

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



洛陽樂川鉬業集團股份有限公司

China Molybdenum Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03993)

**Annual Results Announcement
For the Year Ended 31 December 2013**

I. FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of China Molybdenum Co., Ltd.* (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2013 together with the comparative figures for 2012 as follows:

CONSOLIDATED BALANCE SHEET

Items	Note	As at 31 December		Increase (decrease)
		2013 RMB	2012 RMB	
Current assets:				
Bank balances and cash		1,882,647,897.27	2,710,070,379.19	(30.5%)
Held-for-trading financial assets		—	10,891,273.49	—
Bills receivable		1,591,402,447.61	1,220,159,395.98	30.4%
Accounts receivable	1	805,679,742.94	640,733,755.79	25.7%
Prepayments		297,345,943.53	227,396,412.53	30.8%
Interests receivable		452,860.33	11,504,773.64	(96.1%)
Other receivables		72,517,407.57	70,336,012.59	3.1%
Inventories		820,996,265.56	1,310,298,697.22	(37.3%)
Other current assets		1,701,577,473.05	1,412,014,904.49	20.5%
Total current assets		7,172,620,037.86	7,613,405,604.92	(5.8%)
Non-current assets:				
Long-term equity investment		1,598,462,198.92	1,678,402,125.96	(4.8%)
Fixed assets		5,876,304,885.87	3,623,670,473.44	62.2%
Construction in progress		493,586,919.64	398,038,691.38	24.0%
Inventories		334,515,072.36	—	—
Intangible assets		4,425,899,735.38	2,057,651,702.79	115.1%
Long-term deferred expenses		128,517,647.63	135,300,540.93	(5.0%)
Deferred income tax assets		140,019,796.25	133,435,838.06	4.9%
Other non-current assets		1,729,212,246.72	109,410,215.00	1480.5%
Total non-current assets		14,726,518,502.77	8,135,909,587.56	81.0%
Total assets		21,899,138,540.63	15,749,315,192.48	39.0%

Items	Note	As at 31 December		Increase (decrease)
		2013 RMB	2012 RMB	
Current liabilities:				
Short-term borrowings		224,344,311.98	10,000,000.00	2,143.4%
Held-for-trading financial liabilities		357,251,970.00	—	—
Bills payable		27,910,000.00	75,891,401.38	(63.2%)
Accounts payable	2	197,385,526.41	267,690,496.16	(26.3%)
Receipts in advance		61,827,310.76	49,024,118.34	26.1%
Employee benefits payable		146,914,601.55	120,121,388.57	22.3%
Taxes payable		(63,559,475.84)	(168,792,483.06)	(62.3%)
Interests payable		55,733,935.24	41,166,666.66	35.4%
Dividends payable		57,085,715.06	150,547,472.71	(62.1%)
Other payables		568,214,130.26	481,230,559.29	18.1%
Non-current liabilities				
due within one year		390,708,567.70	262,320,927.26	48.9%
Other current liabilities		20,202,200.99	16,433,778.49	22.9%
Total current liabilities		2,044,018,794.11	1,305,634,325.80	56.6%
Net current assets		5,128,601,243.75	6,307,771,279.12	(18.7%)
Total assets less current liabilities		19,855,119,746.52	14,443,680,866.68	37.5%
Non-current liabilities:				
Long-term borrowings		4,664,128,500.00	—	—
Bonds payable		2,000,000,000.00	2,000,000,000.00	—
Projected liabilities		261,261,918.67	46,983,083.13	456.1%
Other non-current liabilities		37,077,021.10	25,303,634.90	46.5%
Total non-current liabilities		6,962,467,439.77	2,072,286,718.03	236.0%
Total liabilities		9,006,486,233.88	3,377,921,043.83	166.6%

Items	Note	As at 31 December		Increase (decrease)
		2013 RMB	2012 RMB	
Shareholders' equity:				
Share capital		1,015,234,105.00	1,015,234,105.00	—
Capital reserve		8,102,977,121.92	8,102,977,121.92	—
Special reserve		199,586,093.33	78,938,263.32	152.8%
Surplus reserve		704,898,171.11	704,898,171.11	—
Undistributed profits	3	2,206,609,158.00	1,641,545,905.43	34.4%
Exchange differences arising on translation of financial statements denominated in foreign currencies		(51,029,120.69)	(2,058,590.46)	2,378.8%
Total equity attributable to the shareholders of the parent Company		<u>12,178,275,528.67</u>	<u>11,541,534,976.32</u>	<u>5.5%</u>
Minority interests		<u>714,376,778.08</u>	<u>829,859,172.33</u>	<u>(13.9%)</u>
Total shareholders' equity		<u>12,892,652,306.75</u>	<u>12,371,394,148.65</u>	<u>4.2%</u>
Total liabilities and shareholders' equity		<u>21,899,138,540.63</u>	<u>15,749,315,192.48</u>	<u>39.0%</u>

CONSOLIDATED INCOME STATEMENT

Items	Notes	For the year ended 31 December		Increase (decrease)
		2013 RMB	2012 RMB	
I. Total operating revenue		5,536,469,246.73	5,710,893,904.27	(3.1%)
Including: Operating Revenue	4	5,536,469,246.73	5,710,893,904.27	(3.1%)
Less: Operating costs	4	3,733,468,267.20	4,009,216,807.89	(6.9%)
Business taxes and levies		270,681,417.11	268,890,022.83	0.7%
Selling expenses		26,909,956.33	25,330,075.67	6.2%
Administrative expenses		686,204,836.52	433,331,447.59	58.4%
Financial expenses	5	103,227,553.28	49,597,057.16	108.1%
Impairment losses of assets		87,704,184.08	27,853,560.45	214.9%
Add: Gains (losses) from changes in fair values (Loss is indicated by “-”)		8,269,939.71	(738,261.14)	(1,220.2%)
Investment income (Loss is indicated by “-”)	6	373,417,961.32	151,042,583.91	147.2%
Including: Income from investments in associates and joint ventures		185,933,456.10	116,760,141.81	59.2%
II. Operating profit (Loss is indicated by “-”)		1,009,960,933.24	1,046,979,255.45	(3.5%)
Add: Non-operating income		246,601,099.22	54,187,319.00	355.1%
Less: Non-operating expenses		20,379,818.34	4,209,530.52	384.1%
Including: Losses from disposal of non-current assets		4,610,406.83	1,036,818.99	344.7%

Items	Notes	For the year ended 31 December		Increase (decrease)
		2013 RMB	2012 RMB	
III. Total profit	7	1,236,182,214.12	1,096,957,043.93	12.7%
Less: Income tax expenses	8	<u>151,271,401.35</u>	<u>80,581,368.21</u>	<u>87.7%</u>
IV. Net profit (Total losses are indicated by “-”)		1,084,910,812.77	1,016,375,675.72	6.7%
Net profit attributable to shareholders of the parent company		1,174,203,715.57	1,050,304,676.57	11.8%
Profit or loss attributable to minority interests		<u>(89,292,902.80)</u>	<u>(33,929,000.85)</u>	<u>163.2%</u>
V. Earnings per share				
(I) Basic earnings per share	9	0.23	0.21	
(II) Diluted earnings per share	9	<u>N/A</u>	<u>N/A</u>	
VI. Other comprehensive income (Loss is indicated by “-”)		<u>(48,970,530.23)</u>	<u>(215,779.49)</u>	<u>22,594.7%</u>
VII. Total comprehensive income (Total losses are indicated by “-”)		1,035,940,282.54	1,016,159,896.23	1.9%
Total comprehensive income attributable to shareholders of the parent company		1,125,233,185.34	1,050,088,897.08	7.2%
Total comprehensive income (losses) attributable to minority interests		<u>(89,292,902.80)</u>	<u>(33,929,000.85)</u>	<u>163.2%</u>

CONSOLIDATED CASH FLOW STATEMENT

Items	For the year ended 31 December		
	2013	2012	Increase
	<i>RMB</i>	<i>RMB</i>	(decrease)
I. Cash flow from operating activities:			
Cash received from sales of goods and provision of services	5,842,111,942.08	6,451,030,149.92	(9.4%)
Receipts of tax refunds	—	2,873,917.14	
Other cash receipts relating to operating activities	74,521,419.31	114,756,555.13	(35.1%)
Sub-total of cash inflows from operating activities	5,916,633,361.39	6,568,660,622.19	(9.9%)
Cash payments for goods purchased and services received	2,772,092,075.27	3,237,677,311.10	(14.4%)
Cash payments to and on behalf of employees	635,434,743.94	569,691,084.76	11.5%
Payments of various types of taxes	922,476,327.89	966,545,831.93	(4.6%)
Other cash payments relating to operating activities	214,915,838.49	188,579,244.31	14.0%
Sub-total of cash outflows from operating activities	4,544,918,985.59	4,962,493,472.10	(8.4%)
Net cash flow from operating activities	1,371,714,375.80	1,606,167,150.09	(14.6%)

Items	For the year ended 31 December		
	2013	2012	Increase
	RMB	RMB	(decrease)
II. Cash flows from investing activities:			
Cash receipts from investments	4,980,406,928.42	7,005,092,483.35	(28.9%)
Cash receipts from investment income	430,012,687.91	157,165,921.03	173.6%
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	3,261,701.50	816,784.27	299.3%
Cash receipts from acquisitions or disposals of subsidiaries and other business units	186,832,429.95	—	—
Other cash receipts relating to investing activities	—	38,750,000.00	—
Sub-total of cash inflows from investing activities	5,600,513,747.78	7,201,825,188.65	(22.2%)
Cash payments for acquisitions or disposals of subsidiaries and other business units	4,846,769,844.81	—	—
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	593,705,253.52	426,224,076.38	39.3%
Cash payments to acquire investments	4,345,000,000.00	9,442,456,683.35	(54.0%)
Other cash payments relating to investing activities	125,391,150.21	—	—
Sub-total of cash outflows from investing activities	9,910,866,248.54	9,868,680,759.73	0.4%
Net cash flow from investing activities	(4,310,352,500.76)	(2,666,855,571.08)	61.6%

