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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

The Group's summary of published results for the six-month periods ended 30 June 2016 and 30 June 2015 and the assets, liabilities and equity as at 30 June 2016 and 31 December 2015 is set forth as follows:

Results

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue	**242,844**	81,253
Cost of Sales	**(231,772)**	(46,222)
Gross Profit	**11,072**	35,031
Other gains	**5,352**	10,250
General and administrative expenses	**(13,625)**	(11,545)
Selling and distribution expenses	**(28,995)**	(6,974)
Other expenses	**(4,436)**	(3,053)
Finance expenses, net	**(53,773)**	(16,409)
Investment income	**5,417**	1,762
Share of (loss)/profit of a joint venture	**(193)**	354
Income tax benefit	**33,138**	2,770
(Loss)/profit for the period	**(46,043)**	12,186
Other comprehensive income for the period, net of tax	**3,261**	(7,329)
Total comprehensive income for the period	**(42,782)**	4,857
(Loss)/earnings per share for the period attributable to the equity holders of the Company (expressed in US$ per share)		
Basic and diluted	**(0.0039)**	0.0010

The Board does not declare any interim dividend for the six-month period ended 30 June 2016.

Assets, Liabilities and Equity

	30 June 2016 *US$'000* **(Unaudited)**	31 December 2015 *US$'000* (Audited)
Non-current assets	**4,967,684**	4,800,882
Current assets	**431,174**	444,485
Non-current liabilities	**2,596,318**	2,625,845
Current liabilities	**2,172,678**	1,946,878
Total equity	**629,862**	672,644

RESULTS

The board of directors (the "Board") of Chinalco Mining Corporation International (the "Company") is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six-month period ended 30 June 2016, together with the comparative figures as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 (Unaudited) US$'000	31 December 2015 (Audited) US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**4,774,411**	4,631,931
Intangible assets		**546**	554
Investment in a joint venture		**2,025**	2,218
Deferred tax assets		**47,419**	14,247
Value-added tax recoverable	5	**126,470**	131,419
Prepayments and other receivables	7	**12,475**	12,632
Restricted cash		**4,338**	7,881
		4,967,684	4,800,882
Current assets			
Inventories		**150,060**	107,499
Prepayments and other receivables	7	**63,621**	37,892
Value-added tax recoverable	5	**116,055**	104,535
Trade receivables	6	**40,472**	72,448
Cash and cash equivalents		**53,537**	122,111
Financial assets at fair value through profit or loss		**3,940**	—
Derivative financial instruments		**3,489**	—
		431,174	444,485
Total assets		**5,398,858**	5,245,367
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	8	**472,711**	472,711
Share premium	8	**327,267**	327,267
Reserve		**(7,520)**	(10,781)
Accumulated deficits		**(162,596)**	(116,553)
Total equity		**629,862**	672,644

	Note	**30 June 2016 (Unaudited)** *US$'000*	31 December 2015 (Audited) *US$'000*
LIABILITIES			
Non-current liabilities			
Loans and borrowings	*10*	**2,361,500**	2,505,570
Provision for remediation and restoration	*9*	**230,895**	116,302
Deferred income		**3,923**	3,973
		2,596,318	2,625,845
Current liabilities			
Loans and borrowings	*10*	**1,936,634**	1,654,688
Trade payables	*11*	**194,678**	227,749
Accruals and other payables		**38,940**	39,137
Amount due to immediate holding company		**2,426**	2,426
Derivative financial instruments		**—**	22,878
		2,172,678	1,946,878
Total liabilities		**4,768,996**	4,572,723
Total equity and liabilities		**5,398,858**	5,245,367
Net current liabilities		**(1,741,504)**	(1,502,393)
Total assets less current liabilities		**3,226,180**	3,298,489

