consolidated *US$'000* (Unaudited)
Six months ended 30 June 2015			
Revenue from external customers	125,663	551,274	676,937
Inter-segment sales	–	2,485	2,485
Total segment revenue	125,663	553,759	679,422
Elimination			(2,485)
Revenue for the period			676,937
Segment (loss) profit	(5,146)	20,627	15,481
Unallocated income			433
Unallocated expenses			(1,173)
Profit for the period			14,741

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

	Leaching *US$'000* (Unaudited)	Smelting *US$'000* (Unaudited)	Consolidated *US$'000* (Unaudited)
Six months ended 30 June 2014			
Revenue from external customers	125,075	890,150	1,015,225
Inter-segment sales	–	3,870	3,870
Total segment revenue	125,075	894,020	1,019,095
Elimination			(3,870)
Revenue for the period			1,015,225
Segment profit	5,474	70,560	76,034
Unallocated income			335
Unallocated expenses			(1,093)
Profit for the period			75,276

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit for the period earned or incurred by each segment without allocation of corporate expenses and bank interest income of the Company. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. SEGMENT INFORMATION *(CONTINUED)*

Segment assets and liabilities

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Segment assets		
– Leaching	**797,799**	848,899
– Smelting	**1,402,000**	1,519,023
Total segment assets	**2,199,799**	2,367,922
Unallocated assets	**214,676**	124,298
Elimination	**(16,844)**	(16,078)
Consolidated total assets	**2,397,631**	2,476,142
Segment liabilities		
– Leaching	**743,924**	722,491
– Smelting	**510,297**	621,504
Total segment liabilities	**1,254,221**	1,343,995
Unallocated liabilities	**32,533**	25,371
Elimination	**(16,844)**	(16,078)
Consolidated total liabilities	**1,269,910**	1,353,288

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 China Nonferrous Mining Holdings Limited, are allocated to operating and reportable segments.

5. SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The Group's operations are mainly in Zambia and Democratic Republic of Congo ("DRC") and US$1,121,935,000 (31 December 2014: US$1,115,491,000) and US$109,225,000 (31 December 2014: US$115,308,000) of its non-current assets other than financial instruments are located in Zambia and DRC, respectively.

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

	Six months ended 30 June 2015 US$'000 (Unaudited)	30 June 2014 US$'000 (Unaudited)
PRC	**412,940**	593,529
Australia	**107,856**	259,604
Switzerland	**85,779**	73,094
Africa	**19,388**	44,075
Singapore	**31,776**	37,168
Luxemburg	**19,198**	7,755
	676,937	1,015,225

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

6. FINANCE COSTS

	Six months ended	
	30 June	30 June
	2015	2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings:		
– wholly repayable within five years	**11,933**	7,412
– not wholly repayable within five years	**–**	3,116
Total borrowing costs	**11,933**	10,528
Unwinding of discount	**200**	153
Less: Amount capitalised in the cost of qualifying assets	**(1,977)**	(2,545)
	10,156	8,136
The weighted average capitalisation rate on funds borrowed generally (per annum)	**2.7%**	2.4%-3.4%

7. OTHER GAINS AND LOSSES

	Six months ended	
	30 June	30 June
	2015	2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Foreign exchange losses, net	**19,556**	15,732
Gain on disposal of property, plant and equipment, net	**(18)**	(2)
Loss on operating hospitals, schools and recreational facilities, net	**245**	225
Others	**1,840**	247
	21,623	16,202

8. INCOME TAX EXPENSE

	Six months ended	
	30 June	30 June
	2015	2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income Tax in Zambia	**7,807**	155
Income Tax in DRC	**3,627**	908
	11,434	1,063
Deferred tax	**(7,547)**	6,936
Total income tax expense	**3,887**	7,999

Pursuant to "An Act to amend the Income Tax Act" enacted by the Parliament of Zambia on 23 December 2014, with effect from 1 January 2015, the applicable tax rate on the assessable income from smelting and leaching operations of the Company's subsidiaries, Chambishi Copper Smelter Limited ("CCS") and Sino-Metal Leach Zambia Limited ("SML") is 30% (six months ended 30 June 2014: 35%), whereas the mining operations of the Company's subsidiaries, NFC Africa Mining PLC ("NFCA") and CNMC Luanshya Copper Mines PLC ("Luanshya") are no longer subject to Zambia Income Tax commencing from 1 January 2015 (six months ended 30 June 2014: 30%).

CCS is eligible for the tax exemption for the first five profitable years; 50% income tax relief for the next three years thereafter; and 25% of income tax relief for the next two years thereafter. The tax incentives are applicable to the assessable profit generated from the two different phases of production facilities of CCS with different dates of commencement of the tax incentives. One of the phases of production facilities of CCS is under the first year of 50% income tax relief during the current interim period resulting in an increase in income tax provision recognised in the current interim period accordingly. The remaining phase of production facilities of CCS is still under the tax holiday during the current interim period.