Items	For the year ended 31 December		
	2013	2012	Increase
	RMB	RMB	(decrease)
III. Cash flows from financing activities:			
Cash receipts from capital contributions	—	570,000,000.00	
Including: cash receipts from capital contributions from minority owners of subsidiaries	—	—	
Cash receipts from borrowings	5,800,113,211.98	2,525,000,000.00	129.7%
Other Cash receipts relating to financing activities	352,728,000.00	—	
Sub-total of cash inflows from financing activities	6,152,841,211.98	3,095,000,000.00	98.8%
Cash repayments of borrowings	660,000,000.00	2,879,275,124.00	(77.1%)
Cash payments for distribution of dividends or profits and settlement of interests	854,729,859.54	458,689,181.23	86.3%
Other cash payments relating to financing activities	1,353,186,087.58	11,853,300.29	11,316.1%
Sub-total of cash outflows from financing activities	2,867,915,947.12	3,349,817,605.52	(14.4%)
Net cash flow from financing activities	3,284,925,264.86	(254,817,605.52)	(1,389.1%)
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
	(5,340,750.27)	(54,198.69)	9,754.0%
V. Net increase in cash and cash equivalents			
	340,946,389.63	(1,315,560,225.20)	(125.9%)
Add: Opening balance of cash and cash equivalents	1,463,636,840.70	2,779,197,065.90	(47.3%)
VI. Closing balance of cash and cash equivalents			
	1,804,583,230.33	1,463,636,840.70	23.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTS RECEIVABLE

(1) Accounts receivable are disclosed by category as follows:

RMB

Category	31 December 2013				31 December 2012			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant	727,482,654.45	87.61	4,229,626.57	17.12	554,563,227.17	85.21	—	—
Other insignificant	102,907,712.98	12.39	20,480,997.92	82.88	96,264,041.07	14.79	10,093,512.45	100.00
Total	<u>830,390,367.43</u>	<u>100.00</u>	<u>24,710,624.49</u>	<u>100.00</u>	<u>650,827,268.24</u>	<u>100.00</u>	<u>10,093,512.45</u>	<u>100.00</u>

The Group recognizes accounts receivable of over RMB5 million as accounts receivables that are individually significant.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

Aging analysis of accounts receivable is as follows:

RMB

Aging	31 December 2013				31 December 2012			
	Amount	Ratio (%)	Provision		Amount	Ratio (%)	Provision	
			for bad debts	Book value			for bad debts	Book value
Within 1 year	754,642,158.64	90.88	—	754,642,158.64	621,103,094.19	95.43	—	621,103,094.19
1 to 2 years	55,925,095.89	6.73	4,887,511.59	51,037,584.30	19,634,127.92	3.02	3,466.32	19,630,661.60
2 to 3 years	10,995,975.09	1.32	10,995,975.09	—	1,642,396.83	0.25	1,642,396.83	—
Over 3 years	8,872,137.81	1.07	8,827,137.81	—	8,447,649.30	1.30	8,447,649.30	—
Total	<u>830,390,367.43</u>	<u>100.00</u>	<u>24,710,624.49</u>	<u>805,679,742.94</u>	<u>650,827,268.24</u>	<u>100.00</u>	<u>10,093,512.45</u>	<u>640,733,755.79</u>

- (2) During the reporting period, the Group had no accounts receivable actually written off.
- (3) There was no accounts receivable due from shareholders holding 5% or more voting shares of the Company.

2. ACCOUNTS PAYABLE

- (1) Breakdown of accounts payable is as follows:

	<i>RMB</i>	
Items	31 December 2013	31 December 2012
Costs for purchase of goods	<u>197,385,526.41</u>	<u>267,690,496.16</u>

- (2) There was no accounts payable due to shareholders holding 5% or more voting shares of the Company.
- (3) Aging analysis of accounts payable is as follows:

	<i>RMB</i>	
Items	31 December 2013	31 December 2012
Within 1 year	188,066,861.47	254,880,117.28
1 to 2 years	2,562,561.42	3,117,260.11
Over 2 years	<u>6,756,103.52</u>	<u>9,693,118.77</u>
Total	<u>197,385,526.41</u>	<u>267,690,496.16</u>

3. UNDISTRIBUTED PROFITS

RMB

2013:

Undistributed profits at the beginning of the year	1,641,545,905.43
Add: Net profit attributable to shareholders of the parent company for the year	1,174,203,715.57
Less: Appropriation of statutory surplus reserve	—
Dividends payable for ordinary shares	<u>609,140,463.00</u>
Undistributed profits at the end of the year	<u><u>2,206,609,158.00</u></u>

2012:

Undistributed profits at the beginning of the year	1,048,096,576.11
Add: Net profit attributable to shareholders of the parent company for the year	1,050,304,676.57
Less: Appropriation of statutory surplus reserve	—
Dividends payable for ordinary shares	<u>456,855,347.25</u>
Undistributed profits at the end of the year	<u><u>1,641,545,905.43</u></u>

In 2013, calculated based on the issued 5,076,170,525 shares with a par value of RMB0.2 per share, a final cash dividend for the year 2012 of RMB0.12 per share was distributed to all the shareholders (2012 interim: RMB0.09).

The Board proposed to distribute a final cash dividend of RMB0.14 per share to all shareholders for the year 2013, based on the total of 5,076,170,525 issued shares with a par value of RMB0.2 each. The proposed cash dividend is subject to the shareholders' approval in the forthcoming annual general meeting of the Company (2012 final: RMB0.12).

4. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue and operating costs

RMB

Items	2013	2012
Revenue from principal businesses	5,411,498,755.12	5,569,041,700.17
Revenue from other businesses	124,970,491.61	141,852,204.10
Costs from principal business	3,634,817,296.96	3,880,807,347.13
Costs from other business	98,650,970.24	128,409,460.76

(2) Principal businesses (by product)

RMB

Product name	2013		2012	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum and related products	2,565,360,337.67	1,811,389,141.31	2,768,197,229.87	2,030,167,589.77
Tungsten and related products	1,111,885,788.65	136,748,539.35	929,048,872.45	204,561,971.95
Gold, silver and related products	716,508,742.68	712,842,982.41	965,459,191.69	805,948,686.96
Electrolytic lead	504,164,045.67	607,713,405.38	578,801,461.27	606,501,885.72
Products related to copper and gold	172,193,437.38	65,635,860.38	—	—
Others	341,386,403.07	300,469,368.13	327,534,944.89	233,627,212.73
Total	<u>5,411,498,755.12</u>	<u>3,634,817,296.96</u>	<u>5,569,041,700.17</u>	<u>3,880,807,347.13</u>

5. FINANCE EXPENSES

	<i>RMB</i>	
Items	2013	2012
Interest expenses on bonds	98,799,999.99	80,249,999.99
Interest on discounted commercial notes	5,448,944.48	—
Interest expenses on borrowings	19,234,775.09	12,669,945.92
Including: Interest expenses on bank loans due within 5 years	19,234,775.09	12,669,945.92
Total interest expenses:	123,483,719.56	92,919,945.91
Less: Interest expenses capitalized	—	—
Less: Interest income	43,753,784.17	49,334,655.06
Exchange difference	(1,594,718.69)	49,233.11
Less: Exchange difference capitalized	—	—
Others	25,092,336.58	5,962,533.20
Total	<u>103,227,553.28</u>	<u>49,597,057.16</u>

6. INVESTMENT INCOME

	<i>RMB</i>	
Items	2013	2012
Investment income from long-term equity investments under equity method	157,560,072.96	116,760,141.81
Income arising from bonds and bank financial products	200,416,038.43	32,000,568.82
Investment income from held-for-trading financial assets	305,015.04	331,073.28
Investment income from disposal of held-for-trading financial assets	(13,278,254.78)	1,415,000.00
Derivatives not designated as a hedge — Gains from settlement of commodity derivative contracts	40,041.47	—
Investment income from disposal of equity investment	—	535,800.00
Investment income from disposal of subsidiaries	28,375,048.20	—
Total	<u>373,417,961.32</u>	<u>151,042,583.91</u>

7. TOTAL PROFIT FOR THE YEAR

The profit for the year has been arrived at after charging:

	<i>RMB</i>	
	2013	2012
Depreciation	<u>371,886,310.56</u>	<u>345,918,521.03</u>
Amortisation	<u>79,700,482.32</u>	<u>65,129,217.12</u>

8. INCOME TAX EXPENSES

	<i>RMB</i>	
Items	2013	2012
Current income tax calculated according to tax laws and relevant rules	241,039,918.17	176,296,706.47
Effect of tax rate adjustment for 2011	—	(126,955,295.28)
Settlement difference in income tax for the previous year	(9,224,262.16)	7,787,979.53
Deferred income tax adjustment	<u>(80,544,254.66)</u>	<u>23,451,977.49</u>
Total	<u><u>151,271,401.35</u></u>	<u><u>80,581,368.21</u></u>

9. CALCULATION OF BASIC EARNINGS PER SHARE

Net profit for the current year attributable to ordinary shareholders of the Company used for calculating basic earnings per share is as follows:

	<i>RMB</i>	
Item	2013	2012
Net profit attributable to ordinary shareholders	1,174,203,715.57	1,050,304,676.57
Including: Net profit attributable to continuing operations	1,174,203,715.57	1,050,304,676.57
Net profit attributable to discontinued operations	—	—

The denominator used for calculating the earnings per share, being the weighted average number of outstanding ordinary shares, is calculated as follows:

	<i>RMB</i>	
Items	2013	2012
Number of outstanding ordinary shares at the beginning of the year	5,076,170,525	4,876,170,525
Add: Weighed number of ordinary shares issued during the year	—	50,000,000
Less: Weighted number of ordinary shares repurchased during the year	—	—
Weighted number of outstanding ordinary shares at the end of the year	5,076,170,525	4,926,170,525

	<i>RMB</i>	
Earnings per share	2013	2012
Based on the net profit attributable to shareholders of the parent company:		
Basic earnings per share	1,174,203,715.57	1,050,304,676.57
Based on the net profit from continuing operations attributable to shareholders of the parent company:		
Basic earnings per share	0.23	0.21
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	1,174,203,715.57	1,050,304,676.57
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	0.23	0.21
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	N.A.	N.A.
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	N.A.	N.A.