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June **2016** **(Unaudited)** ***US$'000***	 2015 (Unaudited) *US$'000*
Revenue	*12*	**242,844**	81,253
Cost of sales		**(231,772)**	(46,222)
Gross profit		**11,072**	35,031
Other gains		**5,352**	10,250
General and administrative expenses	*14*	**(13,625)**	(11,545)
Selling and distribution expenses		**(28,995)**	(6,974)
Other expenses		**(4,436)**	(3,053)
Operating (loss)/profit		**(30,632)**	23,709
Finance income	*15*	**139**	202
Finance expenses	*15*	**(57,722)**	(8,830)
Foreign exchange gain/(loss), net		**3,810**	(7,781)
Investment income		**5,417**	1,762
Share of (loss)/profit of a joint venture		**(193)**	354
(Loss)/profit before income tax		**(79,181)**	9,416
Income tax benefit	*16*	**33,138**	2,770
(Loss)/profit for the period		**(46,043)**	12,186
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**3,261**	(7,329)
Other comprehensive income for the period, net of tax		**3,261**	(7,329)
Total comprehensive income for the period		**(42,782)**	4,857
(Loss)/earnings per share for the period attributable to the equity holders of the Company (expressed in US$ per share)			
Basic and diluted	*17*	**(0.0039)**	0.0010
Dividends			
Interim dividend declared	*18*	**—**	—

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital (Unaudited) *US$'000*	Share premium (Unaudited) *US$'000*	Capital reserves (Unaudited) *US$'000*	Currency translation differences (Unaudited) *US$'000*	Accumulated deficits (Unaudited) *US$'000*	Total (Unaudited) *US$'000*
Balance at 1 January 2016	**472,711**	**327,267**	**16,521**	**(27,302)**	**(116,553)**	**672,644**
Comprehensive income						
Loss for the period	**—**	**—**	**—**	**—**	**(46,043)**	**(46,043)**
Other comprehensive income						
Currency translation differences *(Note)*	**—**	**—**	**—**	**3,261**	**—**	**3,261**
Total comprehensive income	**—**	**—**	**—**	**3,261**	**(46,043)**	**(42,782)**
Balance at 30 June 2016	**472,711**	**327,267**	**16,521**	**(24,041)**	**(162,596)**	**629,862**
Balance at 1 January 2015	472,711	327,267	16,521	(12,071)	(102,882)	701,546
Comprehensive income						
Profit for the period	—	—	—	—	12,186	12,186
Other comprehensive income						
Currency translation differences *(Note)*	—	—	—	(7,329)	—	(7,329)
Total comprehensive income	—	—	—	(7,329)	12,186	4,857
Balance at 30 June 2015	472,711	327,267	16,521	(19,400)	(90,696)	706,403

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 recognized as currency translation differences in other comprehensive income. Upon disposal of a foreign operation, the other comprehensive income related to the foreign operation will be reclassified to profit or loss subject to final calculation at that time.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Cash flows from operating activities		
(Loss)/profit before income tax	**(79,181)**	9,416
Adjustments for:		
Depreciation and amortization	**91,427**	28,595
Finance expenses, net	**53,773**	15,341
Investment income	**(5,417)**	(1,762)
Gain from change of futures' fair value	**(3,940)**	(6,641)
Share of loss/(profit) of a joint venture	**193**	(354)
Changes in working capital:		
Inventories	**(42,561)**	(20,864)
Trade receivables	**31,976**	(2,117)
Prepayment and other receivables	**1,744**	(11,550)
Derivative financial instrument	**(26,367)**	—
Trade payables	**(33,071)**	—
Accruals and other payables	**(695)**	11,331
Deferred income	**(50)**	(52)
Interest received	**139**	202
Interest paid	**(53,668)**	—
Income tax paid	**(10,457)**	(4,917)
Net cash (used in)/generated from operating activities	**(76,155)**	16,628
Cash flows from investing activities		
Purchases of property, plant and equipment	**(180,737)**	(208,432)
Purchases of intangible assets	**(169)**	(296)
Value-added tax refunds received	**69,360**	29,635
Decrease/(increase) in restricted cash	**3,543**	(13,782)
Interest paid	**(13,142)**	(50,947)
Payment of futures deposits	**(11,100)**	—
Proceeds from investment income	**3,274**	—
Net cash used in investing activities	**(128,971)**	(243,822)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Cash flows from financing activities		
Proceeds from loans and borrowings	**470,000**	830,000
Repayment of loans and borrowings	**(338,545)**	(576,076)
Net cash generated from financing activities	**131,455**	253,924
Effects of exchange rates on cash and cash equivalents	**5,097**	(1,068)
Net (decrease)/increase in cash and cash equivalents	**(73,671)**	26,730
Cash and cash equivalents at beginning of the period	**122,111**	75,173
Cash and cash equivalents at end of the period	**53,537**	100,835

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 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 of these 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 Activos Mineros (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, Activos Mineros 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 Project for a period of five years starting from the first official production of the Toromocho 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 Project has commenced commercial production in June 2015. Three of the Off-take Agreements have come into force through signing supplemental agreements.

