CHINALCO-CMC

Chinalco Mining Corporation International
中鋁礦業國際

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 3668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

RESULTS

The board of directors (the "Board") of Chinalco Mining Corporation International (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015. The results were prepared based on the consolidated financial statements, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Revenue	4	**426,630**	–
Cost of sales		**(293,949)**	–
Gross profit		**132,681**	–
Other gains	5	**12,635**	5,566
General and administrative expenses	6	**(19,508)**	(11,275)
Selling and distribution expenses		**(41,025)**	–
Other expenses		**(13,259)**	–
Operating profit/(loss)		**71,524**	(5,709)
Finance income	7	**455**	752
Finance expenses	7	**(57,318)**	(3,392)
Foreign exchange loss, net		**(26,584)**	(8,026)
Investment income		**14,992**	1,586
Share of profit/(loss) of a joint venture		**304**	(1,684)
Profit/(loss) before income tax		**3,373**	(16,473)
Income tax (expense)/benefit	8	**(17,044)**	3,260
Loss for the year		**(13,671)**	(13,213)
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(15,231)**	(7,660)
Other comprehensive income for the year, net of tax		**(15,231)**	(7,660)
Total comprehensive income for the year		**(28,902)**	(20,873)
Loss per share attributable to the equity holders of the Company (expressed in US$ per share)			
Basic and diluted	9	**(0.0012)**	(0.0011)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

		31 December	
		2015	2014
	Notes	***US$'000***	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**4,631,931**	4,357,377
Intangible assets		**554**	516
Investment in a joint venture		**2,218**	1,914
Deferred tax assets		**14,247**	31,225
Value-added tax recoverable		**131,419**	172,512
Prepayments and other receivables	*12*	**12,632**	12,321
Restricted cash		**7,881**	7,888
		4,800,882	4,583,753
Current assets			
Inventories		**107,499**	105,058
Prepayments and other receivables	*12*	**37,892**	55,385
Value-added tax recoverable		**104,535**	71,050
Trade receivables	*13*	**72,448**	75,993
Cash and cash equivalents		**122,111**	75,173
		444,485	382,659
Total assets		**5,245,367**	4,966,412
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	*16*	**472,711**	472,711
Share premium	*16*	**327,267**	327,267
Reserves		**(10,781)**	4,450
Accumulated deficits		**(116,553)**	(102,882)
Total equity		**672,644**	701,546

	Notes	31 December **2015** *US$'000*	2014 *US$'000*
LIABILITIES			
Non-current liabilities			
Loans and borrowings	*14*	**2,505,570**	2,591,448
Provision for remediation and restoration		**116,302**	126,472
Deferred income		**3,973**	4,072
		2,625,845	2,721,992
Current liabilities			
Loans and borrowings	*14*	**1,654,688**	1,112,980
Trade payables	*15*	**227,749**	392,612
Accruals and other payables		**39,137**	34,856
Amount due to the immediate holding company		**2,426**	2,426
Derivative financial instruments		**22,878**	–
		1,946,878	1,542,874
Total liabilities		**4,572,723**	4,264,866
Total equity and liabilities		**5,245,367**	4,966,412
Net current liabilities		**(1,502,393)**	(1,160,215)
Total assets less current liabilities		**3,298,489**	3,423,538

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Share capital	Share premium	Capital reserves	Currency translation differences	Accumulated deficits	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2015	**472,711**	**327,267**	**16,521**	**(12,071)**	**(102,882)**	**701,546**
Loss for the year	**–**	**–**	**–**	**–**	**(13,671)**	**(13,671)**
Other comprehensive income:						
Currency translation differences *(Note)*	**–**	**–**	**–**	**(15,231)**	**–**	**(15,231)**
Total comprehensive income	**–**	**–**	**–**	**(15,231)**	**(13,671)**	**(28,902)**
At 31 December 2015	**472,711**	**327,267**	**16,521**	**(27,302)**	**(116,553)**	**672,644**
At 1 January 2014	472,711	327,267	16,521	(4,411)	(89,669)	722,419
Loss for the year	–	–	–	–	(13,213)	(13,213)
Other comprehensive income:						
Currency translation differences *(Note)*	–	–	–	(7,660)	–	(7,660)
Total comprehensive income	–	–	–	(7,660)	(13,213)	(20,873)
At 31 December 2014	472,711	327,267	16,521	(12,071)	(102,882)	701,546

Note: The financial statements of certain subsidiaries in Peru are denominated in its functional currency (Nuevos soles for Pomacocha Power S.A.C. and Cal del Centro S.A.C.), and are then translated into U.S. dollars for group consolidation purpose. The exchange differences arising on translation for consolidation are recognised as currency translation differences in other comprehensive income. Upon disposal of a foreign operation, the other comprehensive income related to the foreign operations will be reclassified to profit or loss subject to final calculation at that time.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**3,373**	(16,473)
Adjustments for:			
Depreciation and amortisation		**89,712**	459
Loss/(gain) on disposal of property, plant and equipment		**14**	(2,014)
Finance income	7	**(455)**	(752)
Finance expenses	7	**57,318**	3,392
Foreign exchange loss		**26,584**	8,026
Investment income		**(14,992)**	(1,586)
Share of (profit)/loss of a joint venture		**(304)**	1,684
Changes in working capital:			
Inventories		**(2,441)**	(42,448)
Trade receivables		**3,545**	(75,993)
Prepayments and other receivables		**20,362**	14,450
VAT recoverable		**(11,355)**	–
Trade payables		**(69,882)**	–
Accruals and other payables		**4,281**	(5,207)
Derivative financial instruments		**22,878**	–
Deferred income		**(99)**	(119)
Interest paid		**(50,610)**	–
Interest received		**455**	752
Income tax paid		**(11,071)**	(4,704)
Net cash generated from/(used in) operating activities		**67,313**	(120,533)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(493,275)**	(520,854)
Interest paid		**(60,649)**	(93,037)
Purchases of intangible assets		**(535)**	(364)
Value-added tax refunds received		**71,321**	49,857
Decrease in restricted cash		**7**	3,552
Proceeds from futures contracts		**14,992**	1,586
Net cash used in investing activities		**(468,139)**	(559,260)
Cash flows from financing activities			
Proceeds from loans and borrowings		**1,322,380**	1,024,620
Repayment of loans and borrowings		**(872,980)**	(391,000)
Net cash generated from financing activities		**449,400**	633,620
Net increase/(decrease) in cash and cash equivalents		**48,574**	(46,173)
Cash and cash equivalents at beginning of the year		**75,173**	122,916
Effects of exchange rates on cash and cash equivalents		**(1,636)**	(1,570)
Cash and cash equivalents at end of the year		**122,111**	75,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

1. GENERAL INFORMATION

Chinalco Mining Corporation International (the "Company") was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its name was Peru Copper Syndicate, Ltd. on incorporation and changed to Chinalco Mining Corporation International on 30 September 2011. The Company's registered office address is PO Box 309 Ugland House, Grand Cayman, KY 1-1104, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 January 2013.