The Company had no diluted potential ordinary shares.

II. FINANCIAL REVIEW

OVERVIEW

For the year ended 31 December 2013, the net profit of the Group was RMB1,084.9 million, representing an increase of RMB68.5 million or 6.7% from RMB1,016.4 million for the year ended 31 December 2012. For the year ended 31 December 2013, net profit attributable to the owners of the parent company was RMB1,174.2 million, representing an increase of RMB123.9 million or 11.8% from RMB1,050.3 million for the year ended 31 December 2012.

The comparative analysis for the year ended 31 December 2013 and the year ended 31 December 2012 is as follows:

OPERATING RESULTS

For the year ended 31 December 2013, the Group recorded an operating revenue of RMB5,536.5 million, representing a decrease of RMB174.4 million or 3.1% from RMB5,710.9 million for the year ended 31 December 2012. For the year ended 31 December 2013, the gross profit of the Group was RMB1,803.0 million, representing an increase of RMB101.3 million or 6.0% from RMB1,701.7 million for the same period last year.

The table below sets out the turnover, cost of sales, gross profit and gross profit margin of our products in 2013 and 2012:

Product Name	For the year ended 31 December							
	2013				2012			
	Turnover	Operating cost	Gross profit	Gross profit margin	Turnover	Operating cost	Gross profit	Gross profit margin
<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(%)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(%)</i>	
Domestic market								
— Molybdenum additive materials	2,455.8	1,697.30	758.5	30.9%	2,599.5	1,860.5	739.0	28.4%
— Tungsten-related products	1,111.9	136.7	975.2	87.7%	929.0	204.6	724.4	78.0%
— Deep-processed molybdenum products	75.0	73.3	1.7	2.2%	124.6	129.0	(4.4)	(3.5%)
— Gold and silver and relevant products	716.5	712.8	3.7	0.5%	965.5	805.9	159.6	16.5%
— Electrolytic lead	504.2	607.7	(103.5)	(20.5%)	578.8	606.5	(27.7)	(4.8%)
— Sulfuric acid	10.7	38.7	(28.0)	(262.9%)	21.9	41.7	(19.8)	(90.4%)
— Others	455.7	360.5	95.1	20.9%	447.5	320.3	127.2	28.4%
Sub-total	5,329.8	3,627.2	1,702.6	31.9%	5,666.8	3,968.5	1,698.3	30.0%
International market								
— Molybdenum additive materials	32.7	39.0	(6.3)	(19.1%)	33.2	29.7	3.5	10.5%
— Deep-processed molybdenum products	1.8	1.7	0.1	4.9%	10.9	11.0	(0.1)	(0.9%)
— Copper concentrates	172.2	65.6	106.6	61.9%	—	—	—	—
Sub-total	206.7	106.3	100.4	48.6%	44.1	40.7	3.4	7.7%
Total	5,536.5	3,733.5	1,803.0	32.6%	5,710.9	4,009.2	1,701.7	29.8%

For the year ended 31 December 2013, the Group recorded an operating revenue of RMB5,536.5 million, representing a decrease of RMB174.4 million or 3.1% from RMB5,710.9 million for the year ended 31 December 2012. Such decrease in operating revenue was mainly attributable to: 1) the decrease in operating revenue driven by a significant decline in the market prices of gold and silver in 2013; and 2) the decrease in operating revenue due to the decrease in the selling prices of molybdenum additive materials in this year as affected by the market prices.

For the year ended 31 December 2013, the operating cost of the Group was RMB3,733.5 million, representing a decrease of RMB275.7 million or 6.9% from RMB4,009.2 million for the same period last year. Such decrease in the operating cost was mainly attributable to the fact that the Group intensified the internal control, which lowered the cost of molybdenum concentrates, the raw materials for processing tungsten and ferromolybdenum, and decreased the selling cost. Set out below is the component of cost of the major products of the Company:

Industry	Component of cost	Current period (RMB million)	Percentage over total cost for the current period	Amount for the same period last year (RMB million)	Percentage over total cost for the same period last year	Percentage of changes in amount during the year
Molybdenum-related products	materials	409.25	25%	505.60	29%	(19%)
	labor	313.17	19%	304.18	18%	3%
	depreciation	176.38	11%	173.92	10%	1%
	energy	262.00	16%	251.65	14%	4%
	manufacturing	477.81	29%	509.52	29%	(6%)
Tungsten-related products	materials	65.05	39%	66.80	42%	(3%)
	labor	46.02	28%	42.79	27%	8%
	depreciation	16.61	10%	16.35	10%	2%
	energy	33.37	20%	25.91	17%	29%
	manufacturing	4.00	2%	5.86	4%	(32%)

Industry	Component of cost	Current period (RMB million)	Percentage	Amount for	Percentage	Percentage
			over total cost for the current period	the same period last year	over total cost for the same period last year	of changes in amount during the year
Gold and silver-related products	materials	338.67	53%	418.69	59%	(19%)
	labor	215.69	33%	202.70	28%	6%
	depreciation	26.91	4%	24.42	3%	10%
	energy	18.25	3%	15.51	2%	18%
	manufacturing	44.52	7%	53.58	8%	(17%)
Electrolytic lead	materials	493.15	91%	527.78	90%	(7%)
	labor	11.55	2%	12.08	2%	(4%)
	depreciation	23.12	4%	24.28	4%	(5%)
	energy	13.74	3%	20.31	3%	(32%)
	manufacturing	3.01	1%	3.25	1%	(7%)

For the year ended 31 December 2013, the average gross profit margin of the Group was 31.6%, representing an increase of 1.8% from 29.8% for the same period last year. Such increase was mainly attributable to: 1) the year-on-year increase in the gross profit margin of molybdenum additive materials following the cost reduction of molybdenum-related products as compared with the same period last year; 2) the year-on-year increase in the gross profit margin of tungsten-related products as driven by the price increase of tungsten-related products as compared with the same period last year and the cost reduction in the year; and 3) Northparkes copper and gold mine, in which the Company holds 80% equity interests, contributed RMB106.6 million to the Group's gross profit.

BUSINESS TAXES AND LEVIES

For the year ended 31 December 2013, the Group recorded a business taxes and levies of RMB270.7 million, representing an increase of RMB1.8 million or 0.7% from RMB268.9 million for the same period in 2012, basically levelled off with that of last year.

SELLING EXPENSES

For the year ended 31 December 2013, the selling expenses of the Group amounted to RMB26.9 million, representing an increase of RMB1.6 million or 6.2% from RMB25.3 million for the same period in 2012. Such increase was mainly attributable to the additional RMB6.0 million from the selling expenses of the subsidiary in Australia in the period.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2013, the administrative expenses of the Group was RMB686.2 million, representing an increase of RMB252.9 million or 58.4% from RMB433.3 million for the same period in 2012. Such increase was mainly attributable to the stamp duty and professional fees, etc. of RMB298.0 million incurred for the acquisition of the business in Australia made by the Group during the period. Excluding such factors, the domestic administrative expenses decreased by RMB45.1 million as compared with the same period last year.

For the year ended 31 December 2013, the Group's administrative expenses included a technology development fee of RMB103.3 million. The main projects included: the research and production of the new type MoO₃ balls (新型氧化鉬球研製), the research on the integrated technology for the intensified mining of the open pit and treatment of the open-mined areas in Sandaozhuang and specification (三道莊露天礦強化開採與空區處理一體化工藝與規範研究), the research on the application of the shortened floatation column in the selection of molybdenum (浮選柱矮化在選鉬中的應用研究) and the research on the physical and chemical properties of production backwater and its influence on the selection of molybdenum and improvement measures (生產回水的理化性質及其對選鉬效果的影響和改善措施的研究).

FINANCE EXPENSES

For the year ended 31 December 2013, the finance expenses of the Group amounted to RMB103.2 million, representing an increase of RMB53.6 million or 108.1% from RMB49.6 million for the same period in 2012. Such decrease was mainly attributable to the additional financing expenses for the overseas acquisition project and the increased interest expenses due to the medium-term note of the Company.

