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洛陽欒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)

2014 FIRST QUARTERLY FINANCIAL REPORT

The board of directors (the “**Board**”) of 洛陽欒川鉬業集團股份有限公司 China Molybdenum Co., Ltd.* (the “**Company**” or “**CMOC**”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “**Group**”) prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China for the first quarter ended 31 March 2014. This announcement is made pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

I. IMPORTANT NOTICE

- 1.1 The Board, the supervisory committee, the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents set out in this quarterly report, and that it contains no false representation, misleading statement nor material omission, and assume several and joint legal responsibilities.
- 1.2 All the directors of the Company attended the board meeting to consider the quarterly report.

* For identification purpose only

1.3 The person in charge of the Company	Li Chaochun
The person in charge of accounting affairs	Gu Meifeng
The person responsible for the accounting department	Zhang Hongwei

Li Chaochun, the person in charge of the Company, Gu Meifeng, the person in charge of accounting affairs, and Zhang Hongwei, the person responsible for the accounting department, warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

1.4 The financial statements in the first quarterly financial report of the Company is unaudited.

II. KEY FINANCIAL DATA OF THE COMPANY AND CHANGE OF SHAREHOLDERS

2.1 Key Financial Data

	<i>Unit: Yuan</i>		<i>Currency: RMB</i>
	As at the end of the reporting period	As at the end of last year	Increase/decrease as of the end of the reporting period as compared with the end of last year (%)
Total assets	22,341,312,079.13	21,899,138,540.63	2.02
Net assets attributable to shareholders of the Company	12,679,929,948.01	12,178,275,528.67	4.12

	From the beginning of the year to the end of the reporting period (January-March)	From the beginning of last year to the end of the reporting period of last year (January-March)	Increase/decrease as compared with the same period last year (%)
Net cash flow from operating activities	497,770,618.07	370,174,721.45	34.47

	From the beginning of the year to the end of the reporting period (January-March)	From the beginning of last year to the end of the reporting period of last year (January-March)	Increase/decrease as compared with the same period last year (%)
Operating income	1,632,541,316.38	1,124,732,357.11	45.15
Net profit attributable to shareholders of the Company	377,319,717.46	210,578,129.78	79.18
Net profit less non-recurring gains and losses attributable to shareholders of the Company	288,927,539.67	183,234,537.97	57.68
Weighted average return on net assets (%)	3.04	1.57	Increased by 1.47 percentage points
Basic earnings per share (<i>RMB/Share</i>)	0.07	0.04	75.00

Items and amounts for deducting non-recurring gains and losses:

Unit: Yuan Currency: RMB

Item	Amounts for the period (January-March)
Profit and loss from disposal of non-current assets	36,485.34
Government grants recognised in profit or loss (other than grants which are closely related to the Company's normal business operations and are either in fixed amounts or determined under quantitative methods in accordance with the national standards)	951,273.45
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business of the Company	28,186,979.06
Effect on gains and losses for the current period from one-off adjustment to gains and losses for the period according to the requirements of the tax and accounting laws and regulations	68,732,119.24
Other non-operating income or expenses other than the above	-4,070,462.07
Investment gain from disposal of equity interests	-13,144.84
Effect of income taxes	-3,925,738.91
Effect of minority interests (after tax)	-1,505,333.48
Total	<u><u>88,392,177.79</u></u>

2.2 Table showing total number of shareholders, top 10 shareholders and the shareholding of the top 10 shareholders not subject to trading moratorium as at the end of the reporting period

Unit: Shares

Total number of shareholders (shareholders) 53,680

Shareholding of the top 10 shareholders

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Total number of shareholding (A Share/H Share)	Number of shares held with selling restrictions	Number of shares subject to pledge or moratorium
Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司)	State-owned legal person	35.00	1,776,593,475 (A Shares)	1,776,593,475	None
Cathay Fortune Corporation (鴻商產業控股集團有限公司)	Domestic non-state-owned legal person	34.02	1,726,706,322 (A Shares)	0	Pledged 196,730,000
HKSCC NOMINEES LIMITED	Unknown	25.20	1,279,113,980 (H Shares)	0	Unknown
National Council for Social Security Fund of the PRC - Account III for state-owned shares transfer (全國社會保障基金理事會轉持三戶)	State-owned legal person	0.39	20,000,000 (A Shares)	20,000,000	None
Yueling Investment Management Company Limited, Shanghai (上海躍凌投資管理有限公司)	Domestic non-state-owned legal person	0.36	18,336,951 (A Shares)	0	None
Jingquan Investment Management Company Limited, Shanghai (上海京泉投資管理有限公司)	Domestic non-state-owned legal person	0.14	7,000,000 (A Shares)	0	Pledged 7,000,000
CHAU WING + KWOK IRENE YUE KIT	Unknown	0.08	4,100,000 (H Shares)	0	Unknown
Tan Weidong(譚衛東)	Domestic natural person	0.04	2,217,637 (A Shares)	0	None
China Life Insurance Company Limited — Dividends-Personal Dividends — 005L — FH002 Hu (中國人壽保險股份有限公司—分紅—個人分紅—005L—FH002滬)	Unknown	0.04	2,082,297 (A Shares)	0	None
Turpan Xueyin Metal Mining Co., Ltd. (吐魯番雪銀金屬礦業股份有限公司)	Unknown	0.04	2,070,000 (A Shares)	0	None

