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

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

(Stock Code: 1258)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Financial Highlights of the Group

In the first half of 2015, the Group recorded revenue of US$676.9 million, representing a decrease of 33.3% from US$1,015.2 million in the first half of 2014.

In the first half of 2015, the Group recorded net profit of US$14.7 million, representing a decrease of 80.5% from US$75.3 million in the first half of 2014.

In the first half of 2015, the Group recorded profit attributable to owners of US$1.0 million, representing a decrease of 97.6% from US$43.8 million in the first half of 2014.

In the first half of 2015, basic earnings per share attributable to owners of the Group was approximately US¢0.03, representing a decrease of approximately 97.6% from US¢1.26 in the first half of 2014.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2015.

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of China Nonferrous Mining Corporation Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015, which have been reviewed by the external auditors.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**676,937**	1,015,225
Cost of sales		**(597,767)**	(879,237)
Gross profit		**79,170**	135,988
Other income		**2,214**	4,194
Distribution and selling expenses		**(6,254)**	(2,596)
Administrative expenses		**(26,306)**	(32,465)
Finance costs	6	**(10,156)**	(8,136)
Gain arising on change in fair value of derivatives		**1,583**	2,492
Other gains and losses	7	**(21,623)**	(16,202)
Profit before tax		**18,628**	83,275
Income tax expense	8	**(3,887)**	(7,999)

	Notes	Six months ended 30 June **2015** ***US$'000*** **(Unaudited)**	2014 *US$'000* (Unaudited)
Profit and total comprehensive income for the period	9	**14,741**	75,276
Profit and total comprehensive income attributable to:			
Owners of the Company		**1,044**	43,797
Non-controlling interests		**13,697**	31,479
		14,741	75,276
Earnings per share	11		
– Basic *(US cents per share)*		**0.03**	1.26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital	Share premium	Retained profits	Sub-total	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 June 2015						
At 1 January 2015 (Audited)	613,233	–	309,358	922,591	200,263	1,122,854
Profit and total comprehensive income for the period	–	–	1,044	1,044	13,697	14,741
Dividend declared	–	–	(9,874)	(9,874)	–	(9,874)
At 30 June 2015 (Unaudited)	613,233	–	300,528	913,761	213,960	1,127,721
Six months ended 30 June 2014						
At 1 January 2014 (Audited)	447,901	165,332	169,516	782,749	137,441	920,190
Profit and total comprehensive income for the period	–	–	43,797	43,797	31,479	75,276
Transfer from share premium upon abolition of par value	165,332	(165,332)	–	–	–	–
Dividend declared	–	–	(6,979)	(6,979)	–	(6,979)
At 30 June 2014 (Unaudited)	613,233	–	206,334	819,567	168,920	988,487

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months ended 30 June	
	2015	2014
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**221,130**	185,070
NET CASH USED IN INVESTING ACTIVITIES	**(42,049)**	(101,539)
NET CASH USED IN FINANCING ACTIVITIES	**(125,095)**	(21,287)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**53,986**	62,244
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**501,145**	415,135
Effect of foreign exchange rate changes	**(6,850)**	(7,707)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Represented by bank balances and cash	**548,281**	469,672

NOTES:

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

4. REVENUE

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

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

5. SEGMENT INFORMATION

Information reported to the President of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods produced.

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

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

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

Segment revenue and results

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

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

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

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

Segment assets and liabilities

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

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

Geographical information

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

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

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

6. FINANCE COSTS

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

7. OTHER GAINS AND LOSSES

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

8. INCOME TAX EXPENSE

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

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

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

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

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

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

10. DIVIDENDS

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

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

11. EARNINGS PER SHARE

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

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

12. PROPERTY, PLANT AND EQUIPMENT

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

13. INVENTORIES

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

14. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

15. PREPAYMENTS AND OTHER RECEIVABLES

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

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

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

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

16. TRADE PAYABLES

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

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

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

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

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

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

17. OTHER PAYABLES AND ACCRUED EXPENSES

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

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

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

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

18. BANK AND OTHER BORROWINGS

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

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

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

19. CAPITAL COMMITMENTS

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

20. RELATED PARTY TRANSACTIONS

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

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

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

Notes:

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

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

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

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

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

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

(2) Government-related entities operated in the PRC

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

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

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

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

21. CONTINGENT LIABILITIES

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

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

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

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

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

Business Review

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

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

From January 2015 to June 2015, blister copper produced by the Group amounted to 100,228 tonnes, representing a decrease of 10.5% over the same period last year; copper cathode amounted to 31,660 tonnes, representing an increase of 41,5% over the same period last year; and sulfuric acid generated amounted to 259,711 tonnes, representing a decrease of 15.8% over the same period last year. Revenue of the Group decreased by 33.3% from US$1,015.2 million for the first half of 2014 to US$676.9 million for the first half of 2015.

Production overview

NFCA

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

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

Luanshya

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

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

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

CCS

CCS mainly operates the Chambishi Smelting Plant.

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

SML

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

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

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

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

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

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

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

PROJECTS IN PROGRESS

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

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

CCS

Cobalt Converter Slag Recycling Project

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

Luanshya

Muliashi South Strip Mine Mining Project

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

SML

Mwambashi Strip Mine project

The project comprises a strip mine with designed capacity of 600,000 tonnes of ores per annum and a process plant with a capacity of 2,000 tonnes per day. The construction commenced in September 2013 with an expected construction period of one year. The total investment amount is US$71.6 million. The construction was postponed due to abundant amount of groundwater. The total amount invested by the end of June 2015 amounted to US$26.1 million. It will commence production in the second half of the year.