INVESTMENT INCOME

For the year ended 31 December 2013, the investment income of the Group was RMB373.4 million, representing an increase of RMB222.4 million or 147.3% from RMB151.0 million for the same period in 2012. Such increase was mainly attributable to the income increase from the investment in treasury products and improvement in results of Luoyang Yulu Mining Co., Ltd.* (洛陽豫鷺礦業有限責任公司) (“**Yulu Company**”), an associated company, as compared with the same period last year.

NON-OPERATING INCOME

For the year ended 31 December 2013, the non-operating income of the Group amounted to RMB246.6 million, representing an increase of RMB192.4 million or 355% from RMB54.2 million for the same period last year. Such increase was mainly attributable to recognition of RMB200.5 million in respect of the bargain purchase generated from the acquisition of the business in Australia.

NON-OPERATING EXPENSES

For the year ended 31 December 2013, the non-operating expenses of the Group amounted to RMB20.4 million, representing an increase of RMB16.2 million or 385.7% from RMB4.2 million for the same period in 2012. Such increase was mainly due to the donations of RMB15.0 million made to Luanchuan County People’s Government for poverty relief.

INCOME TAX EXPENSES

For the year ended 31 December 2013, the income tax expenses of the Group amounted to RMB151.3 million, representing an increase of RMB70.7 million or 87.7% from RMB80.6 million for the same period last year. Such increase was mainly attributable to a reverse of the income tax of 2011 due to the Company’s entitlement to an income tax preferential rate of 15% recognised in last year, which decreased the figures in the same period last year, and the increase in the total profits as compared with the same period last year and the reversed deferred income tax assets including the production safety fee of domestic enterprises and provision for production maintenance fee.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2013, the net profit of the Group attributable to owners of the parent company amounted to RMB1,174.2 million, representing an increase of RMB123.9 million or 11.8% from RMB1,050.3 million for the year ended 31 December 2012. Such increase was mainly attributable to an increase in the net profit for the year ended 31 December 2013.

MINORITY INTERESTS

For the year ended 31 December 2013, the minority interests of the Group was RMB-89.3 million, representing a decrease of RMB55.4 million or 163.4% from RMB-33.9 million for the same period last year. Such decrease was mainly attributable to the decrease in the net profit of the Group's non-wholly owned subsidiaries during the year.

FINANCIAL POSITION

As of 31 December 2013, the total assets of the Group amounted to RMB21,899.1 million, comprising non-current assets of RMB14,726.5 million and current assets of RMB7,172.6 million. Equity attributable to shareholders of the parent company as at 31 December 2013 increased by RMB636.8 million or 5.5% to RMB12,178.3 million from RMB11,541.5 million as at 31 December 2012. Such increase was mainly due to the fact that the earnings in 2013 was more than the profit distribution in the same year.

CURRENT ASSETS

As of 31 December 2013, current assets of the Group decreased by RMB440.8 million or 5.8% to RMB7,172.6 million from RMB7,613.4 million as at 31 December 2012. The decrease in the current assets was mainly attributable to the decrease in the bank balances and cash due to the deposits placed by the Group for the long term borrowings of the subsidiary in Australia and CMOCL Limited and the decrease in the raw materials inventories as a result of the strengthened management on the inventory liquidity of the lead smelters.

NON-CURRENT ASSETS

As of 31 December 2013, the non-current assets of the Group amounted to RMB14,726.5 million, representing an increase of RMB6,590.6 million or 81.0% from RMB8,135.9 million as at 31 December 2012. The increase in the non-current assets was mainly attributable to the additional fixed assets and intangible assets of RMB4,867.9 million generated from the Group's acquisition of the business in Australia in the period and the increase in other non-current assets due to the deposits placed by the Group for the long-term borrowings of the subsidiary in Australia and CMOC Limited.

CURRENT LIABILITIES

As of 31 December 2013, the current liabilities of the Group amounted to RMB2,044.0 million, representing an increase of RMB738.4 million or 56.6% from RMB1,305.6 million as at 31 December 2012. The increase in the current liabilities was mainly attributable to the additional current liabilities of RMB579.3 million generated from the acquisition of the business in Australia and the increase in the held-for-trading financial liabilities of RMB357.3 million as a result of the gold lease agreement entered into with the bank in the period.

NON-CURRENT LIABILITIES

As of 31 December 2013, the non-current liabilities of the Group amounted to RMB6,962.5 million, representing an increase of RMB4,890.2 million or 236% from RMB2,072.3 million as at 31 December 2012. The increase in the non-current liabilities was mainly due to the increase in the long-term borrowings of RMB4,664.1 million following the acquisition of the business in Australia.

As at 31 December 2013, the Group had the following contingent liabilities:

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (欒川縣楊樹凹西鉛礦) ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of the Company, was in its mining area. As the height of the dam of the tailing storage increased to occupy upwards and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff made claims that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million. The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believe that the existence of

the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company believes that the litigation currently would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its financial statements for the end of the period.

The Northparkes joint venture of the Group provide indemnities to certain banks in respect of the guarantees given to various government agencies of New South Wales, Australia in relation to the operation of the business. The guarantees amounted to AUD18.36 million (equivalent to RMB 100.16 million) as at 31 December 2013. The owners of the joint venture agreed with the enforcement of the guarantees arising from any obligations in relation to the business. As at 31 December 2013, no significant obligations for the guarantees were happened.

ASSETS-LIABILITIES RATIO

The gearing ratio (total liabilities/total assets) of the Group increased to 41.1% as of 31 December 2013 from 21.4% as of 31 December 2012. The increase in the assets-liabilities ratio was mainly attributable to the increase in the long-term borrowings of the Group.

CASH FLOW

As of 31 December 2013, the Group had cash and cash equivalents of RMB1,804.6 million, representing an increase of RMB341.0 million or 23.3% from RMB1,463.6 million as at 31 December 2012.

For the year ended 31 December 2013, net cash inflow generated from operating activities was RMB1,371.7 million; net cash outflow generated from investment activities was RMB4,310.4 million; net cash inflow generated from financing activities was RMB3,284.9 million, including the payment for dividends in 2012 of RMB609.14 million.

During 2013, the Group implemented strict internal management and costs saving measures, thus maintaining sound operation status and healthy financial position. As at the end of 2013, the Company had sufficient capital which enabled it to operate in a virtuous circle or satisfy the liquidity requirement for coping with the variations in the production capacity.

EXPOSURE TO PRICE FLUCTUATIONS OF MAJOR PRODUCTS

The income of the Company is primarily from the sales of molybdenum, tungsten and copper products, including ferromolybdenum, tungsten concentrates, copper concentrates and other molybdenum products. Its operational results are mainly influenced by fluctuations in the market prices of molybdenum, tungsten and copper. In the meantime, the Company sells gold, silver and lead products. Therefore, the price fluctuations of gold, silver and lead also have an impact on the Company. Since the fluctuations of exploration and smelting are relatively not significant, the Company's profit and profit margin in the reporting period are closely related with the price trend of commodities. If the prices of molybdenum, tungsten, copper, gold, silver and lead see a significant fluctuation in the future, the operational results of the Company will become unstable. In particular, if the prices of molybdenum, tungsten and copper plummet, the operational results of the Company will be affected.

EXPOSURE TO THE MINERAL RESOURCES

As an enterprise engaged in mineral exploitation, the Company is dependent on resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of metal products, the drop in the recovery rate, inflation or other factors, or restrictions caused by technical problems and natural conditions such as weather and natural disasters in the process of mining. Therefore, full utilisation of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

EXPOSURE TO INTEREST RATE

The exposure to interest rate of the Company is mainly related to our short-term and long-term borrowings and deposits. The outstanding liabilities of the Company are calculated based on the benchmark interest rate amended by The People's Bank of China and the London inter-bank market from time to time. As of the date of this announcement, the Company has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

EXPOSURE TO EXCHANGE RATE

The Company's principal operations are in the PRC and recorded in RMB, the lawful currency of the PRC. As the production capacity of the Group increases along with its development in the markets and recovery in the overseas markets of molybdenum, tungsten and copper, export sales to different countries by the Company or through its subsidiary will increase. On 29 September 2013, the Company provided loans of approximately US\$785 million for the mergers and acquisitions of CMOC Limited and CMOC Mining Pty Limited (wholly-owned subsidiaries of the Company). All the assets of CMOC Mining Pty Limited are located in Australia, and its income is denominated in U.S. Dollar while its cost is settled in Australian Dollar. The foreign currency risks of the Company are primarily generated from the sales of products in foreign currencies and the holding of foreign assets and liabilities. Currently, the Company has no formal hedging policy in place. The Company has not entered into any foreign currency exchange contracts or derivatives to hedge against the Company's currency risks.

EMPLOYEES

As at 31 December 2013, the Group had approximately 8,427 full time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	838	9.9 %
Quality control, research and development	653	7.8 %
Production	5,467	64.9%
Repair and maintenance, safety inspection and environmental protection	<u>1,469</u>	<u>17.4 %</u>
Total	<u><u>8,427</u></u>	<u><u>100%</u></u>

The remuneration policy for the employees of the Company is principally a salary point and performance remuneration system, which determines the remuneration of the employees on the basis of their positions and responsibilities and their quantified assessment results. Performance remuneration is linked to the Company's overall economic efficiency and personal performances, which provides a consistent, fair and impartial remuneration system for all the employees. The Group has participated in the social insurance contribution plans introduced by the PRC local governments. In accordance with the relevant PRC national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. Pursuant to the current applicable PRC local regulations, the percentage of certain insurance policies are as follows: the pension insurance, medical insurance, unemployment insurance and the contribution to housing reserve fund of our PRC employees represent 20%, 6%, 3% and 5% to 12% of his or her total basic monthly salary respectively. Employees in Australia are enrolled under the requisite pension fund and health scheme as required by Australian law.