The Company is a subsidiary of Aluminum Corporation of China Overseas Holdings Limited ("Chinalco Overseas"), a company incorporated in Hong Kong with limited liability. As at the date of approval ofthese financial statements, the directors of the Company regard Aluminum Corporation of China ("Chinalco"), a state-owned enterprise incorporated in the People's Republic of China (the "PRC") and administered by the State-owned Assets Supervision and Administration Commission ("SASAC") of the State Council (the "State Council") of the PRC, as its ultimate holding company.

The Company and its subsidiaries (together, the "Group") are principally engaged in exploration, development and production of ore resources and other mining related activities.

In May 2003, the Company's subsidiary, Minera Chinalco Peru S.A. ("MCP"), was awarded by the Peruvian government a right to develop and extract ore resource in the district of Morococha, Yauli Province, the Republic of Peru ("Peru") through a public bidding (the "Toromocho Project"). In June 2003, the Company signed an assignment agreement and by which the Company was entitled to exercise a purchase option of the mining concessions during a period which could be extended to June 2008. In May 2008, the Company exercised its right and signed with ActivosMineros (an entity incorporated by the Peruvian government), in the name of Peruvian Government, the Mining Concessions Transference Agreement of the Toromocho Project (the "Assignment Agreement"). Under the Assignment Agreement, ActivosMineros transferred to the Company the title of certain mining concessions, their surface property, buildings and water usage right pertaining to the Toromocho Project.

From August 2012 to February 2013, the Company entered into five binding off-take agreements with four cornerstone investors (or their affiliates) and one independent third party, pursuant to which the Company agreed to sell an aggregate of 70% of the annual production of copper concentrates from the Toromocho Mining Project for a period of five years starting from the first official production of the Toromocho Mining Project at a price determined by reference to certain benchmark market rates adjusted based on the grade of the copper concentrates, two of which will automatically continue for another five years (the "Off-take Agreements").The Toromocho Mining Project has commenced commercial production in June 2015. Three of the Off-take Agreements have come into force through signing supplemental agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") (which include all International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations) as issued by the International Accounting Standards Board ("IASB").

In addition, these financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

These financial statements are presented in US dollar ("US$") and all values are rounded to the nearest thousands, except when otherwise indicated.

Going concern

As at 31 December 2015, the Group had net current liabilities of approximately US$1,502 million (31 December 2014: US$1,160 million) and accumulated deficits of approximately US$117 million (31 December 2014: US$103 million). The directors of the Company (the "directors") have considered, among others, the internally generated funds and financial resources available to the Group as follows:

- In February 2016, the Group has obtained the term sheet of a finance lease arrangement amounting to US$450 million for the proper development of the Toromocho Project from ICBC Financial Leasing ("ICBC Leasing").

- In January 2015, the Company's immediate holding company, Chinalco Overseas provided to the Group a loan facility of US$1,200 million, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. As at 31 December 2015, except for loans amounting to US$640 million drawn down, and the remaining facility provided by Chinalco Overseas was US$560 million.For the loan facilities of US$350 million and US$200 million provided by the Company's immediate holding company in 2014, the remaining balances as at 31 December 2015 were US$80 million and US$190 million respectively. These loan facilities of US$350 million and US$200 million were renewed in January 2016.

- The Company's immediate holding company, Chinalco Overseas, has agreed not to demand repayment of the loan due from the Group amounting to approximately US$1,079 million as at 31 December 2015 (31 December 2014: US$435 million) until the Group is financially capable to do so. The Company's ultimate holding company, Chinalco also agreed that it would provide continuing financial support to finance the future operations of the Group for a period of not less than 12 months from the date of approval of these financial statements.

Based on the above, the directors of the Company believe that the Group will have adequate resources to continue in operations for a period that is not less than 12 months from 31 December 2015. The Group therefore continues to adopt the going concern basis in preparing these financial statements.

3. SEGMENT REPORTING

Management determines the operating segments based on the information reported to the Group's chief operating decision maker. As all of the Group's activities are engaged in the mining development and all the principal assets employed by the Group are located in Peru, the Group's chief operating decision maker considers that the performance assessment of the Group should be based on the results of the Group as a whole. Therefore, no further segment information is disclosed.

4. REVENUE

The Group commenced commercial production in June 2015. During the year ended 31 December 2015, the Group recorded the revenue as follows:

	2015	2014
	US$'000	*US$'000*
Sales of goods	**426,630**	–
Total revenue	**426,630**	–

5. OTHER GAINS

	2015	2014
	US$'000	*US$'000*
Income on mine concessions *(Note)*	**99**	120
Gain on disposal of property, plant and equipment	**–**	2,014
Income from indemnity	**3,067**	700
Gains on sales of supplies to contractors	**5,743**	343
Others	**3,726**	2,389
	12,635	5,566

Note: Income on mine concessions represented rental income from third party miners for the use and mining of certain mines owned by the Group. As at 31 December 2015, the advance received from these miners amounting to US$3,973,000 (31 December 2014: US$4,072,000) was recorded in "deferred income".

6. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$'000	*US$'000*
By nature:		
Labor cost	**5,085**	5,398
Depreciation and amortisation	**326**	459
Auditors' remuneration	**327**	277
Consulting and other service expenses	**985**	1,036
Repair and maintenance expenses	**198**	–
Operating lease expense	**1,662**	1,307
Travel and transportation	**525**	813
Taxes other than income tax	**6,488**	537
Advertising and promotion	**86**	85
Insurance expenses	**5,580**	–
Others	**(1,754)**	1,363
	19,508	11,275

7. FINANCE INCOME/(EXPENSES)

	2015	2014
	US$'000	*US$'000*
Finance income		
– Interest income	**455**	752
Total finance income	**455**	752
Finance expenses		
– Interest expense on borrowings wholly repayable within five years	**(44,458)**	(13,766)
– Interest expense on borrowings wholly repayable after five years	**(69,026)**	(85,970)
– Bank charges	**(2,520)**	(127)
– Accretion of interest on provision for remediation and restoration	**(3,491)**	(3,265)
	(119,495)	(103,128)
Less: amounts capitalised into construction-in-progress *(Note 11)*	**62,177**	99,736
Total finance expenses	**(57,318)**	(3,392)

8. INCOME TAX (EXPENSE)/BENEFIT

	2015	2014
	US$'000	*US$'000*
Current income tax	**(66)**	(223)
Deferred income tax	**(16,978)**	3,483
	(17,044)	3,260

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Subsidiaries established in Peru are subject to corporate income tax at a rate of 32% during the year ended 31 December 2015 (2014: 32%). Pursuant to the Stability Agreement signed with the MEM, their income tax was stablised at a rate of 32%, taking effect on 1 January 2014.

The income tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the applicable tax rates to profit/(loss) of the consolidated entities as follows:

	2015	2014
	US$'000	*US$'000*
Profit/(loss) before income tax	**3,373**	(16,473)
Tax (expense)/benefit calculated at the tax rates applicable to profit or loss in Peru	**(1,079)**	5,271
Effect of tax rate difference between the Company and the subsidiaries in Peru	**778**	(870)
Effect of change in tax rate on deferred tax previously recognised (from 30% to 32%)	**–**	1,850
True up adjustments in respect of prior year's annual income tax filings	**7,567**	–
Foreign exchange difference from recognised tax loss	**(24,930)**	–
Non-deductible expenses	**(839)**	(3,108)
Others	**1,459**	117
Income tax (expense)/benefit	**(17,044)**	3,260

9. LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Loss attributable to equity holders of the Company *(US$'000)*	**(13,671)**	(13,213)
Weighted average number of ordinary shares in issue *(in thousands)*	**11,817,782**	11,817,782
Basic loss per share *(in US$)*	**(0.0012)**	(0.0011)

(b) Diluted loss per share for the years ended 31 December 2015 and 2014 are the same as the basic loss per share as there were no potentially dilutive shares.

10. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2015 and 2014.

11. PROPERTY, PLANT AND EQUIPMENT

	Mine and plant development assets *(Note (a))*	Asset for environmental rehabilitation	Stripping cost	Land and buildings *(Note (b))*	Machinery and equipment	Motor vehicles	Furniture, fixtures and others	Construction-in-progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2015									
Cost	**901,777**	**–**	**–**	**56,260**	**248,421**	**21,729**	**4,804**	**3,181,413**	**4,414,404**
Accumulated depreciation	**–**	**–**	**–**	**(4,463)**	**(41,948)**	**(7,602)**	**(3,014)**	**–**	**(57,027)**
Net book amount	**901,777**	**–**	**–**	**51,797**	**206,473**	**14,127**	**1,790**	**3,181,413**	**4,357,377**
At 31 December 2015									
Opening net book amount	**901,777**	**–**	**–**	**51,797**	**206,473**	**14,127**	**1,790**	**3,181,413**	**4,357,377**
Additions	**22,472**	**–**	**36,229**	**–**	**6,248**	**–**	**19**	**352,673**	**417,641**
Change in estimated remediation and restoration obligations	**–**	**(13,661)**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,661)**
Transfer (out)/in	**(159,698)**	**82,581**	**–**	**1,112,950**	**1,511,403**	**106**	**6,450**	**(2,554,084)**	**(292)**
Depreciation	**(10,658)**	**(846)**	**(1,389)**	**(17,336)**	**(78,907)**	**(3,424)**	**(996)**	**–**	**(113,556)**
Effect of exchange rate fluctuation	**(95)**	**–**	**–**	**–**	**(1,460)**	**–**	**–**	**(14,009)**	**(15,564)**
Disposals	**–**	**–**	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Closing net book amount	**753,798**	**68,074**	**34,840**	**1,147,411**	**1,643,757**	**10,795**	**7,263**	**965,993**	**(4,631,931)**
At 31 December 2015									
Cost	**764,456**	**68,920**	**36,229**	**1,169,210**	**1,764,612**	**21,785**	**11,273**	**965,993**	**4,802,478**
Accumulated depreciation	**(10,658)**	**(846)**	**(1,389)**	**(21,799)**	**(120,855)**	**(10,990)**	**(4,010)**	**–**	**(170,547)**
Net book amount	**753,798**	**68,074**	**34,840**	**1,147,411**	**1,643,757**	**10,795**	**7,263**	**965,993**	**4,631,931**

	Mine and plant development assets *(Note (a))*	Asset for environmental rehabilitation	Stripping cost	Land and buildings *(Note (.b))*	Machinery and equipment	Motor vehicles	Furniture, fixtures and others	Construction-in-progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2014									
Cost	818,976	–	–	57,580	96,752	20,846	3,578	2,845,158	3,842,890
Accumulated depreciation	–	–	–	(2,711)	(19,268)	(4,343)	(2,525)	–	(28,847)
Net book amount	818,976	–	–	54,869	77,484	16,503	1,053	2,845,158	3,814,043
At 31 December 2014	818,976	–	–	54,869	77,484	16,503	1,053	2,845,158	3,814,043
Additions *	82,850	–	–	–	23,983	–	14	473,720	580,567
Transfer in/(out)	–	–	–	(1,320)	129,778	1,094	1,225	(130,777)	–
Depreciation	–	–	–	(1,752)	(22,744)	(3,444)	(489)	–	(28,429)
Effect of exchange rate fluctuation	(49)	–	–	–	–	–	–	(6,688)	(6,737)
Disposals	–	–	–	–	(2,028)	(26)	(13)	–	(2,067)
Closing net book amount	901,777	–	–	51,797	206,473	14,127	1,790	3,181,413	4,357,377
At 31 December 2014									
Cost	901,777	–	–	56,260	248,421	21,729	4,804	3,181,413	4,414,404
Accumulated depreciation	–	–	–	(4,463)	(41,948)	(7,602)	(3,014)	–	(57,027)
Net book amount	901,777	–	–	51,797	206,473	14,127	1,790	3,181,413	4,357,377

* Included in the addition of property, plant and equipment of the Group for the year ended 31 December 2014 were estimated remediation and restoration obligations in relation to the property, plant and equipment amounting to US$33,007,000.

Notes:

(a) The Group owns a 50% equity interest in Sociedad Minera de Responsabilidad Limitada Juanita de Huancayou (the "Juanita"), a limited liability company incorporated under the laws of Peru and established for the purpose of holding one of the mining concession rights of the Toromocho Project (the "Metallic Mining Concession Right"). Except for holding the Metallic Mining Concession Right, Juanita had no other significant business activities during the years ended 31 December 2015 and 2014. The directors of the Company are of the opinion that since the sole purpose of Juanita is to hold the Metallic Mining Concession Right of the Toromocho Project, the Group's 50% share of the concession right amounting to US$3,500,000 is accounted for as part of the 'mine and plant development assets'. There are no significant contingent liabilities relating to the Group's interest in Juanita, and of Juanita itself.

(b) The Group's freehold land and buildings included in property, plant and equipment with a net carrying amount of US$1,147,412,000 (2014: US$51,797,000) are situated in Peru.

As at 31 December 2015, the Group has capitalised finance costs included in the additions of property, plant and equipment amounting to US$62,177,000 (31 December 2014: US$99,736,000) (Note 7).

As at 31 December 2015, the bank borrowings from Eximbank amounting to US$2,193,774,000 (31 December 2014: US$2,402,157,000) (Note14(b)) were guaranteed by Chinalco and according to the borrowing agreements, in case that the credibility or financial status of Chinalco deteriorates or has the potential to deteriorate, all the property, plant and equipment pertaining to the Toromocho Project will be pledged as additional security for these borrowings.

In connection with the agreement to construct and operate the Kingsmill Tunnel Water Treatment Plant (facilities used to supply water to the Toromocho Project), the Group is required to maintain certain deposits with a bank. At 31 December 2015, bank deposits amounting to US$540,000 (31 December 2014: US$540,000) were held as a performance guarantee. The Group acquired certain mining concessions and the equity interest in Centenario from Austria Duvaz, which is a Peruvian mining group in 2006. US$1,668,000 represented the remaining outstanding consideration for the acquisition of Centenario and was paid into an escrow account in March 2011 and will be paid to Austria Duvaz after it presents the final report of contingencies of labor and environmental matters. At 31 December 2015, bank deposits amounted to US$1,668,000 (31 December 2014: US$1,668,000).

As at 31 December 2015, the amount of approximately US$28 million (31 December 2014: US$16 million) by which net proceeds received exceed the costs of testing while bringing the Toromocho Project to commercial production levels has been credited to the cost of property, plant and equipment of the Group.