Shareholding of the top 10 shareholders not subject to trading moratorium

Name of shareholders (full name)	Tradable shares not subject to trading moratorium at the end of the period	Types and quantity of shares	
Cathay Fortune Corporation (鴻商產業控股集團 有限公司)	1,726,706,322	RMB-denominated ordinary shares (A Shares)	1,726,706,322
HKSCC NOMINEES LIMITED	1,279,113,980	Overseas listed foreign invested shares (H Shares)	1,279,113,980
Yueling Investment Management Company Limited, Shanghai (上海 躍凌投資管理有限公司)	18,336,951	RMB-denominated ordinary shares (A Shares)	18,336,951
Jingquan Investment Management Company Limited, Shanghai (上海 京泉投資管理有限公司)	7,000,000	RMB-denominated ordinary shares (A Shares)	7,000,000
CHAU WING + KWOK IRENE YUE KIT	4,100,000	Overseas listed foreign invested shares (H Shares)	4,100,000
Tan Weidong (譚衛東)	2,217,637	RMB-denominated ordinary shares (A Shares)	2,217,637
China Life Insurance Company Limited — Dividends-Personal Dividends — 005L — FH002 Hu (中國人壽保險股份 有限公司—分紅—個人 分紅—005L—FH002滬)	2,082,297	RMB-denominated ordinary shares (A Shares)	2,082,297
Turpan Xueyin Metal Mining Co., Ltd. (吐魯番雪銀金屬 礦業股份有限公司)	2,070,000	RMB-denominated ordinary shares (A Shares)	2,070,000
Industrial and Commercial Bank of China Limited — Penghua CSI A Share Resource Industry Index Classified Securities Investment Fund (中國工商 銀行股份有限公司—鵬華 中證A股資源產業指數 分級證券投資基金)	1,579,195	RMB-denominated ordinary shares (A Shares)	1,579,195
Lin Boyuan(林伯淵)	1,305,968	RMB-denominated ordinary shares (A Shares)	1,305,968

Explanation on connected relationship or action acting in concert among the aforesaid shareholders

Cathay Fortune Investment Limited, the wholly-owned subsidiary in Hong Kong of Cathay Fortune Corporation(鴻商產業控股集團有限公司) held 101,000,000 H shares of the Company, which were registered under HKSCC NOMINEES LIMITED.

III. SIGNIFICANT EVENTS

3.1 Particulars of and reasons for material changes in major accounting items and financial indicators of the Company

Applicable Not applicable

1. Items in Balance Sheet

Unit: Yuan Currency: RMB

Item	31 March 2014	31 December 2013	Increase/ decrease (%)
Bank balances and cash	2,500,160,024.48	1,882,647,897.27	32.80
Interests receivable	2,511,272.04	452,860.33	454.54
Deferred tax assets	211,425,599.49	140,019,796.25	51.00
Taxes payable	14,365,289.07	-63,559,475.84	-122.60
Interests payable	73,181,275.80	55,733,935.24	31.30
Other payable	355,756,038.93	568,214,130.26	-37.39
Other current liabilities	31,086,231.76	20,202,200.99	53.88
Long-term payables	31,095,456.00	—	—
Exchange differences arising on translation of financial statements denominated in foreign currencies	49,414,780.91	-51,029,120.69	-196.84

- (1) The increase in bank balances and cash was mainly due to the increase of cash inflow from operation during the period, and the recovery of wealth management product upon maturity;
- (2) The increase in interests receivable was mainly due to the impact from the interests receivable of structured deposits during the period;
- (3) The increase in deferred tax assets was mainly due to the adjustment of deferred tax assets of Northparkes Copper/Gold Mine;

- (4) The increase in taxes payable was mainly due to the decrease of tax balances of domestic enterprises and the increase of income taxes expenses of Northparkes Copper/Gold Mine during the period;
- (5) The increase in interests payable was mainly due to the provision of the interests payable of medium notes during the period;
- (6) The decrease in other payable was mainly due to the payment of relevant transaction fees and intermediary consultant fees for the acquisition of Northparkes Copper/Gold Mine project;
- (7) The increase in other current liabilities was mainly due to the provision of various expenses during the period;
- (8) The increase in long-term payables was mainly due to the additional payments for mining right;
- (9) The increase in exchange differences arising on translation of financial statements denominated in foreign currencies was mainly due to the foreign exchange fluctuation of the overseas companies during the period.

2. *Items in Income Statement*

Unit: Yuan Currency: RMB

Item	January to March 2014	January to March 2013	Increase/ decrease (%)
Operating income	1,632,541,316.38	1,124,732,357.11	45.15
Operating costs	1,056,936,942.25	767,072,804.75	37.79
Selling expenses	20,935,861.78	3,624,257.36	477.66
Financial expenses	27,644,375.41	7,415,474.41	272.79
Impairment losses of assets	32,746,041.17	9,042,058.27	262.15
Gains from change in fair value	8,857,440.00	-218,888.24	-4,146.56
Income from investments in associates and joint ventures	29,227,013.30	16,242,828.78	79.94
Non-operating income	1,371,766.98	4,828,984.25	-71.59
Non-operating expenses	4,454,470.26	1,529,032.90	191.33
Income tax expenses	22,841,227.83	54,787,339.40	-58.31
Other comprehensive income	100,443,901.60	-132,656.57	-75,817.25