USE OF PROCEEDS

As at 31 December 2013, the proceeds raised by the Group from the public offering of H shares in April 2007 of approximately RMB7,694.0 million has been used up.

On 9 October 2012, the Group issued 200,000,000 ordinary shares (A shares) publicly on the Shanghai Stock Exchange at an issue price of RMB3.00 per share and the proceeds raised was RMB600.0 million. Deducting the total underwriting commission of RMB30.0 million, the actual proceeds received from the above-mentioned issuance of A shares were RMB570.0 million. After deducting other issuance expenses paid by the Company, the net actual proceeds were RMB558.1 million. The net proceeds from the initial public offering and listing of A shares and its interests were applied in full for the acquisition of 80% interest in Northparkes Joint Venture held by North Mining Limited and certain associated rights and assets, as considered and approved on the first extraordinary general meeting in 2013 held on 25 November 2013. On 25 November 2013, the Company invested the balance of RMB571.28 million (equivalent to US\$93.77 million) in the designated account for proceeds, of which US\$45.77 million was used as investment cost and US\$48 million as working capital invested in CMOC Limited, a wholly-owned subsidiary based in Hong Kong, in a one-off manner. On the same day, CMOC Limited transferred the above amount in US dollar in full into the account of CMOC Mining Pty Ltd. (a wholly-owned subsidiary in Australia), the purchasing entity for the overseas acquisition project. On 29 November 2013, the investment cost of US\$45.77 million was paid to the counterparty of the overseas acquisition project as part of the transaction consideration.

As at 31 December 2013, the balance of the above accounts was RMB40,000, being interests derived from the proceeds.

Resources and Reserve

As at 31 December 2013, the mineral resources and reserves of the Company were as follows:

(I) Summary of molybdenum and tungsten resources of the Company

1. Summary of molybdenum and tungsten resources and reserves of Sandaozhuang Mine

1) Estimation of mineral resources under JORC Code — (31 December 2013)

Total <i>(million tonnes)</i>	Measured <i>(million tonnes)</i>	Indicated <i>(million tonnes)</i>	Inferred <i>(million tonnes)</i>	Mo %	WO₃ %
<u>607.01</u>	<u>342.32</u>	<u>255.60</u>	<u>9.08</u>	<u>0.10</u>	<u>0.09</u>

2) Estimation of mineral reserves under JORC Code — (31 December 2013)

Total <i>(million tonnes)</i>	Estimated proven reserves <i>(million tonnes)</i>	Estimated probable reserves <i>(million tonnes)</i>	Mo %	WO₃ %	Molybdenum metal <i>('000 tonnes)</i>	WO₃ metal <i>('000 tonnes)</i>
<u>341.93</u>	<u>240.32</u>	<u>101.60</u>	<u>0.11</u>	<u>0.11</u>	<u>357.29</u>	<u>409.29</u>

Notes: 1. at a 0.03% grade molybdenum cut-off;

2. The molybdenum and tungsten resources of Sandaozhuang Mine were estimated based on the independent technical review report issued by Minarco Asia Pacific Pty Limited appointed by the Company in 2007. The decrease in the molybdenum resources and reserves of the mine was attributable to the commencement of mining, while the data as at the end of the year had been confirmed by our own experts.

2. Summary of molybdenum resources and reserves of Shangfanggou Mine

Summary of molybdenum resources and reserves of Shangfanggou Mine

1) Estimation of mineral resources under JORC Code — (31 December 2013)

Total <i>(million tonnes)</i>	Measured <i>(million tonnes)</i>	Indicated <i>(million tonnes)</i>	Inferred <i>(million tonnes)</i>	Molybdenum %
<u>463</u>	<u>14.59</u>	<u>291.41</u>	<u>156.83</u>	<u>0.139</u>

2) Estimation of mineral reserves under JORC Code (31 December 2013)

Total <i>(0'000 tonnes)</i>	Molybdenum grade %	Measured reserves <i>(0'000 tonnes)</i>	Molybdenum grade %	Probable reserves <i>(0'000 tonnes)</i>	Molybdenum grade %
<u>4,122.38</u>	<u>0.181</u>	<u>356.262</u>	<u>0.243</u>	<u>3,766.12</u>	<u>0.175</u>

Notes: 1. The molybdenum resources and reserves of Shangfanggou Mine were estimated based on the independent technical report on Shangfanggou Mine issued by Wardrop Engineering Inc appointed by the Company in 2010. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts. The molybdenum mine did not operate in 2013 and its molybdenum resources and reserves remained flat as those disclosed in the annual report for 2012.

2. The Shangfanggou molybdenum mine is owned by Luoyang Fuchuan, a joint venture of the Company. Its shareholding structure as at the date of this announcement is as follows: 10% equity interest of which is owned by Luanchuan Fuhai Business and Trading Company Limited* (樂川縣富凱商貿有限公司), its wholly owned subsidiary and 90% equity interest of which is owned by Xuzhou Huanyu Molybdenum Co., Ltd.*(徐州環宇鉬業有限公司) (“Xuzhou Huanyu”), a joint venture of the Company (the Company holds 50% equity interest of Xuzhou Huanyu Molybdenum Co., Ltd., and Luoyang Guoyuan Investment Management Consultancy Co., Ltd.* (洛陽國元投資管理諮詢有限公司) holds 50% equity interests in Xuzhou Huanyu).

3. Molybdenum resources and reserves of Xinjiang Mine

1) Estimation of mineral resources reserve under the PRC standards

Mineral reserves (million tonnes)	Molybdenum metal (0'000 tonnes)	Molybdenum metal (331+111b)		Molybdenum metal (332+122b)		Molybdenum metal (333)		Average grade (%)
		Average grade (%)	(0'000 tonnes)	Average grade (%)	(0'000 tonnes)	Average grade (%)	(0'000 tonnes)	
<u>441</u>	<u>50.8</u>	<u>0.115</u>	<u>12.94</u>	<u>0.134</u>	<u>8.34</u>	<u>0.128</u>	<u>29.53</u>	<u>0.106</u>

2) Estimation of mineral reserve under the PRC standards

Mineral reserve (million tonnes)	Molybdenum metal (0'000 tonnes)	Average grade (%)	Molybdenum metal(111b) (0'000 tonnes)	Average grade (%)	Molybdenum metal(122b) (0'000 tonnes)	Average grade (%)
<u>141.58</u>	<u>19.98</u>	<u>0.141</u>	<u>12.23</u>	<u>0.142</u>	<u>7.75</u>	<u>0.139</u>

Note: The molybdenum ore resources and reserves at the Xinjiang Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in the Molybdenum Exploration Report in East Gobi, Hami, Xinjiang* (《〈新疆哈密市東戈壁鉬礦勘探報告〉礦產資源儲量評審意見書》) (Xin Guo Tu Chu Ping [2011] No. 016) issued by Xinjiang Uygur Autonomous Region Mineral Resources Evaluation Center (新疆維吾爾自治區礦產資源儲量評審中心) in January 2011. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts in compliance with the PRC Resources/Reserves Category (1999).

(II) Summary of resources and gold reserves of Luoning Gold Mine of the Company:

(1) Estimation of mineral resources reserves under the PRC standards

Mineral resources reserves	Gold metal	Average grade	Mineral resources reserves (111b)		Mineral resources reserves (112b)		Mineral resources reserves (333)	
			Average grade	Average grade	Average grade	Average grade	Average grade	
(0'000 tonnes)	(tonne)	(t/g)	(0'000 tonnes)	(t/g)	(0'000 tonnes)	(t/g)	(0'000 tonnes)	(t/g)
<u>1,323.16</u>	<u>56.92</u>	<u>4.3</u>	<u>25.04</u>	<u>3.98</u>	<u>71.66</u>	<u>3.89</u>	<u>1,226.46</u>	<u>4.33</u>

(2) Estimation of mineral reserves under the PRC standards

Mineral reserves (0'000 tonnes)	Gold metal (Kg)	Gold metal (111b)		Gold metal (122b)	
		Average grade (t/g)	Average grade (Kg)	Average grade (t/g)	Average grade (Kg)
<u>96.70</u>	<u>3,787.33</u>	<u>3.92</u>	<u>997.10</u>	<u>3.98</u>	<u>2,790.24</u>

Note: Luoning Gold Mine includes five gold mines including Shanggong Gold Mine (上宮金礦), Sanguanmiao Gold Mine (三官廟金礦), Qiliping Gold Mine (七裡坪金礦), Ganshu Gold Mine (幹樹金礦) and Hugou Gold Mine (虎溝金礦). In particular, the resources and reserves of Shanggong Gold Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in Survey (General Prospecting and Exploration) Report on Handover Resources of Shanggong Gold Mine, Luoning County, Henan Province* (《〈河南省洛甯縣上宮金礦接替資源勘查(普查)報告〉礦產資源儲量評審意見書》) (Zhong Kuang Yu Chu Ping Zi [2011] No. 024) issued by 北京中礦聯諮詢中心 on 23 June 2011. The resources and reserves of the other four gold mines were estimated based on the Geological Survey report on Sanguanmiao, Qiliping, Ganshu and Hugou Gold Mines of Luoyang Kunyu Mining Co., Ltd.* (《洛陽坤宇礦業有限公司三官廟、七裡坪、幹樹、虎溝金礦地質勘查報告》) written by No. 2 geological team of Henan provincial Bureau of Geo-exploration (河南省地勘局第二地質隊). The resources and reserves of the gold mine had been confirmed by our own experts.