Income tax in DRC is calculated at 30% (six months ended 30 June 2014: 30%) on the estimated assessable income for the six months ended 30 June 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30 June 2015	30 June 2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**56,767**	53,792
Staff costs:		
Salaries, wages and welfare (including directors' remuneration)	**40,809**	44,022
Retirement benefit schemes contributions	**4,714**	6,900
Total staff costs	**45,523**	50,922
Less: Amounts included in construction in progress	**(765)**	(1,149)
	44,758	49,773
Cost of inventories recognised as an expense	**597,767**	879,237
Minimum lease payments in respect of land and buildings	**3,169**	3,169

10. DIVIDENDS

During the current interim period, a final dividend of US¢0.28 per share in respect of the year ended 31 December 2014 (six months ended 30 June 2014: US¢0.20 per share in respect of the year ended 31 December 2013) in total of approximately US$9,874,000 (six months ended 30 June 2014: US$6,979,000) was declared and approved by the shareholders at the annual general meeting.

The directors of the Company proposed no dividend in respect of the current interim period (six months ended 30 June 2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

11. EARNINGS PER SHARE

	Six months ended **30 June 2015 (Unaudited)**	 30 June 2014 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**1,044**	43,797
Weighted average number of shares for the purpose of basic earnings per share *(in '000)*	**3,489,036**	3,489,036

During the six month periods ended 30 June 2015 and 2014, there was no potential ordinary share outstanding.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US$57,153,000 (six months ended 30 June 2014: US$103,238,000 (unaudited)).

13. INVENTORIES

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Raw materials	**188,740**	179,626
Spare parts and consumables	**89,983**	80,940
Work in progress	**31,800**	46,121
Finished goods	**31,810**	6,973
	342,333	313,660

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

14. TRADE RECEIVABLES

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables	**66,164**	185,105
Less: Allowance for doubtful debts	**(1,622)**	(1,622)
	64,542	183,483

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:

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**60,671**	70,637
31 to 90 days	**3,140**	91,044
91 to 180 days	**261**	20,786
181 to 365 days	**364**	809
1–2 years	**106**	207
	64,542	183,483

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. Revenue is recognised when title and risk passed 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 deposits 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

14. TRADE RECEIVABLES *(CONTINUED)*

Derivatives relating to provisionally priced sales resulted in the revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative which included in the Group's trade receivables amounting to US$11,765,000 (a liability) as at 30 June 2015 (31 December 2014: US$13,351,000 (a liability)).

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

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**43,870**	132,370
Subsidiaries of a non-controlling shareholder of a subsidiary	**12,968**	35,421
	56,838	167,791

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

15. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Prepayments for inventories and others	**49,724**	49,443
VAT receivables	**105,713**	136,849
Deposits for futures margin accounts	**9,600**	7,304
Other receivables	**10,846**	16,893
	175,883	210,489

15. PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

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

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
CNMC	**1,075**	12,781
Fellow subsidiaries	**9,937**	17,493
An associate	**14,940**	14,768
	25,952	45,042

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

16. TRADE PAYABLES

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

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**117,229**	105,415
31 to 90 days	**30,582**	41,045
91 to 180 days	**15,127**	7,620
181 to 365 days	**11,886**	4,646
1–2 years	**4,672**	5,464
	179,496	164,190

The average credit period on purchases of certain goods is within 3 months.

16. TRADE PAYABLES *(CONTINUED)*

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

	At 30 June 2015 **US$'000** **(Unaudited)**	At 31 December 2014 *US$'000* (Audited)
Fellow subsidiaries	**34,718**	34,282

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

17. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2015 **US$'000** **(Unaudited)**	At 31 December 2014 *US$'000* (Audited)
Receipts in advance from customers	**7,417**	8,953
Payables for construction costs	**2,847**	2,108
Other tax payables	**18,340**	6,412
Accrued and other payables	**51,550**	61,248
	80,154	78,721

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

	At 30 June 2015 **US$'000** **(Unaudited)**	At 31 December 2014 *US$'000* (Audited)
CNMC	**7,869**	2,212
Fellow subsidiaries	**2,461**	2,108
A subsidiary of a non-controlling shareholder of a subsidiary	**–**	201
A non-controlling shareholder of a subsidiary	**3,966**	3,068
Dividend payable to a non-controlling shareholder of a subsidiary	**–**	20,000
An associate	**2,143**	2,143
	16,439	29,732

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

18. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately US$195,000,000 (six months ended 30 June 2014: US$90,000,000), and repaid bank borrowings amounting to approximately US$287,000,000 (six months ended 30 June 2014: US$61,000,000). The borrowings carry interest at market rates of 1.05% to 8.00% (six months ended 30 June 2014: 1.03% to 8.00%) per annum.