- (1) The increase in operating income was mainly due to the increase of operating income of Northparkes Copper/Gold Mine as compared with the same period last year; increase in operating income was partially offset by revenue from sales of ferromolybdenum due to the decline in market price as compared with that in the same period of last year; in the first quarter of 2014, the average price of molybdenum concentrates quoted on the molyworld.com decreased by 18.47% to RMB1,376.60/metric tonne unit over the same period of last year. The market price of tungsten generally maintained at the same level over the same period last year;
- (2) The increase in operating costs was mainly due to the increase of operating costs of Northparkes Copper/Gold Mine as compared with the same period last year;
- (3) The increase in selling expenses was mainly due to the increase of selling expenses of Northparkes Copper/Gold Mine as compared with the same period last year;
- (4) The increase in financial expenses during the period was mainly due to the increase of interest expenses resulting from increase of borrowings with the acquisition of Northparkes Copper/Gold Mine as compared with the same period last year;
- (5) The increase in impairment losses of assets was mainly due to the provision for the impairment of current inventories during the period;
- (6) The increase in gains from change in fair value was mainly due to the changes in prices of gold, silver and lead in the futures market;
- (7) The increase in income from investments in associates and joint ventures was mainly due to the increase of the associates' results as compared with the same period last year;
- (8) The decrease in non-operating income was mainly due to the decrease of government grant which was credited into profit or loss for the period;
- (9) The increase in non-operating expenses was mainly due to the external donation during the period;

- (10) The decrease in income tax expenses was mainly due to the impact of the deferred tax assets recognised for the deductible temporary differences by Northparkes Copper/Gold Mine during the period;
- (11) The increase in other comprehensive income was mainly due to the increase in exchange differences arising from translation of financial statements of overseas companies during the period.

3. *Items in Cash flow Statement*

Unit: Yuan Currency: RMB

Item	January to March 2014	January to March 2013	Increase/ decrease
Net cash flow from operating activities	497,770,618.07	370,174,721.45	127,595,896.62
Net cash flow from investment activities	202,408,046.89	-163,087,520.57	365,495,567.46
Net cash flow from financing activities	-61,847,148.06	255,347,176.83	-317,194,324.89
Effect of foreign exchange rate changes on cash and cash equivalents	5,675,067.68	-10,739.09	5,685,806.77

- (1) The increase in net cash flow from operating activities as compared with the same period of last year was mainly due to the increase of Northparkes Copper/Gold Mine as compared with the same period of last year;
- (2) The increase in net cash flow from investment activities as compared with the same period of last year was mainly due to the recovery of wealth management products matured during the period;
- (3) The decrease in net cash flow from financing activities as compared with the same period of last year was mainly due to the increase in repayment of loans for the period as compared with the same period of last year;
- (4) The increase in the effect of foreign exchange rate changes on cash and cash equivalents was mainly due to the exchange differences arising from translation of the cash and cash equivalent of overseas companies of the Group into RMB.

4. Output and cost of major products

In the first quarter of 2014, the Company produced approximately 3,749 tonnes of molybdenum concentrates (containing 100% MO) with a cash cost of production of approximately RMB64,453 per tonne, and approximately 1,635 tonnes of tungsten concentrates (containing 100% WO₃) with a cash cost of production of approximately RMB21,059 per tonne, (net of resource tax, depreciation and amortisation, sales and general management costs); the Northparkes Mine in Australia produced approximately 10,536 tonnes (80% basis) of paid cooper in the first quarter with C1 cash cost of US\$0.62 per pound.

3.2 Analysis and explanations of the progress of significant events and their impacts and solutions

Applicable Not applicable

1. On 6 January and 12 January 2014, the Company published the Announcement in Relation to the Completion of the Increase in Shareholding by Shareholders of the Company and the Announcement on the Change in the Largest Shareholder and De Facto Controller of the Company on the websites of Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited, respectively. Please refer to the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) for details.
2. On 15 April 2014, the Company published the Announcement in relation to the Disposal of 70% Equity Interest in Luoyang Kunyu Mining Co., Ltd.* (洛陽坤宇礦業有限公司) on the websites of both the Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited. Please refer to the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) for details. The purpose of this transaction was to reorganise and optimise its balance sheet, divest and dispose non-core and inefficient assets; consolidate the Company's financial resources to acquire and invest in matured resources projects with positive cash flow in politically stable jurisdictions, so as to improve return on capital, expand the scale of operations and enhance its risk resistance capacity whilst continue to provide better returns to the Shareholders.

3.3 Performances of the undertakings given by the Company and its shareholders with shareholding of 5% or above

Applicable Not applicable

(I). *The Shareholders and their Associates' Commitment in Relation to Shares Lock-up*

1. Cathay Fortune Corporation* (鴻商產業控股集團有限公司) (“CFC”), shareholder of the Company and its wholly-owned subsidiary Cathay Fortune Investment Limited (“CFC Hong Kong”) had undertaken that: they would not reduce their shareholding in the Company’s A Share nor H Share within six months from 23 December 2013 (on 23 January 2014, CFC further undertook that it would not transfer or entrust others with management of CMOC’s shares held by CFC and CFC Hong Kong directly or indirectly within 12 months since the date of completion of the acquisition, and it would not allow CMOC to repurchase such shares (please refer to the Indicative Announcement in Relation to the Disclosure of the Acquisition Report of Cathay Fortune Corporation (《關於股東鴻商產業控股集團有限公司披露收購報告書的提示性公告》) published by the Company on 23 January 2014)).
2. Luoyang Mining Group Co., Ltd.* (洛陽礦業集團有限公司) (“LMG”), the controlling shareholder of the Company, had undertaken that: it would not transfer or entrust others with management of the Company’s shares held by LMG directly or indirectly (including the increase in shareholding resulting from the possible reversion of stock split, distribution of bonus shares and conversion of capital reserve by the Company) within 36 months since the listing of A shares of the Company, and it would not allow the Company to acquire the abovementioned shares held by LMG.

3. Luoyang Guohong Investment Group Co., Ltd. (hereinafter referred to as “**Guohong Group**”), an associate of the Company has no plan to further increase its shares or dispose of its equity interests in CMOC within the next 12 months commencing from 29 November 2013.