(III) Summary of Northparkes Mine (“NPM”) copper, gold and silver resources and ore reserves of the Company

1) Copper, gold and silver mineral resources under the JORC Code

	Measured resources				Indicated resources				Inferred resources				Total resources				Total metal		
	As at 31 December 2013				As at 31 December 2013				As at 31 December 2013				31 December 2013						
	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Cu	Au	Ag
(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(Kilotonnes)	(kOz)	(kOz)	
Total volume from NPM	<u>36.15</u>	<u>0.65</u>	<u>0.27</u>	<u>2.03</u>	<u>324.75</u>	<u>0.56</u>	<u>0.19</u>	<u>1.79</u>	<u>126.56</u>	<u>0.56</u>	<u>0.17</u>	<u>1.69</u>	<u>487.46</u>	<u>0.57</u>	<u>0.19</u>	<u>1.78</u>	<u>2,755.0</u>	<u>2,844.1</u>	<u>26,966.8</u>

2) Copper, gold and silver ore reserves under the JORC Code

	Estimated proven Reserves				Estimated probable reserves				Total ore reserves				Total metal		
	As at 31 December 2013				As at 31 December 2013				As at 31 December 2013						
	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Cu	Au	Ag
(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(Kilotonnes)	(kOz)	(kOz)	
Total metal	<u>8.21</u>	<u>0.40</u>	<u>0.24</u>	<u>2.19</u>	<u>102.06</u>	<u>0.64</u>	<u>0.26</u>	<u>2.36</u>	<u>110.27</u>	<u>0.62</u>	<u>0.26</u>	<u>2.35</u>	<u>684.8</u>	<u>903.0</u>	<u>8,051.5</u>

Note: 1. NPM mineral resources and ore reserves as at 31 December 2013 were calculated by the NPM technical team based on the experiences in the operation of NPM, and had been confirmed by the qualified experts on the NPM mines. Ore reserves and mineral resources are estimated in accordance with the JORC 2012 Code.

2. Mineral resources are exclusive of ore reserves.

3. Total metal has not had recovery factors applied.

II. EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

During the year, the Company had exploration projects only in NPM. Details of the works are as follows:

As an important development strategy of the Company and NPM, the exploration is a part of this strategy. A total of 18,356 meters of drilling was undertaken during the year which was more than the planned 15,999 meters in various projects. Drilling completed during the year including 6,361 meters of diamond drilling, 5,375 meters of reverse circulation drilling and 6,620 meters of air core drilling. The 76 air core drilling holes totaling 2,194 meters were conducted in December in the Exploration Lease 5323 area under regional air core drilling project.

(II) Development

1. *Sandaozhuang Mine*

During the year, the Company did not have any significant development in Sandaozhuang Mine.

2. *Luoning Gold Mine*

During the year, the Company continued to implement the systematic construction relating to the exploration of the inner part of Luoning Gold Mine. The construction is favorable for the Mine to resolve the problem of a lack of mining capacity and the conflicts in the ratio of mining to processing, which is in line with the interest of long-term development of the mine. At present, the construction progresses smoothly.

3. *Shangfanggou Mine*

During the year, the Company did not have any significant development in Shangfanggou Mine.

4. *Xinjiang Mine*

During the year, the Company did not have any significant development in Xinjiang Mine.

5. *NPM Copper Mine*

During December 2013, E48 Extension Project of 132 meters of lateral development was completed. During the year, a total of 2,042 meters of lateral development was completed in the E48 Extension Project. Total development costs were AUD12,500,000 (AUD1,180,000 for December).

(III) Mining

2013

Sandaozhuang molybdenum mine	
Production volume of open-pit mining (<i>kilotonnes</i>)	16,693
NPM copper mine	
Production volume of underground mining (<i>kilotonnes</i>)	528.17
Luoning Gold Mine	
Production volume of underground mining (<i>kilotonnes</i>)	899.72

Remarks: 1. The mining production volume of NPM copper mine only reflects the production volume for December 2013;

2. The mining production volume of molybdenum of Sandaozhuang Mine, the mining production volume of NPM copper mine and the mining production volume of Luoning Gold Mine were calculated on basis of the statistics prepared by the Company and had been confirmed by our own experts.

Xinjiang Mine and Shangfanggou Mine

During the year, no mining activities were conducted.

III. EXPLORATION, DEVELOPMENT AND MINING FEES OF THE COMPANY

For the year ended 31 December 2013, the summary of the expenditure of exploration, development and mining activities of the Company is as follows:

- (i) Exploration fees: NPM exploration fees in December 2013 amounted to US\$939,564 (the acquisition was completed on 1 December 2013, therefore the Company owns 80% interest in NPM from 1 December 2013).
- (ii) Development fees: 1. the fees relating to the development of the inner part of Luoning Gold Mine amounted to RMB27.72 million; 2. the exploration fees of NPM amounted to US\$1,006,717.
- (iii) Mining fees: 1. The mining fees of Sandaozhuang Mine amounted to RMB505.19 million; 2. the mining fees of Luoning Gold Mine amounted to RMB162.12 million; 3. the NPM mining fee amounted to US\$2.44 million.

(Note: the above fees exclude the fees of ore processing)

III. MARKET REVIEW

Molybdenum market

The global economy has undergone an in-depth structural adjustment since 2013. Five years after the financial crisis, the global economy remained feeble and the economic growth continued to be slow due to the restrictions posed by various political and economic factors. Despite of that, the worst time had passed and systematic risks lowered, and the global economy had been showing signs of recovery. The macro-economy of China, however, remained weak. The iron and steel industry was undergoing transformation while the excessive production capacity remained in the molybdenum industry, which all hindered the development of the molybdenum industry. For the international and domestic molybdenum market in 2013, there was no significant improvement in the operation of the molybdenum market as high pressure and risks remained at large and prices of the products continued to decline. Several rebounds in prices, though at short intervals, nonetheless strengthened the confidence in and expectation of the molybdenum market at the latter stage. The overall market trend went slightly downwards amid fluctuations and adjustments, which is shown as follows: affected by the year-end reserve of iron and steel plants and the expectation of a favorable economy for the year in the first quarter, the price of primary products resurged strongly in January. However, in March, the market failed to meet the expectation as predicted by the experts in the industry. Lacking in support of favorable factors, the price began to drop. In the second quarter, as the momentum of the economic market weakened and no sign of recovery was shown in the iron and steel market, the price continued to go down and hit bottom. In the third quarter, due to the oversupply of the primary products of molybdenum, the weather condition and other adverse conditions, the price was far lower than those in the first half of the year. In spite of a slight rebound in prices in the late August and early September, the price did not go as high as expected under the market environment of the iron and steel industry and the international molybdenum market. In the fourth quarter, “golden September and silver October” did not sustain. After the National Day holidays, as the demand remained weak, the market showed sign of feebleness and the demand reserved for New Year and the Spring Festival did not reach expectation, and the price continued to hover at a low level.

Tungsten market

In 2013, the macro-economic environment both domestically and internationally remained sluggish. In the first half of the year, the prices of most non-ferrous metals dropped. However, thanks to accumulation of stocks, the tungsten market outperformed the general market and remained strong. Yet in the second half of the year, as the intervention of the government to the market was weakened, the market restored its stability and the price remained stable with a slight decrease.

Copper market

For the copper market, the world copper production in 2013 was expected to be 21,087,000 tonnes, and copper consumption was expected to be 21,223,000 tonnes, representing an increase of 4.7% and 5.5%, respectively, as compared with last year. The copper production in China in 2013 was expected to be 6,600,000 tonnes while copper consumption was expected to be 9,306,000 tonnes, representing an increase of 13.28% and 12.24%, respectively, as compared with last year. For most of 2013, the price of copper fluctuated between US\$6,600 and US\$7,500 per tonne (i.e. US\$2.99 to US\$3.40/lb).

IV. BUSINESS REVIEW

During the year 2013, with the benefits of efficient management, detailed organisation and continued commitment of our staff, the Company fully capitalised on its resources and vertically integrated industrial chain and industrial scale. The Company's production volume of molybdenum remained stable and the production volume of tungsten products achieved a steady growth.

In 2013, the production volume of molybdenum concentrates (including 47% Mo), molybdenum oxides (including 51% Mo), ferromolybdenum (including 60% Mo) and tungsten concentrates (including 100% WO₃) (excluding Yulu Company) of the Company amounted to approximately 32,436 tonnes, 36,788 tonnes, 28,036 tonnes and 6,984 tonnes, respectively, representing a decrease of 0.1%, and an increase of 7.7%, 9.6% and 27.1% as compared with that of 2012, respectively. The production cost of molybdenum metal (100%Mo) of the Company was RMB68,251/tonne in 2013 and its processing recovery rate was 84.6%; the production cost of tungsten metal (100%WO₃) was RMB21,019/tonne and its processing recovery rate was 75.6%.

Based on the statistical data from Antaike (a metals information provider), the production volume of molybdenum concentrates in China (including 47% Mo) in 2013 was 80,129 tonnes. The Company's production volume of molybdenum concentrates accounted for approximately 19% of the total amount produced in China in 2013. According to an international research institution, the world's molybdenum production volume was approximately 536 million pounds for the year 2013, of which approximately 33.61 million pounds were produced by the Company, representing approximately 6.3% of the total production volume of the world.