As at 30 June 2015, bank loans of US$90,000,000 (31 December 2014: US$170,000,000) are secured by restricted bank balances of the Group amounting to US$1,309,000 (31 December 2014: US$4,165,000).

The Group's borrowings included a loan from a non-controlling shareholder of a subsidiary of US$22,605,000 (31 December 2014: US$22,605,000) which is unsecured, bears interest at a rate of 8% per annum and is repayable in May 2016.

19. CAPITAL COMMITMENTS

	At 30 June 2015 ***US$'000*** **(Unaudited)**	At 31 December 2014 *US$'000* (Audited)
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**302,552**	267,938
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**1,055,172**	1,112,479

20. RELATED PARTY TRANSACTIONS

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

(1) Transactions with CNMC and its subsidiaries, an associate of the Group and non-controlling shareholders of subsidiaries of the Group and their subsidiaries

	Notes	**Related parties**	**Six months ended 30 June 2015 US$'000 (Unaudited)**	30 June 2014 *US$'000* (Unaudited)
Sales of:				
– Blister copper	(i)	Fellow subsidiaries	**350,651**	505,972
	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**107,670**	265,371
– Copper cathodes	(i)	Fellow subsidiaries	**92,636**	85,928
– Other materials	(i)	Fellow subsidiaries	**105**	105
Finance income earned under finance leases	(i), (iii)	A fellow subsidiary	**456**	622
Purchases of:				
– Plant and equipment	(i)	Fellow subsidiaries	**3,949**	24,965
– Materials	(i)	Fellow subsidiaries	**6,604**	14,450
	(i)	An associate	**–**	2,968
– Services	(i)	Fellow subsidiaries	**29,520**	34,245
– Electricity	(i)	Fellow subsidiaries	**7,323**	7,058
– Freight and transportation	(i)	A fellow subsidiary	**730**	657
Rental expenses	(i)	CNMC and a fellow subsidiary	**2,506**	3,169
Interest expense	(ii)	A non-controlling shareholder of a subsidiary	**897**	904
Guarantee fee expenses	(i)	CNMC	**1,837**	1,494

Notes:

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

(ii) The interest expense arose from an unsecured loan from a non-controlling shareholder of a subsidiary. The loan bears interest at rate of 8.0% per annum and is repayable in May 2016.

(iii) The finance income earned under finance leases arose from the finance leases to a fellow subsidiary.

20. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(1) Transactions with CNMC and its subsidiaries, an associate of the Group and non-controlling shareholders of subsidiaries of the Group and their subsidiaries *(Continued)*

In addition to the above, the Group had the following transactions with CNMC and its subsidiaries:

(a) Apart from those disclosed above, CNMC also provided guarantees to banks, at nil consideration, for granting unsecured loans to the Group.

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

(2) Government-related entity operated in the PRC

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").

The Group has entered into various transactions, amongst others, including deposit placements, borrowings and other bank facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In view of the nature of these transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful.

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

	Six months ended	
	30 June 2015	30 June 2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salary, bonus and other allowance	**332**	417
Retirement benefit schemes contributions	**17**	30
	349	447

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

21. CONTINGENT LIABILITIES

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

As at 30 June 2015, the Group has made relevant provision for the potential liabilities of US$300,000 (31 December 2014: US$300,000 (audited)) which the directors of the Company opined is adequate based on the present assessments of the Group's local legal advisers.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 14 August 2015, the Parliament of Zambia enacted Income Tax (Amendment) Act, 2015 and Mines and Minerals Development Act, 2015, both of which are effective on 1 July 2015.

The principal amendments to Income Tax (Amendment) Act, 2015 and Mines and Minerals Development Act, 2015, include, amongst others, the followings:

- The tax rate on income from mineral processing is increased to 35% (30% before amendments).

- The tax rate on income from mining operation is increased to 1) 30% where the assessable income does not exceed 8% of gross sales; 2) variable tax rate up to 15% plus 30% where the assessable income exceed 8% of gross sales. Before the amendments, the mining operation is not subject to income tax.

- A loss incurred in a charge year from a mining operation shall be deducted from 50% (100% before the amendments) of the income from the mining operations and the exceed of such loss over the 50% (100% before the amendments) of the income from a mining operation for a charge year shall be deducted from 50% (100% before the amendments) of the income from the mining operation in the following charge year. Such loss shall not be carried forward beyond ten subsequent charge years after the charge year in which the loss is incurred.

- A holder of mining license shall pay a mineral royalty at the rate of 9% (20% before amendments) for open cast mining operations and 6% (8% before amendments) for underground mining operation of the norm value of the base metals or precious metals produced or recoverable under the license.

The directors of the Company are in the process of seeking tax advice on the financial implication to the group entities in Zambia.

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