(II). Non-competition Undertaking

1. Mr. Yu Yong, the de facto controller’s undertaking is as follows:

I, together with companies under my control, have not manufactured or developed any products involving competition or possible competition with the products manufactured by CMOC, have not directly or indirectly operated any business involving competition or possible competition with the business operated by CMOC, and have not been engaged in investing in other companies involving competition or possible competition with the products or business manufactured or operated by CMOC. I, together with companies under my control, will not manufacture or develop any products involving competition or possible competition with the products manufactured by CMOC, will not directly or indirectly operate any business involving competition or possible competition with the business operated by CMOC and will not engage in investing in other companies involving competition or possible competition with the products or business manufactured or operated by CMOC. With effect from the date of signing of this undertaking, if CMOC further expands its scope of products and business, I, together with companies under my control, will not compete with the expanded products or operations of CMOC. If competition with the expanded products or operations of CMOC exists, I, together with companies under my control, will prevent peer competition by way of suspension from production or operation of competitive business or products, incorporation of the competitive business into the operations of CMOC or transfer of the competitive business to an unrelated third party. If the undertaking is proved to be untrue or not observed, I will compensate all direct and indirect losses to CMOC.

2. CFC's undertaking is as follows:

CFC, together with its subsidiaries and affiliated companies in which CFC owns an interest, have not manufactured or developed any products involving competition or possible competition with the products manufactured by CMOC, have not directly or indirectly operated any business involving competition or possible competition with the business operated by CMOC, and have not been engaged in investing in other companies involving competition or possible competition with the products or business manufactured or operated by CMOC. CFC, together with its subsidiaries and affiliated companies in which CFC owns an interest, will not manufacture or develop any products involving competition or possible competition with the products manufactured by CMOC, will not directly or indirectly operate any business involving competition or possible competition with the business operated by CMOC and will not engage in investing in other companies involving competition or possible competition with the products or business manufactured or operated by CMOC. If CMOC further expands its scope of products and business, CFC, together with its subsidiaries and affiliated companies in which CFC owns an interest, will not compete with the expanded products or operations of CMOC. If competition with the expanded products or operations of CMOC exists, CFC, together with its subsidiaries and affiliated companies in which CFC owns an interest, will prevent peer competition by way of suspension from production or operation of competitive business or products, incorporation of the competitive business into the operations of CMOC or transfer of the competitive business to an unrelated third party. If the undertaking is proved to be untrue or not observed, CFC will compensate all direct and indirect losses to CMOC.

3. LMG's undertaking is as follows:

LMG, together with companies actually controlled by LMG, have not directly or indirectly operated any business involving competition or possible competition with the business operated by CMOC. LMG, together with companies actually controlled by LMG, will not directly or indirectly operate any business involving competition or possible competition with the business operated by CMOC and will not engage in investing in other companies involving competitions or possible competition with the business operated by CMOC. If CMOC further expands its scope of business, LMG, together with companies actually controlled by LMG, will not compete with the expanded operations of CMOC. If competition with the expanded operations of CMOC exists, LMG, together with companies actually controlled by LMG, will prevent peer competition by way of suspension from operation of competitive business, incorporation of the competitive business into the operations of CMOC or transfer of the competitive business to an unrelated third party. If the undertaking is proved to be untrue or not observed, LMG will compensate all direct and indirect losses to CMOC.

4. Guohong Group's undertaking is as follows:

Guohong Group currently is not directly or indirectly engaging in any business involving competition with the business operated by CMOC, and will not directly or indirectly engaging in any business involving actual competition or potential competition with the business operated by CMOC at any time in the future. This commitment will be valid until there is no material influence of Guohong Group on CMOC. If Guohong Group violate the undertakings mentioned above, it has agreed to undertake corresponding responsibilities to compensate for economic losses.

(III). Undertaking of Connected Transactions

1. Mr. Yu Yong, the de facto controller, undertakes that:

I will try my best to avoid connected transaction with CMOC. Unavoidable connected businesses or transactions between us will be carried out on the basis of fair and willingness, following the principles of fairness, equality and making compensation for equal value and the transaction price will be determined in accordance with the reasonable price generally accepted by the market. I will strictly comply with the provision of avoidance for connected transactions under the Articles of Association of CMOC. All transactions in concern will be carried out based on the decision-making procedures for connected transactions of CMOC. I will perform legal procedures and make timely information disclosure of connected transactions. I undertake that I will not transfer CMOC's profits through connected transactions and will not prejudice the legitimate interests of other shareholders of CMOC by way of laying influence on operation decisions of CMOC.

2. CFC undertakes that:

CFC will try its best to avoid connected transaction with CMOC. Unavoidable connected businesses or transactions between us will be carried out on the basis of fair and willingness, following the principles of fairness, equality and making compensation for equal value and the transaction price will be determined in accordance with the reasonable price generally accepted by the market. CFC will strictly comply with the provision of avoidance for connected transactions under the Articles of Association of CMOC. All transactions in concern will be carried out based on the decision-making procedures for connected transactions of CMOC. CFC will perform legal procedures and make timely information disclosure of connected transactions. CFC undertakes that CFC will not transfer CMOC's profits through connected transactions and will not prejudice the legitimate interests of other shareholders of CMOC by way of laying influence on operation decisions of CMOC.

3. Guohong Group undertakes that:

CMOC has the right to independently and willingly choose its transaction party. As for connected transactions that are unavoidable or occur due to reasonable causes, Guohong Group will sign normal connected transaction agreements with CMOC in accordance with law, and perform approval procedures pursuant to the requirements of relevant laws, regulations, rules, other regulatory documents and the Articles of Associations of CMOC. As for necessary and unavoidable connected transactions, Guohong Group undertakes to strictly comply with market rules, carry out connected transactions based on the normal business principles of equality and mutual benefit in a fair and reasonable manner, and fulfill the information disclosure obligations in accordance with law. Guohong Group also undertakes that it will not seek any improper benefit or make CMOC assume any improper obligation through any connected transaction and will not prejudice the legitimate interests of other shareholders of CMOC.