Based on statistics from China Non-ferrous Metals Industry Association, the accumulative production volume of tungsten concentrates in China in 2013 was 138,043 tonnes (including 65% WO₃), with metal equivalents of 71,152 tonnes. The Company's production of tungsten concentrate represented approximately 9.8% of the total tungsten concentrate production of China in 2013.

In 2013, the mining volume of Northparkes copper and gold mine of the Company was 6.027 million tonnes, and the ore grade was 1.05% copper and 0.46g/t gold. The processing volume amounted to 6.007 million tonnes, and the head grade for copper and gold was 1.04% and 0.46g/t, respectively. The recovery rate for copper was 88% and that of gold was 75%. The production volume of copper concentrate was 168.3 thousand tonnes and the copper grade of such concentrates was 33%. Metal equivalents of the copper concentrate were 55,400 tonnes of copper, 67,200 ounces of gold and 582,300 ounces of silver. The acquisition transaction of Northparkes Joint Venture was completed on 1 December 2013. The Company has been holding 80% interest since 1 December 2013. The production of Northparkes for December 2013 is as follows: the production volume of copper concentrate was 14,636 tonnes and the copper grade of such concentrates was 33%. Among which, there were 4,820 tonnes of paid copper, 5,520 ounces of gold and 49,567 ounces of silver.

While the Company has been paying close attention to production, it actively implemented the strategy of internationalisation and capital operation in a bid to optimise the resource allocation, initiate the market-oriented reform within the Group, and reinforce internal control, etc. These efforts have paid off and the achievements are specified as follows:

1. The Company actively exercised the strategy of internationalisation. The acquisition of 80% interest in Northparkes Joint Venture and certain associated assets by CMOG Mining Pty Limited, an indirect wholly-owned subsidiary of the Company, was completed on 1 December 2013. The acquisition has not only increased the shareholders' returns, but also facilitated the Company's diversification in the nonferrous metal segment to avoid being over-reliant on its principal businesses of molybdenum and tungsten.
2. The Company actively implemented the strategy of capital operation and connected to the capital market through various financing channels. It issued RMB5 billion debt financing instruments through private placement, and is applying for financing by convertible bond amounting to RMB4.9 billion, which will provide better capital support for the sustainable development of the Company.
3. The Company has been devoted to optimise and mobilise its existing assets. By concerted efforts, Luoyang Fuchuan Mining Co., Ltd. (洛陽富川礦業有限公司), a joint venture of the Company, has solved its major historical issues over the years. Xinjiang Luomu Mining Co., Ltd. (新疆洛鉬礦業有限公司), a controlling subsidiary, has obtained the mining rights for the molybdenum mine in East Gobi, signifying the enrichment of the molybdenum reserve of the Company, which will enhance the competitiveness of the Company in the market. To raise the management efficiency and add to the overall value of the enterprise, the Company integrated and disposed of certain non-core assets.
4. The Company attached great importance to management to reduce costs and increase profits. In 2013, the total costs for mining, molybdenum concentrates, ferromolybdenum processing and tungsten concentrates of the Company reduced by RMB193 million, RMB99 million, RMB19.04 million and RMB50.30 million, respectively. The above reductions in aggregate increased by RMB360 million compared with that of last year. Domestic management expense and domestic selling expense incurred for the year decreased by RMB45.12 million and RMB4.45 million, respectively, compared with that of last year. It increased the shareholders' returns through tapping into internal potentials and creating profits.

5. The Company continuously strengthened the control of its internal system, hence corporate action was better regulated. In 2013, the Company formulated or amended China Molybdenum Co., Ltd.'s Rules for Accountability for Significant Error Disclosed in Annual Report, Articles of Association of China Molybdenum Co., Ltd., Rules for Management and Guarantee of Third Parties, Rules for External Investment Management, Terms of Reference and Operation Rules of the Audit Committee, Rules for Management of Funds Raised from Capital Market, Detailed Rules for Management of Disclosable Transactions, Detailed Rules for Management of Connected Transactions, Operation Rules of the Investment Committee, Board Diversity Policy, Rules for Internal Accountability, Rules for Management of Investor Relations, Company's Internal Control Document, and Rules for Meetings of Holders of Convertible Bonds.

6. The Company had shown initial results in its readjustment and planning of the management structure. According to the targets and measures laid out in the Proposal on Implementation of Reforms and Regulations (《改革整頓實施方案》) of the Company, the management structure of the Company was reorganised and adjusted, the number of management personnel in subsidiaries have been streamlined, the scope of responsibilities for each department has been rearranged and formulated. The management of the group companies in investment, tendering, procurement and sales has been strengthened, while problems were able to be solved in an effective manner. Through the reforms and reorganisations, the historical problems such as overstaffed institutions were addressed, breaking the tradition of cadres' career paths where one can occupy a position permanently without being dismissed. Those measures were in line with the principle of meritocracy and dynamic management of the cadres.

7. The Company actively performed its responsibilities to contribute to the society and achieved a win-win solution for shareholders, the society and employees. Firstly, the Company made sure that the employees and the enterprise shared the results of reform and development with the salary higher than that in 2012, ensuring no reduction in the income of leaders and staff for the year. Secondly, the Company operated its business in accordance with the laws and regulations and actively performed social responsibilities. The Company paid tax in the sum of RMB1,013 million and made contributions to the development of the economy and society. Meanwhile, the Company endeavored to carry out activities against poverty. Responding to the “Project of Realizing Dreams with Your Kind Heart (愛心圓夢工程)” conducted by the municipal party committee and municipal government of Luoyang City, the Company donated RMB15 million as social welfare and poverty funds and the Company was honoured with the title of “Meritorious Enterprise with Donations to Poverty (捐資扶貧功勳企業)” by the county government of Luanchuan.

The Company not only effectively bolstered its sales volume and stabilized its customer base, but also better adjusted sales and marketing strategies with the aim to achieve greater efficiency. In 2013, the Company has sold 27,125 tonnes of ferromolybdenum, representing an increase of 0.64% as compared with last year. It sold 7,139 tonnes of tungsten, representing an increase of 10.63 % as compared with last year.

Apart from accelerating the Company’s business development, we also took further steps to cultivate corporate culture by highlighting practical and innovative management skills so as to increase the efficiency of corporate actions.

V. PROSPECTS

1. Macroeconomic Environment

In the 2014 World Economic Outlook, the International Monetary Fund projected global economic growth for 2014 and the coming five to ten years. The global GDP growth in 2014, adjusted for inflation, is expected to grow slightly from 2.8% in 2013 to 3.1%. The growth prospect for developed countries and economies in 2014 is better with the possible growth rate of 1.7% as compared to 1% in 2013. The increase is mainly attributable to the fact that the eurozone is expected to be out of recession and record a positive growth of 0.8%. In 2014, the United States will be the second largest engine for a favorable global economy. The GDP in the United States is expected to grow 2.3% in 2014, an increase of 0.7% as compared to 1.6% in 2013. The Gross National Product in the emerging market and developing economies will also see a slight increase. At present, the PRC economy is transforming from high-speed growth to medium-speed growth. From this year onward, the PRC is committed to leveraging the fundamental effect of consumption and the key effect of investment in fueling the economic growth. It will be normal for the government to be able to deliver a GDP ranging from 7% to 8% in line with a steady economy through the in-depth exploration of potential domestic demand and a reasonable investment growth, and the said situation should also be in normal. Therefore, the economic growth in 2014 is expected to remain steady as compared with that of last year.

2. Competition and Development in the Molybdenum Industry

As for the demand of molybdenum, no adjustment has been made to the export tariff on molybdenum in 2014 to date and the original tax rate still applies. Due to the high tariff, sales of molybdenum products in the first half of 2014 will still be focused on the domestic market where the sub-sectors of high quality iron and steel such as special steel and stainless steel is the major consumer. In addition, the iron and steel industry is going through transformation. According to the national development plan for the industry, the output value of high quality special steel will account for 8% of the whole iron and steel industry by 2015 and 15% by 2020. The high quality special steel industry will reach the world's advanced standard by 2030. In the future, the special steel industry in the PRC will witness a rare opportunity for development and the general trend in the industry with a higher market share of special steel will loom. Considering that the continuous increase in the production volume of stainless steel and special steel will stimulate the consumption of molybdenum, the demand for molybdenum products can be well guaranteed in the following years.

As for the supply of molybdenum, since the outbreak of the financial crisis, the oversupply in the domestic molybdenum market persisted due to the increase in the production volume of molybdenum concentrates and the accumulation in stock. However, the market downturn after 2010 rendered a serious production suspension among small and medium-sized enterprises. The PRC molybdenum industry started destocking since last year which relieved the oversupply pressure to a certain extent. In 2014, despite the possible commencement of operation of new large mines, time is required to transit from trial production to commercial production, which suggests that full production capacity can only be reached several years later. In the meantime, as the PRC government imposed more stringent requirements on the environmental protection, some small and medium-sized enterprises that fail to meet the requirements will be closed. As a result, it is estimated that the output growth in 2014 will be limited. The limited growth in the output, the transformation of iron and steel plants and the increased production volume of the steel with molybdenum content all contribute to the greater possibility of a substantial increase in the domestic consumption of molybdenum. All in all, we expect that the price decline in the molybdenum market will be limited in 2014.