During the year ended 31 December 2015, depreciation expense was recognised as follows:

	2015	2014
	US$'000	*US$'000*
Capitalised in construction-in-progress	**24,067**	27,991
General and administrative expenses	**257**	438
Cost of sales	**87,494**	–
Selling and distribution expenses	**1,738**	–
Total	**113,556**	28,429

12. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Other receivables		
Loan to a joint venture *(Note (a))*	**9,585**	9,274
Loan to a transportation services provider *(Note (b))*	**3,047**	3,047
Amount due from contractors for purchase of fuel	**4,033**	9,181
Employee advances	**304**	598
Amounts due from the ultimate holding company	**174**	192
Futures deposit	**2,555**	–
Insurance claims	**2,794**	–
Others	**557**	600
	23,049	22,892
Less: impairment	**–**	–
	23,049	22,892
Prepayments		
Prepaid insurance	**2,303**	1,431
Prepaid income tax	**19,703**	9,647
Advance to constructors	**1,838**	16,747
Advance to suppliers	**3,179**	13,914
Others	**452**	3,075
	27,475	44,814
Total prepayments and other receivables	**50,524**	67,706
Less: non-current portion *(Note (c))*	**(12,632)**	(12,321)
	37,892	55,385

Note:

(a) The loan to a joint venture is unsecured and bears interest at LIBOR plus 5% per annum and is due in 8 years.

(b) As at 31 December 2015, the other receivables amounting to US$3,047,000 (31 December 2014: US$3,047,000) represented a loan to Ferrocarril Central Andino S.A., a third party Peruvian limited liability company which provides certain transportation services to the Group. Such loan receivable is unsecured, interest-free and is due in 7 years.

(c) The non-current portion mainly includes other receivables from a joint venture and Ferrocarril Central Andino S.A.

Aging analysis of other receivables are as follows:

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Within 3 months	**7,678**	5,960
3 to 6 months	**407**	3,103
6 months to 1 year	**2,302**	1,508
1 to 2 years	**2,171**	9,274
2 to 3 years	**7,444**	3,047
Over 3 years	**3,047**	–
	23,049	22,892

In determining the recoverability of other receivables, the Group performs a risk analysis considering the type and aging of the outstanding receivables and the creditworthy of the counterparties.

Prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2015	2014
	US$'000	*US$'000*
US$	**23,781**	41,022
New PEN	**26,743**	26,684
	50,524	67,706

13. TRADE RECEIVABLES

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Trade receivables	**72,448**	75,993
Less: impairment	**–**	–
	72,448	75,993

The Group mainly requires its customers to make payment at a specific percentage of the trade receivables within the credit period which is generally three months, extending up to six months. As at 31 December 2015, none of trade receivables were past due and impaired. Trade receivables are non-interest-bearing.

In August 2015, the Group obtained a banking facility amounting to US$125 million from CDB for the general corporate purposes for the Toromocho Project which is secured by trade receivables from several copper concentrate sales agreements.

In determining the recoverability of receivables, the Group performs a risk analysis considering the type and aging of the outstanding receivables and the creditworthy of the counterparties.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Within 3 months	**59,493**	60,256
3 to 6 months	**10,947**	9,576
6 months to 1 year	**2,008**	6,161
	72,448	75,993

14. LOANS AND BORROWINGS

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Current		
Borrowings from the immediate holding company (a)		
– unsecured	**920,000**	280,000
Short-term bank loans (b)		
– secured	**325,000**	400,000
– unsecured	**208,348**	210,000
Long-term bank loans, due within one year (b)		
– secured	**198,880**	222,980
Other loans, due within one year (c)		
– secured	**2,460**	–
	1,654,688	1,112,980
Non-current		
Borrowings from the immediate holding company (a)		
– unsecured	**158,904**	155,271
Long-term bank loans (b)		
– secured	**2,240,094**	2,436,177
– unsecured	**27,000**	–
Other loans (c)		
– secured	**79,572**	–
	2,505,570	2,591,448
	4,160,258	3,704,428

(a) Borrowings from the immediate holding company

During the years ended 31 December 2015 and 2014, the Group's borrowings from the immediate holding company are as follows:

	2015	2014
	US$'000	*US$'000*
At beginning of the year	**435,271**	151,604
Addition	**860,000**	280,000
Interest charged	**22,568**	5,710
Repayment	**(238,935)**	(2,043)
At the end of the year	**1,078,904**	435,271
Among which:		
Principal	**1,063,399**	423,399
Interest payable	**15,505**	11,872
	1,078,904	435,271

As at 31 December 2013, the Company's immediate holding company provided loan facilities amounting to US$143,399,477 for general corporate purposes including but not limited to funding the working capital for the Toromocho Project in its commissioning stage. The borrowings were repayable in 5 years or at any time at the Company's discretion. The borrowings bear interest at LIBOR plus 2% per annum.

In April and November 2014, the immediate holding company provided loan facilities of US$200 million and US$350 million, respectively, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. Loans amounting to US$200 million and US$80 million were drawn down in 2014, respectively. As at 31 December 2014, the borrowings due to the immediate holding company were repayable at any time at the Company's discretion, which bear interest rate per annum equal to the lower of: i) the all-in cost to the lender of funding the drawdown; and ii) LIBOR plus 4% – 4.2% per annum.

In January 2015, the Company's immediate holding company provided a loan facility of US$1,200 million for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. Loans amounting to US$640 million were drawn down in 2015. The borrowings due to the immediate holding company were repayable at any time at the Company's discretion, which bear interest rate per annum equal to the all-in cost to the lender of funding the draw down.

In April and November 2015, from the facility amounting to US$200 million, US$120 million and US$70 million were repaid, respectively. In June 2015, US$220 million was drawn down from the facility amounting to US$350 million, and US$30 million was repaid in November 2015.

As of 31 December 2015, US$1,063 million remained outstanding, among which, US$143 million was repayable in 3 years or at any time at the Company's discretion, and US$920 million was repayable at any time at the Company's discretion. As at 31 December 2015, the remaining facility provided by Chinalco Overseas was US$830 million. In January 2016, the Company renewed the loan facilities amounting to US$200 million and US$350 million from Chinalco Overseas.

(b) Bank loans

As at 31 December 2015 and 2014, bank loans are summarised as follows:

Banks	**At 31 December 2015**		At 31 December 2014	
	Amount	**Effective interest rate**	Amount	Effective interest rate
	US$'000		*US$'000*	
Eximbank *(Note(i))*	**2,193,774**	**2.65% – 4.30%**	2,402,157	2.21% – 3.86%
CDB *(Note(ii))*	**370,200**	**3.62% – 4.30%**	257,000	3.86%
Other Banks *(Note(iii))*	**435,348**	**1.57% – 3.75%**	610,000	1.17% – 2.26%
	2,999,322		3,269,157	

Notes:

(i) In December 2010, the Group obtained a banking facility amounting to US$2,000 million from Eximbank for the purpose of financing the development of the Toromocho Project. The Group is required to pay a 1% commission fee for each drawdown and the facility bears an interest rate at LIBOR plus 1.85% per annum. This facility is guaranteed by Chinalco and will become secured by all property, plant and equipment pertaining to the Toromocho Project if Chinalco's credibility or financial status deteriorates (Note 11). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

In March 2013, the Group signed a supplemental agreement with Eximbank which provided an additional loan facility amounting to US$419 million with an interest rate at LIBOR plus 3.5% per annum. The Group is required to pay a 1% commission fee for each draw down. This facility is guaranteed by Chinalco and will become secured by all property, plant and equipment pertaining to the Toromocho Project if Chinalco's credibility or financial status deteriorates (Note 11). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

As at 31 December 2015 and 2014, the above banking facilities with Eximbank had been fully drawn down. In 2015, the newly amortised commission fee amounted to US$2,797,000, the unamortised commission fee amounted to US$14,046,000. Also, in year 2015, the Group repaid US$211,180,000 based on the payment schedule.