(IV). Commitment in Relation to the Independence of Listed Company

1. Mr. Yu Yong, the de facto controller, undertakes that:

I will guarantee the independence of CMOC's business and that the principal business of CMOC is independent of its shareholders and other related parties; I will guarantee the independence of CMOC's assets and that its principal assets will not be mixed with those of other enterprises under my control; I will guarantee the independence of CMOC's staff and that the senior management of CMOC will enter into appropriate labor contracts or service agreements with CMOC; that the senior management of CMOC will not assume positions other than directors and supervisors in other enterprises under my control; and that the financial staff of CMOC will not assume any position in other enterprises under my control; I will guarantee the financial independence of CMOC and that CMOC will separately establish a financial institution and build an independent financial accounting system and a financial management system, and have its own independent bank account which will not be shared by other enterprises under my control; CMOC will independently carry out tax declaration and independently fulfill the obligation of payment; I will not intervene with the financial decisions independently made by CMOC or independently use funds; I will guarantee the independence of CMOC's organization and that CMOC will establish complete internal organizations and independently exercise operation and management powers, and that it will not be mixed or subject to co-working with other enterprises under my control.

2. CFC has undertaken that:

CFC will guarantee the independence of CMOC's business and that the principal business of CMOC is independent of its shareholders and other related parties; CFC will guarantee the independence of CMOC's assets and that its principal assets will not be mixed with those of CFC and other enterprises under CFC's control; CFC will guarantee the independence of CMOC's staff and that the senior management of CMOC will enter into appropriate labor contracts or service agreements with CMOC; that the senior management of CMOC will not assume positions other than directors and supervisors in CFC and other enterprises under CFC's control; and that the financial staff of CMOC will not assume any position in CFC and other enterprises under CFC's control; CFC will guarantee the financial independence of CMOC and that CMOC will independently establish relationships with financial institutions and build an independent financial accounting system and a financial management system, and have its own independent bank account which will not be shared by CFC and other enterprises under CFC's control; CMOC will independently carry out tax declaration and independently fulfill the obligation of payment; CFC will not intervene with the financial decisions independently made by CMOC or independently use funds; CFC will guarantee the independence of CMOC's organization and that CMOC will establish complete internal organizations and independently exercise operation and management powers, and that it will not be mixed or subject to co-working with CFC and other enterprises under CFC's control.

(V). Undertaking of Dividend Distribution Policy

Profit distribution plan: the Board prepares the plan according to the solvency, business development and operating results of the Company at the relevant time. The Board determines the specific ratio of cash dividends to the distributable profit for the prevailing year and whether to further distribute dividends in the form of stocks. Upon consultation with the supervisory committee, the Board then submits the plan at the general meeting for consideration and approval. In compliance with the law, rules and regulatory requirements at the relevant time, the profit distributed in cash by the Company for each year shall not be less than 30% of the distributable profit for the prevailing year.

During the reporting period, the shareholders, connected parties and the de facto controller of the Company and the Company had strictly fulfilled the aforementioned relevant undertakings.

3.4 Warnings and explanations of the reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period or significant changes as compared with the same period of the previous year

Applicable Not applicable

3.5 Changes in other accounting estimates

Change in the standard on provision for production maintenance fee* (「維持簡單再生產費用」)

The standard on provision for production maintenance fee of mines as set out in the Notice on Improving the Standard on Provision for Production Maintenance Fee of Metallurgical Mines (Cai Qi [2004] No. 324) (財企[2004]324號《關於提高冶金礦山維持簡單再生產費用標準的通知》) issued by the Ministry of Finance is RMB15-18 per tonne of ore. As at 31 December 2013, the Company's standard on provision for production maintenance fee was RMB18/tonne. Having considered the actual situation of the Company, the management of the Company proposed and as considered and approved by the Board, the standard on provision for production maintenance fee for Sandaozhuang Mine Area of the Company was changed to RMB15/tonne. Such adjustment is classified as the change in accounting estimation, for which prospective method shall be adopted without any retroactive adjustments, with effect from 1 January 2014.

China Molybdenum Co., Ltd.*
Legal representative: Li Chaochun
25 April 2014

* *For identification purposes only*

IV. APPENDIX

Consolidated Balance Sheet

31 March 2014

Prepared by: China Molybdenum Co., Ltd.*

	<i>Unit: Yuan Currency: RMB</i>	
Item	Balance as at the end of the period	Balance as at the beginning of the year
Current Assets:		
Bank balances and cash	2,500,160,024.48	1,882,647,897.27
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets		
Notes receivable	1,424,048,334.63	1,591,402,447.61
Accounts receivables	825,660,931.21	805,679,742.94
Prepayments	325,381,397.38	297,345,943.53
Premiums receivables		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Interest receivable	2,511,272.04	452,860.33
Dividends receivable		
Other receivables	82,280,518.65	72,517,407.57
Financial assets purchased under resale agreements		
Inventories	878,436,573.18	820,996,265.56
Non-current assets due within one year		
Other current assets	1,408,399,295.14	1,701,577,473.05
Total Current Assets	<u>7,446,878,346.71</u>	<u>7,172,620,037.86</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current Assets:		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,643,630,437.65	1,598,462,198.92
Investment properties		
Fixed assets	5,826,675,080.95	5,876,304,885.87
Construction in progress	563,335,157.13	493,586,919.64
Inventories	348,864,310.89	334,515,072.36
Materials for construction		
Fixed assets to be disposed of		
Productive biological assets		
Oil and gas assets		
Intangible assets	4,427,299,157.63	4,425,899,735.38
Development expenditure		
Goodwill		
Long-term deferred expenses	124,879,463.69	128,517,647.63
Deferred tax assets	211,425,599.49	140,019,796.25
Other non-current assets	1,748,324,524.99	1,729,212,246.72
Total Non-current Assets	14,894,433,732.42	14,726,518,502.77
TOTAL ASSETS	22,341,312,079.13	21,899,138,540.63