FINANCIAL REVIEW

Results of Operations

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

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

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

Revenue

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

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

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

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

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

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

Cost of sales

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

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

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

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

Gross profit and gross profit margin

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

Distribution and selling expenses

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

Administrative expenses

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

Finance costs

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

Gain arising on change in fair value of derivatives

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

Other gains and losses

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

Income tax expense

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

Profit attributable to owners of the Company

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

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

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

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

Net cash flows from operating activities

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

Net cash flows used in investing activities

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

Net cash flows used in financing activities

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

Bank balances and cash

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

Trade receivables

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

Inventories

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

Trade payables

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

Capital expenditure

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

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

Market Risk Disclosure

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

Commodity price risk

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

Foreign currency exchange risk

The Group operates its business in Zambia and most of its businesses in the past were settled in US dollar, its functional currency, while certain businesses were settled in currencies other than its functional currency (mainly Zambia Kwacha, or ZMK, and Reminbi, or RMB), which exposed the Group to foreign currency risk. During the reporting period, the Group did not engage in any foreign currency hedging activities.

Interest rate risk

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

Employee information

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

FUTURE PROSPECTS

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

Taking into account the aforementioned conditions, the Group will:

1. Continue the construction of key projects

In the second half of 2015, the heap construction of Muliashi Project will be further accelerated and we will continue to expand the production capacity of heap leaching system to reach the targeted standard and output. We will speed up the finishing-up of the construction of Cobalt Converter Slag Recycling Project, Mwambashi Strip Mine Project and Muliashi South Oxidized Ores Project of CCS. The exploitation in Chambishi Southeast Mine will be continuously accelerated, which will become new sources for production and efficiency enhancement of the Company.

2. Improve performance of existing operations

Taking into account the special circumstances of reduction in approximately 30% of electricity supply in Zambia due to the decrease in rainfall for the rainy seasons, prior to the following rainy season, the Group will strengthen the arrangement and deployment of various production systems, and continue to pay due efforts in its mining activities at Chambishi Main Mine, Chambishi West Mine and Baluba Center Mine in the second half of the year in accordance with the guaranteed level of electricity supply; improve the craftsmanship and technical levels of CCS, Muliashi, Chambishi, Huachin Leach and CNMC Huachin Mabende, enhance the cost control, and improve the efficiency of production and operation.

3. Carry forward the relevant work regarding resources guarantee, merger and reorganization

Taking into account of the aforementioned factors, the Group will continue to further increase the reserve and resources of copper and cobalt, optimize and reorganize the internal structure, and increase operation efficiency by means of exploration, development as well as mergers and acquisitions so as to strengthen market competitiveness of the Company.

The Group will continue to pay attention to improving its working environment, further enhance its ability in human resources management and strengthen staff training in order to ensure for safe and efficient production.

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the reporting period, the Company or any of its subsidiaries did not make any arrangements to enable any Directors or their respective spouse or minor children to obtain benefits by means of the acquisition of shares of the Company or other body corporates.

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

As at 30 June 2015, interests or short positions which shall be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of any other members of the Group:

Long positions in Shares:

Substantial Shareholder	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholdings
CNMD*	Registered owner	2,600,000,000	74.5%
CNMC	Interest in a controlled corporation	2,600,000,000	74.5%

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

Save as disclosed above, as at 30 June 2015, no other person had any interests or short positions in the Shares or underlying Shares of the Company which was required to be recorded in the register to section 336 of the SFO.

As at 30 June 2015, each of the following entities were directly indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of our Group	**Entity with 10% or more interest (other than member of the Group)**	**Percentage of that entity's interest**
NFCA	Zambia Consolidated Copper Mines Investments Holdings Plc ("ZCCM-IH")	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Industry (Group) Co., Ltd*	40%
SML	Hainan Sino-Africa Mining Investment Ltd.	30%
Huachin Leach	Huachin SPRL	37.5%
Kakoso Metals Leach Limited	Shenzen Resources Limited	12%
CNMC Huachin Mabende	Huachin SPRL	40%

Save as disclosed above, as at 30 June 2015, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had engaged in any business which competes or may compete directly or indirectly with the business of the Group for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2015.

* *Translation of English terms for reference purpose only*

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph C3 of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control system of the Group. Members of the Audit Committee are Mr. Diyong Yan, a non-executive Director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non-executive Directors. The Group's unaudited financial report for the six months ended 30 June 2015 have been reviewed by the Audit Committee, and were of the opinion that such financial report complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

EVENTS AFTER THE LATEST ANNUAL REPORT

Saved as disclosed in this announcement, there were no other significant events affecting the Company nor any of its subsidiaries after the latest annual report requiring disclosure in this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.cnmcl.net) and the Stock Exchange (www.hkexnews.hk). The interim report for the six months ended 30 June 2015 which set out all information required under the Listing Rules, will be despatched to the shareholders and available on the above websites in due course.

By Order of the Board
China Nonferrous Mining Corporation Limited
Xinghu TAO
Chairman

Hong Kong, 25 August 2015

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xinghu Tao, Mr. Chunlai Wang, Mr. Xingeng Luo, Mr. Wei Fan and Mr. Kaishou Xie, as executive Directors; Mr. Diyong Yan as non-executive Director; and Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Huanfei Guan as independent non-executive Directors.