(ii) In September 2012, the Group obtained a banking facility amounting to US$83 million from the CDB for the construction, maintenance and operation of Kingsmill Tunnel Water Treatment Plant. This facility is guaranteed by Chinalco and bears interest at LIBOR plus 3.5% per annum.

In September 2012, CDB issued a memorandum indicating its commitment to lend US$274 million to the Group for certain designated projects in relation to the development of the Toromocho Project, in which US$100 million was cancelled later due to delay of the related specific project. Pursuant to this memorandum, the Group obtained banking facilities which are guaranteed by Chinalco and bear interest at LIBOR plus 3.5% per annum.

In August 2015, the Group obtained a banking facility amounting to US$125 million from CDB for the general corporate purposes for the Toromocho Project. In August, November and December 2015, US$30 million, US$50 million and US$45 million were drawn down respectively. This facility is secured by trade receivables from several copper concentrate sales agreements.

As at 31 December 2015, all facilities from CDB have been fully drawn down and US$11.8 million has been repaid in 2015 based on the payment schedule.

(iii) As at 31 December 2015, the Group obtained short-term bank loans of US$435 million from Banco Bilbao Vizcaya Argentaria Hong Kong (“BBVA-HK”), Banco Bilbao Vizcaya Argentaria Perú (“BBVA-Perú”), Standard Chartered Bank (Taiwan) Limited, Natixis (acting through its Hong Kong Branch), Banco de Credito del Perú and Shanghai Pudong Development Bank, which bear interest at rates ranging from 1.57% to 3.75% per annum, among which, US$100 million is guaranteed by China Export and Credit Insurance Corporation, a third party, with a counter-guarantee provided by Chinalco. Among the total short-term bank loans, US$88 million are denominated in PEN S/. and the exchange rate is 3.407, the remaining are all denominated in US$.

(c) In October and November 2015, the Group obtained loans of US$59 million and US$23 million respectively from Caterpillar Financial Services Corporation (“CFSC”) for purchasing certain vehicle products by Caterpillar, which are denominated in US$ and bear interest at LIBOR plus 2.88% – 3.1255% per annum.

(d) As at 31 December 2015, the long-term bank borrowings and other loans were repayable as follows:

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Within 1 year	**201,340**	222,980
Between 1 and 2 years	**254,721**	193,580
Between 2 and 5 years	**728,886**	699,118
Over 5 years	**1,521,963**	1,698,750
	2,706,910	2,814,428
Amount due within one year shown under current liabilities	**(201,340)**	(222,980)
	2,505,570	2,591,448

15. TRADE PAYABLES

Aging analysis of trade payables is as follows:

	At 31 December	
	2015	2014
	US$'000	*US$'000*
Within 3 months	**204,580**	284,329
3 to 6 months	**6,752**	67,972
6 months to 1 year	**2,869**	40,311
1 to 2 years	**13,548**	–
	227,749	392,612

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	At 31 December	
	2015	2014
	US$'000	*US$'000*
US$	**184,973**	250,096
New PEN	**42,515**	136,116
AUD	**–**	1,037
EUR	**259**	5,363
GBP	**2**	–
	227,749	392,612

The trade payables are non-interest-bearing and are normally settled in 60 days to 90 days.

16. SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2015, the number of total authorised ordinary shares was 25 billion (31 December 2014: 25 billion) with a par value of US$0.04 (31 December 2014: US$0.04) per share.

The details of the issued and fully paid ordinary shares of the Company are as follows:

	Number of issued shares	**Ordinary shares**	**Share premium**
		US$'000	*US$'000*
At 1 January 2014	11,817,782,429	472,711	327,267
Issuance of ordinary shares	–	–	–
At 31 December 2014	11,817,782,429	472,711	327,267
Issuance of ordinary shares	–	–	–
At 31 December 2015	11,817,782,429	472,711	327,267

The Company completed initial public offering on 31 January 2013 and the over-allotment option was exercised on 22 February 2013 with 1,764,913,000 and 51,698,000 shares issued respectively at a par value of US$0.04 per share. The issue price was HK$1.75 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis is prepared as of 30 March 2016. It should be read in conjunction with the annual audited consolidated financial statements and notes thereto of the Group for the year ended 31 December 2015.

The "Group" refers to the Company and its subsidiaries. "Chinalco" refers to Aluminum Corporation of China, the controlling shareholder of the Company. "Chinalco Peru" refers to Minera Chinalco Peru S.A., a wholly-owned subsidiary of the Company. The "Prospectus" refers to the prospectus of the Company dated 18 January 2013 in respect of the global offering of its shares. The "PRC" or "China" refers to the People's Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. "Peru" refers to the Public of Peru. "JORC" refers to Australasian Joint Ore Reserves Committee. "Feasibility Study" refers to the feasibility study conducted by Aker Solutions in 2007 in connection with the Toromocho Project. The "Director(s)" refers to director(s) of the Company. The "Board" refers to the board of Directors of the Company.

Overview

The Toromocho Project, being the only mining asset currently operated by the Company, is located in central Peru in the core of the Morococha mining district. As disclosed in the Prospectus, the Toromocho Project consists of an open pit mining operation with daily ore processing capacity estimated to reach approximately 117,200 tonnes and a strip ratio estimated to reach 0.79:1. The Group plans to employ a semi-autogenous grinding mill/ball mill/flotation processing plant that is standard for the industry, with a designed average daily production capacity of 1,838 tonnes of 26.5% copper concentrates over the 36-year life of the mill and a separate molybdenum hydrometallurgical plant with a designed average daily production capacity of 25.1 tonnes of molybdenum per day over the life of the mill. Based on the planned production capacities described above, the Toromocho Project has an estimated mine life of 32 years and an estimated production life of 36 years.

According to the technical report prepared by Behre Dolbear Asia Inc. dated in November 2012 (the "Competent Person's Report"), the proved and probable JORC-compliant reserves of the Toromocho Project deposit are estimated to contain approximately 7.3 million tonnes of copper, 290,000 tonnes of molybdenum and 10,500 tonnes of silver.

The following tables summarize the estimated ore resources and reserves in respect of the Toromocho Project as at 31 December 2015. The resources measured and indicated was an estimation based on previous resource estimation report from Feasibility Study and depletion with the new reserves calculation.