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current Liabilities:		
Short-term borrowings	245,097,035.38	224,344,311.98
Loans from the central bank		
Customer deposits and deposits from banks and other financial institutions		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities	357,669,160.00	357,251,970.00
Notes payable	30,000,000.00	27,910,000.00
Accounts payable	219,229,587.75	197,385,526.41
Receipts in advance	73,199,907.30	61,827,310.76
Financial assets sold under repurchase agreements		
Fees and commissions payable		
Employee benefits payable	118,172,532.18	146,914,601.55
Taxes payable	14,365,289.07	-63,559,475.84
Interest payable	73,181,275.80	55,733,935.24
Dividends payable	54,125,715.06	57,085,715.06
Other payables	355,756,038.93	568,214,130.26
Amounts payable under reinsurance contracts		
Insurance contract reserves		
Funds from securities trading agency		
Funds from underwriting securities agency		
Non-current liabilities due within one year	342,916,567.70	390,708,567.70
Other current liabilities	31,086,231.76	20,202,200.99
Total Current Liabilities	<u>1,914,799,340.93</u>	<u>2,044,018,794.11</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current Liabilities:		
Long-term borrowings	4,706,356,500.00	4,664,128,500.00
Bonds payable	2,000,000,000.00	2,000,000,000.00
Long-term payables	31,095,456.00	
Special payables		
Provisions	264,590,091.77	261,261,918.67
Deferred tax liabilities		
Other non-current liabilities	36,699,352.65	37,077,021.10
Total Non-current Liabilities	7,038,741,400.42	6,962,467,439.77
TOTAL LIABILITIES	8,953,540,741.35	9,006,486,233.88
Owners' Equity (or Shareholders' Equity):		
Paid-in capital (or share capital)	1,015,234,105.00	1,015,234,105.00
Capital reserve	8,102,977,121.92	8,102,977,121.92
Less: Treasury shares		
Special reserve	223,476,893.61	199,586,093.33
Surplus reserve	704,898,171.11	704,898,171.11
General risk reserve		
Undistributed profits	2,583,928,875.46	2,206,609,158.00
Exchange differences arising on translation of financial statements denominated in foreign currencies	49,414,780.91	-51,029,120.69
Total equity attributable to the owners of the parent company	12,679,929,948.01	12,178,275,528.67
Minority interests	707,841,389.77	714,376,778.08
Total owners' Equity	13,387,771,337.78	12,892,652,306.75
TOTAL LIABILITIES AND OWNERS' EQUITY	22,341,312,079.13	21,899,138,540.63

Legal representative:
Li Chaochun

Person-in-charge of
accounting affairs:
Gu Meifeng

Head of the accounting
department:
Zhang Hongwei

Balance Sheet of the Company

31 March 2014

Prepared by: China Molybdenum Co., Ltd.*

Item	<i>Unit: Yuan Currency: RMB</i>	
	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Bank balances and cash	1,916,761,205.99	1,296,225,259.30
Held-for-trading financial assets		
Notes receivable	1,300,281,141.60	1,532,198,858.49
Accounts receivables	82,975,023.11	79,874,780.99
Prepayments	14,385,416.04	15,611,991.69
Interest receivable	118,387,081.41	131,263,834.40
Dividends receivable	105,232,560.31	108,312,560.31
Other receivables	2,047,536,547.83	1,731,121,391.74
Inventories	156,438,721.97	158,400,078.53
Non-current assets due within one year		
Other current assets	1,397,382,586.08	1,685,456,006.01
Total current assets	<u>7,139,380,284.34</u>	<u>6,738,464,761.46</u>

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current Assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	5,386,423,392.76	5,357,935,660.44
Investment properties		
Fixed assets	1,618,056,111.04	1,658,096,510.88
Construction in progress	105,778,296.60	96,286,476.83
Materials for construction		
Fixed assets to be disposed of		
Productive biological assets		
Oil and gas assets		
Intangible assets	548,218,958.71	558,953,398.22
Development expenditure		
Goodwill		
Long-term deferred expenses	119,285,344.17	122,350,554.82
Deferred tax assets	32,441,911.97	36,735,752.23
Other non-current assets	1,660,634,148.69	1,641,635,056.42
Total non-current assets	9,470,838,163.94	9,471,993,409.84
Total assets	16,610,218,448.28	16,210,458,171.30

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current Liabilities:		
Short-term borrowings	127,568,106.88	127,568,106.88
Held-for-trading financial liabilities	363,314,000.00	356,963,220.00
Notes payable		
Accounts payable	95,692,267.33	92,199,139.88
Receipts in advance	1,782,400.78	1,658,254.42
Employee benefits payable	52,506,799.70	79,940,117.22
Taxes payable	-14,128,351.52	-28,101,095.82
Interest payable	90,369,429.47	64,730,326.94
Dividends payable		
Other payables	996,954,936.73	942,347,593.73
Non-current liabilities due within one year	466,111.70	466,111.70
Other current liabilities	83,214,995.14	79,072,854.40
Total current liabilities	1,797,740,696.21	1,716,844,629.35
Non-current liabilities:		
Long-term borrowings		
Bonds payable	2,000,000,000.00	2,000,000,000.00
Long-term payables		
Special payables		
Provisions	47,570,371.67	47,570,371.67
Deferred tax liabilities		
Other non-current liabilities	29,797,228.65	30,293,625.10
Total non-current liabilities	2,077,367,600.32	2,077,863,996.77
Total liabilities	3,875,108,296.53	3,794,708,626.12