3. Competition and Development in the Tungsten Industry

As for the demand of tungsten, the tungsten market is expected to pick up again due to the following reasons: the European and U.S. economies both showed signs of recovery while the foreign enterprises have not unleashed massive demand for two years. It is estimated that the inventory has dropped to a low level. The stockpiling before the summer break in 2014 is expected to be better than that in 2013 and the first batch of export quotas was enlarged to 70%, aiming at promoting the export of enterprises and shifting the domestic pressures. In addition, the domestic economy grows steadily despite a slower growth and the production volume of hard alloy and alloy steel will maintain at a stable level. The extensive marketing of tungsten products on the electronic platform is expected to boost a new momentum. Besides, purchase and storage by the PRC government is good news for the market.

As for the supply of tungsten, oversupply still exists in the tungsten market. The PRC government has promulgated various indicators to control the output of tungsten producers. Besides, after years of exploration, many resources in the mines in Jiangxi, the main tungsten producing region in the PRC, are nearly exhausted, lowering ore grade and expanding mined out areas. Many tungsten mine enterprises are already aware of the crisis. Instead of mining in large quantity, such enterprises invest in the exploration to enlarge the resources reserve and upgrade the ore processing plants to improve the recovery rate. In conclusion, it is expected that the tungsten market in 2014 will remain unchanged as that in 2013.

4. Competition and Development in the Copper Industry

In 2014, oversupply will sustain in the copper market but the demand-supply gap will not be wide and it will not last long. As estimated by Barclays Bank, the copper production in 2014 will reach 22,343,000 tonnes and copper consumption will be 22,176,000 tonnes. The growth of the global copper supply will reach a peak in 2014, but the growth will slow down from 2015 due to the slashing of capital contribution in the mines. As global economy is recovering, demand and supply of copper in 2015 will be tight. For the price of copper in 2014, it is expected that it will fluctuate within the price range of 2013.

VI. PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

On 26 July 2013, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2013] PPN No. 189) from the National Association of Financial Market Institutional Investors, confirming the acceptance of the registration of the debt financing notes through private placement in the registered amount of RMB5 billion, which will be valid for a period of two years from the registration date. Since the interest rate in the market did not meet the Company's expectation, the Company did not issue debt financing instruments through private placement. At present, the authorization period would expire soon, the Board would propose to the shareholders at the general meeting to extend the authorisation for the issue of debt financing instruments through private placement to the date of the 2015 annual general meeting, in order to meet development strategy of the Company and increase financing channels. At the 2013 first extraordinary general meeting convened on 25 November 2013, the Company approved the issuance of A Share Convertible Bonds of no more than RMB4.9 billion, for a term of six years. For the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

VII. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has strived to uphold high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the period from 1 January 2013 to 31 December 2013, save as the deviation from the code provision A.6.7 of the CG Code.

Pursuant to the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of shareholders’ views. One non-executive Director of the Company, due to other business engagements, was unable to attend all general meetings in 2013 of the Company while two independent non-executive directors of the Company, due to other business engagement, were unable to attend the 2013 First Extraordinary General Meeting and 2013 Second Class Meetings of Holders of A Shares and H Shares. The Company will optimize the planning of general meetings, give adequate time to all Directors to accommodate their work arrangement and provide all necessary support for their presence and participation in general meetings such that all Directors will be able to attend future general meetings of the Company.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code. The Company also adopted the policy on Board diversity pursuant to code provision A.5.6 of the CG Code as amended on 1 September 2013.

VIII. THE BOARD

During the year ended 31 December 2013, the Company held 13 Board meetings in total for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

BOARD COMMITTEES

The Board has established four special committees, namely the audit committee, the remuneration committee, the nomination committee and the strategic committee.

AUDIT COMMITTEE

The terms of reference of the audit committee are based on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants which have been adopted by the Board.

The audit committee provides an important link between the Board and the Company’s auditors in matters falling within the Group’s scope of the audit.

The audit committee will review the effectiveness of the external audit and internal controls and evaluate risks to provide comments and advice to the Board. As at the date of this announcement, the audit committee comprises two independent non-executive Directors of the Company, namely Mr. Xu Shan and Mr. Cheng Gordon, and one non-executive Director, namely Mr. Zhang Yufeng, with Mr. Xu Shan as the chairman of the committee. The audit committee has reviewed with the management and external auditors, the audited consolidated results of the Group for the year ended 31 December 2013, including the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has established a remuneration committee and set out its specific terms of reference. As at the date of this announcement, the remuneration committee comprises three members, namely Mr. Bai Yanchun (independent non-executive Director), Mr. Xu Xu (independent non-executive Director)^(Note 1) and Mr. Yuan Honglin (non-executive Director), with Mr. Bai Yanchun as the chairman of the committee. The majority of members of the remuneration committee are independent non-executive Directors.

The roles and functions of the remuneration committee are set out in its terms of reference. Its primary functions include: making recommendations to the Board on the Company's remuneration policy and structure and remuneration packages of the executive Directors and the senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and facilitating the determination of remuneration by reference to the performance of the individual and the Company as well as market practice and conditions.

The primary goal of the Company's remuneration policy on executive Directors' packages is to retain and motivate executive Directors by linking their remuneration with performance as measured against corporate objectives. The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. In order to motivate the senior management of the Company in a scientific and reasonable way so that they can maximize value for the shareholders and the Company, the remuneration committee has taken into account the market-oriented principles including the determination of remuneration based on the performance, responsibilities, faults and attitude, the enhancement of rewards and punishment, the comparison with similar listed companies overseas and at home in the industry, and considered special awards regarding the special projects and contributions, as well as the advice from the professional intermediaries. During the year, the members of the remuneration committee have discussed the mechanism for evaluating the performance of the senior management, however a detailed appraisal proposal has not been formed.

NOMINATION COMMITTEE

The nomination committee is responsible for advising the Board as to the scale, number of members and composition (in terms of skills, knowledge and experience) of the Board in light of the business activities, size of assets, shareholding structure and the Board diversity policy of the Company, researching on the criteria and procedures for the selection and appointment of Directors, the general manager and other senior management members and making recommendations to the Board. It is also responsible for extensively seeking suitable candidates for Directors and general manager and making recommendations to the Board, advising the current session of the Board as to the candidates for the next session of the Board during elections of members for the next session of the Board, advising the Board as to the appointment of candidates electing for general manager upon expiry of the term of office of the general manager, evaluating the work progress of Directors, the general manager and other senior management members and providing advice or recommendations on the change of Directors, the general manager or other senior management members with reference to the results of evaluation as and when necessary, and assessing the independency of independent non-executive Directors.

As at the date of this announcement, the nomination committee comprises one executive Director, namely Mr. Li Chaochun, and four independent non-executive Directors, namely Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu^(Note 1) with Mr. Bai Yanchun and Mr. Li Chaochun as the chairman and vice chairman of the committee, respectively.

STRATEGIC COMMITTEE

The strategic committee is responsible for formulating the overall development plans and investment decision-making procedures of the Group. The strategic committee comprises two executive Directors, namely Mr. Li Chaochun and Mr. Li Faben, and two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu^(Note 1), with Mr. Li Chaochun serving as the chairman of the committee (his appointment was approved by the twelfth meeting of the third session of the Board on 14 January 2014).

IX. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules in respect of dealings in the Company’s securities by Directors. Specific enquiry has been made on all Directors and they have confirmed that the Model Code has been complied with throughout the year ended 31 December 2013. The Company has also formulated written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Model Code for securities transactions by employees of the Company who are likely to be in possession of unpublished price or inside information in relation to the securities of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees has been noted by the Company.

X. ANNUAL GENERAL MEETING (“AGM”) AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The AGM will be held on Friday 9 May 2014 at the International Conference Room of Mudu-Lee Royal International Hotel at No.239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC.

In order to determine the list of holders of H Shares of the Company (the “H Shareholders”) who will be entitled to attend and vote at the AGM, the Company’s H Shares register of members will be closed from Wednesday, 9 April 2014 to Friday, 9 May 2014 (both days inclusive) during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the register of members of the Company at 4:30 p.m. on Tuesday, 8 April 2014 shall be entitled to attend and vote at the AGM. In order for the H Shareholders to qualify for attending and voting at the AGM, H Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company’s H Share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 8 April 2014.

XI. FINAL DIVIDEND

In order to maintain the continuity and stability of the Company’s dividend policy and to adhere to the commitment of providing shareholders with cash return, in accordance with the Company’s principle of profit distribution and cash dividend policy, the Board recommended the payment of a final dividend of RMB0.14 per share (tax inclusive) for the year ended 31 December 2013. Final dividend for the year ended 31 December 2013 is subject to the approval of shareholders of the Company at the forthcoming AGM.

The Company will dispatch a circular containing, among other matters, further information relating to the proposed distribution of final dividend and the AGM to shareholders of the Company as soon as practicable.

XII. PUBLICATION OF DETAILS OF FINAL RESULTS FOR THE YEAR

This announcement is published on the websites of the Hong Kong Stock Exchange at (www.hkexnews.hk), the Shanghai Stock Exchange at (www.sse.com.cn) and the Company at (www.chinamoly.com).

By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC
26 February 2014

As at the date of this announcement, the Directors of the Company are:

Executive Directors

Mr. Li Chaochun, Mr. Li Faben, Mr. Wang Qinxi, Ms. Gu Meifeng and Mr. Wu Wenjun

Non-executive Directors

Mr. Zhang Yufeng and Mr. Yuan Honglin

Independent Non-executive Directors

Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu^(Note 1)

Note 1 Mr. Xu Xu has resigned as independent non-executive Director but will continue to perform his duties as an independent non-executive Director, member of the nomination committee, remuneration committee and strategic committee of the Company until the formal appointment of his replacement. For details, please refer to the Company's announcement dated 7 February 2014.

* *For identification purposes only*