JORC Ore Reserve Category		**Grade**			**Metal Content**		
	Tonnes *(millions)*	**Copper** *(%)*	**Molybdenum** *(%)*	**Silver** *(grams/ tonnes)*	**Copper** *(million tonnes)*	**Molybdenum** *(tonnes)*	**Silver** *(tonnes)*
Proved	690	0.512	0.020	6.42	3.53	138,000	4,400
Probable	784	0.434	0.018	7.31	3.40	141,000	5,700
Total	1,474	0.471	0.019	6.89	6.93	279,000	10,100

JORC Measured and Indicated Mineral Resources Category		**Grade**			**Metal Content**		
	Tons *(millions)*	**Copper** *(%)*	**Molybdenum** *(%)*	**Silver** *(grams/ tonnes)*	**Copper** *(million tonnes)*	**Molybdenum** *(tonnes)*	**Silver** *(tonnes)*
Measured	156	0.410	0.014	6.20	0.64	22,000	1,000
Indicated	364	0.360	0.012	6.06	1.31	44,000	2,200
Total	520	0.375	0.013	6.10	1.95	66,000	3,200

JORC Inferred Mineral Resources Category		**Grade**			**Metal Content**		
	Tons *(millions)*	**Copper** *(%)*	**Molybdenum** *(%)*	**Silver** *(grams/ tonnes)*	**Copper** *(million tonnes)*	**Molybdenum** *(tonnes)*	**Silver** *(tonnes)*
Inferred	174	0.460	0.015	11.54	0.80	26,000	2,000

The Toromocho Project consists of a total of 67 key mining concessions, with registered superficial land rights covering 6,702.8 hectares. Of these 67 key mining concessions, 66 are wholly owned by members of the Group, whereas one of the mining concessions is owned by Sociedad Minera de Responsabilidad Limitada Juanita de Huancayo (“Juanita”), in which the Group holds a 50% equity interest. Chinalco Peru has entered into a memorandum of understanding with Volcan Compania Minera S.A. (“Volcan”) and is likely to acquire Volcan’s remaining 50% equity interest in Juanita during 2016. Upon completion of the above acquisition, Juanita will become a wholly-owned subsidiary of the Company.

The Group currently plans to prioritize the mining of 58 mining concessions, as covered in the Mining Plan approved by means of a resolution of the General Bureau of Mining of the Ministry of Energy and Mines ("MEM") dated 27 March 2013 (the "Mining Plan Permit").

In respect of the infrastructure used for the Toromocho Project, the Morococha mining district is connected with Lima both by the approximately 142 km paved central highway and the 172 km railway that leads to the Callao port. The final products of the Toromocho Project, including copper concentrates and molybdenum oxide, and consumables used by the Toromocho Project are transported via this railway. Chinalco Peru also invested in Transportadora Callao which is authorized to operate a dock specially used for concentrates transportation and there is a warehouse in Callao port operated by Cormin, in which the concentrates produced in the Toromocho Project are stored before the shipment. The demand of water for the operation of the Toromocho Project is fulfilled as the Kingsmill Tunnel Water Treatment Plant ("KTWTP"), with the maximum designed feed rate of approximately 5,000 cubic meters per hour, has been in operation since August 2010. The power consumption of the Toromocho Project is highly ensured by the Pomacocha Substation, which has been upgraded with 220 kilovolt ("kV") double busbar and currently consists of three 220/23 kV power transformers.

Business Review

Progresses in 2015

The commissioning of the Toromocho Project commenced on 10 December 2013. As disclosed in the annual report of the Company for the year ended 31 December 2014, the Company evaluated that the expected time of commencing commercial production of the Toromocho Project would be the second quarter of 2015.

On 17 June 2015, the Company announced that the Toromocho Project had commenced commercial production, in line with its latest plan as disclosed in the Company's annual report for the year ended 31 December 2014.

The Toromocho Project achieved annual production of 763.5 thousand tonnes of copper concentrates and copper and silver contents in concentrates reaching 182,288 tonnes and 5,294,670 ounces respectively. These were the only products in 2015 as molybdenum flotation and hydrometallurgical plant have not started commissioning. The results of mining operation in 2015 were 93,234 thousand tonnes of mined material and 36,115 thousand tonnes of ore milled.

Based on the information currently known to the Company, the Company estimates that the Toromocho Project will produce in 2016 approximately 756 thousand tonnes of copper concentrates with 179 thousand tonnes copper contained in the concentrates. Taking into account various factors such as, the grade of molybdenum in the ore and the current market price of molybdenum, the Company will engage a professional institute with high reputation in China to conduct experimental research on the process technology of copper-molybdenum separation, for the purpose of improving the grade of molybdenum concentrates.

Set forth below is the highlights of the production in 2015 and the corresponding estimations based on the Competent Person's Report:

Production	**Unit**	**Year 2015 (1st operation year)**	**Competent Person's Report**
Mined materials	thousand tonnes	93,234	95,000
Ore Milled	thousand tonnes	36,115	43,180
Copper in Concentrates	tonnes	182,288	218,383
Silver in Concentrates	ounces	5,294,670	7,130,983

Production per unit cost	**Unit**	**Year 2015 (1st operation year)**	**Competent Person's Report**
Per tonne of material moved	US$	1.12	1.11
Per tonne of ores milled	US$	6.66	5.28

Part of the copper concentrates produced by the Toromocho Project in 2015 contained arsenic content exceeding 0.5% (the "arsenic issue"). In 2016, the Company will take production optimization measures in its production process, to reduce the impact of the arsenic issue which may help gradually alleviate the arsenic issue in the next few years.

Expansion

On 17 June 2013, the Company announced that the Board had approved the project expansion of the Toromocho Project (the "Project Expansion") in order to optimize and increase the capacity of the Toromocho Project, subject to any amendments and finalisation of details and shareholders' approval as may be required under applicable law or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Project Expansion will be carried out at the Toromocho mine which forms the basis of the Toromocho Project. The total capital expenditure for the Project Expansion is expected to be approximately US$1.32 billion. The Project Expansion is expected to be funded (i) by the Group's internal working capital, (ii) by re-allocating the proceeds from its initial public offering (the "IPO") originally intended for the acquisitions of suitable non-ferrous and non-aluminum mining projects to the extent required for the Project Expansion, and (iii) debt financing (including but not limited to bank loans). Currently, the Company continues to prepare for the Project Expansion, applying for approval from the government, and engaging a Chinese professional design institution to optimize the design of the Project Expansion.

Re-settlement

As of 31 December 2015, 871 or approximately 94.7% of 920 families who were scheduled to be relocated from the old town of Morococha have moved to the new town of Morococha located in Carhuacoto. The whole re-settlement is expected to be completed by the end of 2016.

Ancillary projects

The commissioning of Kingsmill water supply system finished at the end of 2013 and the Kingsmill water treatment plant is currently in normal operation.

On 15 October 2013, the construction of the 220 kV power supply system was completed successfully. So far the power supply system has been operating satisfactorily up to the designated requirements.

Market Review

Copper market was getting more volatile in 2015. After hitting a low level of around US$4,400 per tonne in February, copper price rallied following Chinese stimulus policies and its rising stock market. In early May, copper reached its yearly high price of US$6,480 per tonne. However, the soaring price level did not last long: copper price pulled back strongly when both Chinese stocks and crude oil price were retreating fast since June, and copper price dropped below US$5,000 per tonne in August. To make things worse, the 4th quarter figures showed that Chinese economy had slowed down more than expected. In addition, the Federal Reserve of the United States (the "US Fed") raised interest rate, which resulted in stronger US dollar. The negative emotions and fears dominated the entire commodities market, and brought down copper price to its yearly low of US$4,516 per tonne. The average LME copper price in 2015 was US$5,501.69 per tonne, which is 20% lower than its 2014 average of US$6,859.68 per tonne.