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the beginning of the year
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,015,234,105.00	1,015,234,105.00
Capital reserve	8,102,977,121.92	8,102,977,121.92
Less : Treasury shares		
Special reserve	222,085,870.02	199,381,120.18
Surplus reserve	704,898,171.11	704,898,171.11
General reserve		
Undistributed profits	2,689,914,883.70	2,393,259,026.97
Total owners' equity (or shareholders' equity)	<u>12,735,110,151.75</u>	<u>12,415,749,545.18</u>
Total liabilities and owners' equity (or shareholders' equity)	<u>16,610,218,448.28</u>	<u>16,210,458,171.30</u>

Legal representative:
Li Chaochun

*Person-in-charge of
accounting affairs:*
Gu Meifeng

*Head of the accounting
department:*
Zhang Hongwei

Consolidated Income Statement

January to March 2014

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the previous period
I. Total operating income	1,632,541,316.38	1,124,732,357.11
Including: Operating income	1,632,541,316.38	1,124,732,357.11
Interest income		
Premiums earned		
Fees and commission income		
II. Total operating cost	1,293,247,048.48	916,862,948.17
Including: Operating costs	1,056,936,942.25	767,072,804.75
Interest expenses		
Fee and commission expenses		
Surrenders		
Claims and policyholder benefits (net of amounts recoverable from reinsures)		
Changes in insurance contact reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses from reinsurance accepted		
Business taxes and levies	64,348,297.51	58,865,416.87
Selling expenses	20,935,861.78	3,624,257.36
Administrative expenses	90,635,530.36	70,842,936.51
Financial expenses	27,644,375.41	7,415,474.41
Impairment losses of assets	32,746,041.17	9,042,058.27
Add: Gains from change in fair value (Losses are indicated by "-")	8,857,440.00	-218,888.24
Investment income	48,556,552.36	46,343,480.92
Including: Income from investments in associates and joint ventures	29,227,013.30	16,242,828.78
III. Operating profit	396,708,260.26	253,994,001.62
Add: Non-operating income	1,371,766.98	4,828,984.25
Less: Non-operating expenses	4,454,470.26	1,529,032.90
Including: Loss from disposal of non-current assets		

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the previous period
IV. Total profit	393,625,556.98	257,293,952.97
Less: Income tax expenses	22,841,227.83	54,787,339.40
V. Net profit (Net losses are indicated by “-”)	370,784,329.15	202,506,613.57
Net profit attributable to owners of the parent company	377,319,717.46	210,578,129.78
Profit or loss attributable to minority interests	-6,535,388.31	-8,071,516.21
VI. Earnings per share		
(I) Basic earnings per share	0.07	0.04
(II) Diluted earnings per share		
VII. Other comprehensive income		
(Losses are indicated by “-”)	100,443,901.60	-132,656.57
VIII. Total comprehensive income		
(Losses are indicated by “-”)	471,228,230.75	202,373,957.00
Total comprehensive income attributable to owners of the parent company	477,763,619.06	210,445,473.21
Total comprehensive income attributable to minority interests	-6,535,388.31	-8,071,516.21

For business combination involving entities under common control occurred during the period, net profit of the acquiree generated before the business combination is: RMB Nil.

Legal representative:
Li Chaochun

Person-in-charge of
accounting affairs:
Gu Meifeng

Head of the accounting
department:
Zhang Hongwei

Income Statement of the Company

January to March 2014

Item	<i>Unit: Yuan Currency: RMB</i>	
	Amount for the period	Amount for the previous period
I. Operating income	699,425,484.20	689,907,614.03
Less: Operating costs	306,471,899.72	327,891,692.72
Business taxes and levies	60,221,972.03	56,819,926.54
Selling expenses		
Administrative expenses	40,638,064.59	30,476,942.54
Financial expenses	-10,780,097.38	-4,522,200.43
Impairment losses of assets	20,373.20	
Add: Gains from change in fair value (Losses are indicated by “-”)		-365,400.00
Investment income	50,734,232.00	45,753,347.51
Including: Income from investments in associates and joint ventures	31,645,706.89	22,460,032.43
II. Operating profit	353,587,504.04	324,629,200.17
Add: Non-operating income	496,396.45	3,005,345.50
Less: Non-operating expenses	4,392,985.26	1,448,332.90
Including: Loss from disposal of non-current assets		
III. Total profit	349,690,915.23	326,186,212.77
Less: Income tax expenses	53,035,058.50	46,819,492.36
IV. Net profit	296,655,856.73	279,366,720.41
V. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		
VI. Other comprehensive income		
VII. Total comprehensive income	296,655,856.73	279,366,720.41

Legal representative:
Li Chaochun

Person-in-charge of
accounting affairs:
Gu Meifeng

Head of the accounting
department:
Zhang Hongwei

Consolidated Cash Flow Statement

January to March 2014

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the previous period
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	1,809,883,592.15	1,273,508,269.48
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in placements from banks and other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash from policyholders' deposits and investment contract liabilities		
Net cash receipts from disposal of held-for-trading financial assets		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks		
Net increase in financial assets sold under repurchase arrangements		
Receipts of tax refunds	7,920,152.12	1,339,180.54
Other cash receipts relating to operating activities	46,533,387.87	77,075,602.57
Sub-total of cash inflows from operating activities	1,864,337,132.14	1,351,923,052.59
Cash payments for goods purchased and services received	885,006,365.03	584,404,790.62
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institutions		