As copper's biggest consumer, China had a demand growth rate of 2.3% in 2015. To be more specific, the basic infrastructure and public transportation sector had biggest growth in copper demand, while home appliance consumptions retreated. The overall growth prediction in 2016 by analysts is around 2.8%. By the end of 2015, the 20% falling copper price has pushed major mining companies into cost reduction and we saw that more and more key players started to announce production cut. Considering that there will also be new mines going into production in 2016, the supply-demand relationship would stay balanced.

As lower copper price put pressure on most producers, the miners became more reluctant to sell than before. This resulted in tightening concentrate market, and both treatment and refining charges started gradually slipping since the 2nd quarter of 2015.

To summarize, the copper market fundamentals have not been significantly improved. However, with a strong expectation of China's more aggressive economic easing policies, we have a reason to stay slightly optimistic about copper price in 2016.

Silver price continued its downturn in 2015. Its highest level was in January at US$18.5 per ounce and lowest level was in December at US$13.6 per ounce. The safe investment instruments, such as gold and silver, became less attractive under easing economic environment. As US Fed started to raise interest rate from the end of 2015, silver may have its real price turnaround in year 2016.

Financial Review

Revenue and cost of sales

The Group announced the commencement of the commissioning of Toromocho Project in December 2013, and the Group has commenced commercial production in June 2015. Therefore, revenue has been generated and cost of sales has been recorded from June 2015 onwards. For the year ended 31 December 2015, the total sales of copper concentrate were approximately US$426.6 million and the cost of sales was approximately US$293.9 million.

General and Administrative expenses

The Group's general and administrative expenses were approximately US$19.5 million for the year ended 31 December 2015, as compared to approximately US$11.3 million for the year ended 31 December 2014. The increase was primarily due to the fact that the expense incurred in 2014 was mostly capitalized during the commissioning period.

Net finance cost

The Group's net finance cost increased by approximately US$72.7 million, from approximately US$10.7 million for the year ended 31 December 2014 to approximately US$83.4 million for the year ended 31 December 2015, primarily due to the increase of foreign exchange loss (2015: 26.6 million; 2014: 8.0 million) and the increase of interest expense (2015: 57.3 million; 2014: 3.4million), which was mainly due to the fact that the expense incurred in 2014 was mostly capitalized during the commissioning period.

Profit/(loss) before income tax

The Group has turned from loss-making to profit-making because the Toromocho Project has commenced commercial production in June 2015. The Group's profit before income tax increased from approximately US$16.5 million (loss) for the year ended 31 December 2014 to approximately US$3.4 million (profit) for the year ended 31 December 2015.

Income tax (expense)/benefit

The Group's income tax benefit (expense) changed from approximately US$3.3 million (benefit) for the year ended 31 December 2014 to approximately US$17.0 million (expense) for the year ended 31 December 2015. The decrease was primarily due to the foreign exchange difference from the recognized tax loss occurred in 2015 which amounted to approximately US$24.9 million.

Loss attributable to the equity holders of the Company

As a result of the foregoing, the loss attributable to the equity holders of the Company increased from approximately US$13.2 million for the year ended 31 December 2014 to approximately US$13.7 million for the year ended 31 December 2015.

Liquidity and Financial resources

The principal sources of cash were borrowings from banks and other financial institutions including the following:

- US$2 billion facility and US$419 million credit facility from the Export-Import Bank of China ("Eximbank") (obtained in December 2010 and March 2013 respectively);

- US$83 million, US$35 million, US$12 million, US$9 million and US$118 million credit facilities from China Development Bank ("CDB") (obtained in September and December 2012, June and November 2013 and May 2014, respectively);

- US$125 million short term loan facility from CDB (obtained in August 2015);

- US$100 million and New PEN 135 million one-year term loan facility from the Banco Bilbao Vizcaya Argentaria ("BBVA") (both obtained in December 2015);

- New PEN 100 million and New PEN 66 million short term loan facility from Banco de Crédito del Peru ("BCP") (both obtained in November 2015);

- US$120 million short term loan facility from Standard Chartered Bank (Taiwan) Limited (obtained in December 2015);

- US$100 million short term loan facility from Natixis (Hong Kong) Limited (obtained in December 2015);

- US$27 million long term loan facility from Shanghai Pudong Development Bank (obtained in December 2015);

- US$59 million and US$23 million long term loan facility from Caterpillar Financial Services ("CFSC") Corporation (obtained in October and November 2015, respectively).

The borrowings from the banks mentioned above mainly carry interest at a floating rate. As of 31 December 2015, the Group had cash and cash equivalents of approximately US$122.1 million. The Group uses bank and cash balances to finance working capital and part of its capital expenditure for its continuing growth and expansion plans. The Group determines the appropriate amount of cash to be maintained on-hand by its forecast of the Group's future working capital and capital expenditure needs. The Group also aims to maintain a certain level of extra cash to meet unexpected circumstances and to use for business expansion opportunities as they arise.

Operating activities

Net cash generated in operating activities for the year ended 31 December 2015 was approximately US$67.3 million, which was primarily attributable to the positive profit before income tax, the increase of investment income and the decrease in working capital. The Group has announced commencement of the commercial production of the Toromocho Project in June 2015, and it had strengthened the capacity compared to commissioning period of 2014. Hence, the net cash flows generated from operating activities were positive.

Investing activities

Net cash used in investing activities for the year ended 31 December 2015 was approximately US$468.1 million, which was primarily attributable to the Group's purchases of property, plant and equipment of approximately US$493.3 million, which we used for construction activities and purchase of fixed assets.

Financing Activities

Net cash generated from financing activities for the year ended 31 December 2015 was approximately US$449.4 million, which was mainly consisted of the proceeds from the Group's loans with its immediate holding company (US$860 million), BCP (US$88.72 million), Naxitis (US$100 million), BBVA (US$39.63 million), CDB (US$125 million), Shanghai Pudong Dev. Bank (US$27 million) and CFSC (US$82 million) and the repayment of the loan with its immediate holding company (US$220 million), Eximbank (US$211.18 million), CDB (US$11.8 million), Standard Chartered Bank (US$200 million), BBVA (US$190 million) and BCP (US$40 million).

Capital expenditure

The total capital and operating expenditure for the development of current project and the Project Expansion estimated and incurred as of 31 December 2015 are as follows:

(a) Set forth below is the Company's estimated total capital expenditure of current project based on the Competent Person's Report and the expenditure incurred as of 31 December 2015:

(US$ in million)	**Competent Person's Report**	**Costs incurred as of 31 December 2015**
Current Project		
Mining	303.50	301.09
Process Plant and Infrastructure	1,871.90	2,033.91
Owner's Cost and Working Capital	704.20	804.98
Additional Projects	622.60	533.50
Total	3,502.20	3,673.48

Notes:

(i) The capital expenditure of Process Plant and Infrastructure runs over the estimation, which was due to the delay of electricity power supply and the delay of completion of the construction of the Moly Hydromet Plant. Up to now, the Moly Hydromet Plant is still under commissioning.