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the previous period
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	207,133,126.73	150,390,424.61
Payments of various types of taxes	234,836,975.45	212,910,888.42
Other cash payments relating to operating activities	39,590,046.86	34,042,227.49
Sub-total of cash outflows from operating activities	1,366,566,514.07	981,748,331.14
Net Cash flow from operating activities	497,770,618.07	370,174,721.45
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	605,748,404.57	570,000,000.00
Cash receipts from investment income	22,232,655.23	9,943,960.01
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	52,000.00	13,000.00
Net cash receipts from disposals of subsidiaries and other business units		
Other cash receipts relating to investing activities	5,000,000.00	
Sub-total of cash inflows from investing activities	633,033,059.80	579,956,960.01
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	117,709,498.87	139,231,722.34
Cash payments to acquire investments	310,490,402.76	600,000,000.00
Net increase of pledged loan		
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash payments relating to investing activities	2,425,111.28	3,812,758.24
Sub-total of cash outflows from investing activities	430,625,012.91	743,044,480.58
Net cash flow from investing activities	202,408,046.89	-163,087,520.57

Item	Amount for the period	Amount for the previous period
III. Cash flows from financing activities:		
Cash receipts from capital contributions		
Including: cash receipts from capital contributions from minority owners of subsidiaries		
Cash receipts from borrowings	20,000,000.00	
Cash receipts from issue of bonds		
Other cash receipts relating to financing activities	363,314,000.00	394,678,369.88
Sub-total of cash inflows from financing activities	383,314,000.00	394,678,369.88
Cash repayments of borrowings	356,963,220.00	20,300,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	38,950,755.03	118,932,785.74
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities	49,247,173.03	98,407.31
Sub-total of cash outflows from financing activities	445,161,148.06	139,331,193.05
Net cash flow from financing activities	-61,847,148.06	255,347,176.83
IV. Effect of foreign exchange rate changes on cash and cash equivalents	5,675,067.68	-10,739.09
V. Net increase in cash and cash equivalents	644,006,584.58	462,423,638.62
Add: Opening balance of cash and cash equivalents	1,804,583,230.33	1,463,636,840.70
VI. Closing balance of cash and cash equivalents	2,448,589,814.91	1,926,060,479.32

Legal representative:
Li Chaochun

Person-in-charge of
accounting affairs:
Gu Meifeng

Head of the accounting
department:
Zhang Hongwei

Cash Flow Statement of the Company

January to March 2014

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the previous period
I. Cash flow from operating activities:		
Cash receipts from the sale of goods and the rendering of services	882,795,933.24	515,151,409.19
Receipts of tax refunds		
Other cash receipts relating to operating activities	31,991,454.20	157,517,282.76
Sub-total of cash inflows from operating activities	914,787,387.44	672,668,691.95
Cash payments for goods purchased and services received	86,610,274.22	136,557,319.01
Cash payments to and on behalf of employees	89,442,033.70	94,573,571.02
Payments of various types of taxes	204,712,750.64	177,215,831.88
Other cash payments relating to operating activities	143,368,846.28	20,798,313.76
Sub-total of cash outflows from operating activities	524,133,904.84	429,145,035.67
Net cash flow from operating activities	390,653,482.60	243,523,656.28

Item	Amount for the period	Amount for the previous period
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	603,157,974.57	
Cash receipts from investment income	23,965,500.00	305,372.94
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
Net cash receipts from disposals of subsidiaries and other business units		
Other cash receipts relating to investing activities	15,000,000.00	704,000,000.00
Sub-total of cash inflows from investing activities	642,123,474.57	704,305,372.94
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	6,377,778.33	10,811,218.06
Cash payments to acquire investments	310,490,402.76	600,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash payments relating to investing activities		
Sub-total of cash outflows from investing activities	316,868,181.09	610,811,218.06
Net cash flow from investing activities	325,255,293.48	93,494,154.88
III. Cash flows from financing activities:		
Cash receipts from capital contributions		
Cash receipts from borrowings		
Cash receipts from issue of bonds		
Other cash receipts relating to financing activities	363,314,000.00	394,655,555.52
Sub-total of cash inflows from financing activities	363,314,000.00	394,655,555.52
Cash repayments of borrowings	356,963,220.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses		118,932,785.74
Other cash payments relating to financing activities	49,247,173.03	
Sub-total of cash outflows from financing activities	406,210,393.03	118,932,785.74
Net cash flow from financing activities	-42,896,393.03	275,722,769.78

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the previous period
IV. Effect of foreign exchange rate changes on cash and cash equivalents	27,878.37	-10,739.09
V. Net increase in cash and cash equivalents	673,040,261.42	612,729,841.85
Add: Opening balance of cash and cash equivalents	1,243,720,932.85	1,232,946,372.40
VI. Closing balance of cash and cash equivalents	1,916,761,194.27	1,845,676,214.25

<i>Legal representative:</i> Li Chaochun	<i>Person-in-charge of accounting affairs:</i> Gu Meifeng	<i>Head of the accounting department:</i> Zhang Hongwei
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By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, the People's Republic of China, 25 April 2014

As at the date of this announcement, the executive directors of the Company are Mr. Li Chaochun, Mr. Li Faben, Mr. Wang Qinxi, Ms. Gu Meifeng and Mr. Wu Wenjun; the non-executive directors are Messrs. Zhang Yufeng and Yuan Honglin; and the independent non-executive directors are Messrs. Bai Yanchun, Xu Shan, Cheng Gordon and Xu Xu.

* *For identification purposes only*