(ii) Owner's cost and working capital consists of costs associated with force majeure events, project insurance, social outreach, contract services, licenses and royalties, financial costs, taxes, exchange rate fluctuations, commissioning and pre-operational costs and acquisitions of property.

(iii) Additional projects consist of the costs incurred in relation to the lime processing plant, Kingsmill Tunnel water treatment plant, double circuit overhead transmission line, central highway relocation, investment in the Callao port, acquisition of certain mining concessions from Pan American Silver with the relevant financing interest, new town construction and resettlement. So far the lime plant is still in construction and the central highway relocation is pending the Peruvian government's approval to start, and the acquisition of concessions from Pan American Silver has not been completed.

(iv) The total capital expenditure does not include the operating income and expenses during the commissioning period.

(b) Set forth below is the Company's estimated total capital expenditure based on the Feasibility Study Report and the expenditure incurred for the Project Expansion as of 31 December 2015:

(US$ in million)	**Feasibility Study Report**	**Costs incurred as of 31 December 2015**
Project Expansion		
Mining	115.19	74.47
Process Plant and Infrastructure	1,061.18	465.93
Owner's Cost	142.33	7.25
Total	1,318.70	547.65

(c) Other than the capital expenditure described above, there was an amount of US$110 million sustaining capital expenditure incurred for the year ended 31 December 2015, of which the accumulated amount was US$223.2 million which was mainly the expense for the sustaining construction of the tailing dam and mine drainage system and the procurement of railway wagons for the transportation of copper concentrate.

Capital structure

During the year ended 31 December 2015, the Group's funding primarily came from bank loans and borrowings from immediate holding company.

Gearing ratio

The Group monitors capital on the basis of the debt ratio. This ratio is calculated as net debt divided by total capital. The gearing ratio of the Group as of 31 December 2015 is as follows:

	As at 31 December 2015 *US$'000*	As at 31 December 2014 *US$'000*
Total borrowings	**4,160,258**	3,704,428
Less: cash and cash equivalents	**(122,111)**	(75,173)
Net debt	**4,038,147**	3,629,255
Total equity	**672,644**	701,546
Total capital	**4,710,791**	4,330,801
Gearing ratio	**86%**	84%

The increase in the gearing ratio during the year ended 31 December 2015 resulted primarily from the increase of the Group's borrowings and loans in current year, which was mainly due to the development of commercial production of Toromocho Mining project and funding for development of Toromocho Mining Project.

Employee and remuneration policy

As of 31 December 2015, the Group had 1,596 employees in total.

The Group's remuneration policy is designed to attract, retain and motivate highly talented individuals, to ensure the capability of the Group's workforce to carry out the business strategy of the Company and to maximize shareholder wealth creation.

Benefit schemes are maintained for employees as required by the laws in Peru and China.

Moreover, under Peruvian labor law, our Peruvian subsidiaries with more than 20 employees are required to distribute 8% of their profits generated in any year among their employees.

In addition, the Group has proposed to adopt an equity incentive plan designed to attract, retain and incentivize senior management and key employees with a view to encouraging the participants to commit to enhancing value for us and our shareholders, as a whole.

Foreign Exchange Risk

The Group mainly operates in Peru with most of its transactions related to the acquisition of services and loans received from related parties and banks, denominated and settled in US dollars.

Accordingly, the Group is exposed to foreign exchange risk that may arise from fluctuations in the New Peruvian Soles to US dollar exchange rate. The New Peruvian Soles is currently in its devaluation trend and the Group maintains a net asset position expressed in New Peruvian Soles that may have a negative impact upon the Group's financial condition and results of operation. The Group has not yet used any financial instrument to hedge its foreign exchange risk during the year ended 31 December 2015, but the management is working on appropriate solutions to reduce the possible impact.

Contingent liabilities

The Group has contingent liabilities in respect of legal claims and administrative procedures arising in the ordinary course of business. However, the Group believes it has made adequate provision for these contingent liabilities, and it is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for. For the year ended 31 December 2015, there was no additional provision made by the Group in respect of legal claims.

Off-balance sheet arrangement

The Group has not entered into, nor does it expect to enter into, any off-balance sheet arrangements. The Group also has not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, the Group has not entered into any derivative contracts that are indexed to its equity interests and classified as owners' equity.

Furthermore, the Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Group does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or that engages in leasing, hedging or research and development services with it.

Event after the end of the financial year

Save as disclosed in Note 2 to the annual results announcement for the year ended 31 December 2015, no other reportable events or transactions have taken place after the end of the financial year.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the IPO (the "Proceeds") (including those shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately US$394 million. Reference is made to the Company's announcement dated 17 June 2013 in relation to the Project Expansion and the change in use of Proceeds. In light of the Company's decision to implement the Project Expansion and the availability of funds due to the fact that there was not yet any suitable acquisition that the Board had decided upon, the Board resolved to re-allocate 30% of the Proceeds which was originally intended for pursuing selective acquisitions of suitable non-ferrous and non-aluminum mining projects to the Project Expansion. Details of the change in use of the Proceeds were set out in the Company's announcement dated 17 June 2013. Except for the re-allocation of 30% of the Proceeds as described above, there were no other changes to the intended use of Proceeds as disclosed in the Prospectus.

As at 31 December 2015, part of the Proceeds have been applied as follows:

(i) the Company repaid US$103 million of the borrowings from Chinalco Overseas on 28 February 2013;

(ii) the Group had disbursed approximately US$120 million for the development of the Toromocho Project;

(iii) the Group had disbursed approximately US$120 million for the expansion of the Toromocho Project; and

(iv) approximately US$40 million has been used for supporting the Group's working capital requirements.

FINAL DIVIDEND

The Board does not recommend any dividend for the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on 17 June 2016 ("2016 AGM"), the register of members of the Company will be closed from 13 June 2016 to 17 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2016 AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 10 June 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Except as disclosed below, the Company has been in compliance with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2015.

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

Prior to 12 October 2015, in view of Dr. Zhang Chengzhong's background, qualifications and experience at the Company, he was considered the most suitable person to take both roles as chairman and chief executive officer. The Board was of the view that it was appropriate and in the best interests of the Company that Dr. Zhang Chengzhong held both positions at that time, as it helped to maintain the continuity of the policies and the stability and efficiency of the operations of the Company.

The chairman of the Board and the chief executive officer of the Company are currently two separate individuals, namely Mr. Liu Jianping and Mr. Liu Yuewei, respectively, with distinct responsibilities. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure the issues raised at Board meetings are explained appropriately. The chief executive officer is responsible for the management of the business of the Company and implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all Directors, the Company confirmed that all Directors complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2015.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2015 as set out in the results announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's drafted consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the results announcement.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinalco-cmc.com), and the 2015 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Chinalco Mining Corporation International
Liu Jianping
Chairman

Beijing, the PRC, 30 March 2016

As at the date of this announcement, the non-executive Directors are Mr. Liu Jianping (Chairman), Mr. Luan Shuwei, Dr. Liu Hongjun and Dr. Wang Dongbo, the executive Directors are Mr. Liu Yuewei and Mr. Jin Yanbing, and the independent non-executive Directors are Mr. Scott McKee Hand, Mr. Ronald Ashley Hall, Mr. Lai Yat Kwong Fred and Mr. Francisco Augusto Baertl Montori.