The interim condensed consolidated financial statements are presented in US dollar ("US$"), unless otherwise stated.

The interim condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

Going concern

As at 30 June 2016, the Group's current liabilities exceeded its current assets by approximately US$1,742 million (31 December 2015: US$1,502 million). The directors of the Company has considered the Group's available sources of funds as follows:

- In August 2016, the Group has obtained a banking facility amounting to RMB600 million (equivalent to US$90.48 million) from Industrial Bank. As at the date of this announcement, no facility has been drawn down.

- In March 2016, the Group has obtained trade financing facility amounting to RMB450 million (equivalent to US$67.86 million) from China Construction Bank to issue Letter of Credit for international trades. As at 30 June 2016, the remaining balance of this facility was RMB322 million (equivalent to US$48.62 million). As at the date of this announcement, all outstanding balance has been repaid and remaining balance of this facility was RMB450 million (equivalent to US$67.86 million).

- 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").

- The Company's immediate holding company, Chinalco Overseas provided some loan facilities to the Group for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. In 2014, Chinalco Overseas provided loan facilities of US$350 million and US$200 million (the "2014 Loan Facilities"). In January 2015, Chinalco Overseas provided a loan facility of US$1,200 million (the "2015 Loan Facility"). The 2014 Loan Facilities and the 2015 Loan Facility were renewed in January 2016. The loan facility of US$200 million among the 2014 Loan Facilities was matured at 30 June 2016 and was not renewed. As at 30 June 2016, the remaining balances of 2014 Loan Facilities and 2015 Loan Facility were US$50 million and US$630 million, respectively.

- 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$1,031 million as at 30 June 2016 (31 December 2015: US$1,079 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 these financial statements were approved.

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 30 June 2016. The Group therefore continues to adopt the going concern basis in preparing these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these new standards and interpretations that are applicable to the Group's operations are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments do not have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate or amortise its noncurrent assets.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

(i) The materiality requirements in IAS 1;

(ii) That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;

(iii) That entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. These amendments do not have any impact on the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
At 1 January		
Cost	**4,802,478**	4,414,404
Accumulated depreciation	**(170,547)**	(57,027)
Net carrying amount	**4,631,931**	4,357,377
During the period		
At 1 January, net carrying amount	**4,631,931**	4,357,377
Additions	**117,643**	146,828
Estimated remediation and restoration obligations *(Note)*	**112,842**	(16,436)
Transfer to intangible assets	**—**	(241)
Disposals	**(305)**	(14)
Effect of exchange rate fluctuation	**3,550**	(6,432)
Depreciation	**(91,250)**	(34,743)
At 30 June, net carrying amount	**4,774,411**	4,446,339
At 30 June		
Cost	**5,035,473**	4,538,109
Accumulated depreciation	**(261,062)**	(91,770)
Net carrying amount	**4,774,411**	4,446,339

Note: Included in the movement of property, plant and equipment of the Group for the six months ended 30 June 2016 was a upward revision to the estimated remediation and restoration obligations (Note 9) in relation to the property, plant and equipment amounting to US$112,842,000 (six months ended 30 June 2015: downward revision of US$16,436,000).

During the six months ended 30 June 2016, the Group capitalised financing costs amounting to US$14,893,000 (six months ended 30 June 2015: US$50,947,000) (Note 15) included in the additions of property, plant and equipment of the Group.

As at 30 June 2016, bank borrowings from Export-Import Bank of China ("Eximbank") amounting to US$2,109,936,000 (31 December 2015: US$2,193,774,000) (Note 10(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 property, plant and equipment pertaining to the Toromocho Project will be pledged as additional security for these borrowings.

As at 30 June 2016, the amount of nil (31 December 2015: US$28 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.

5. VALUE-ADDED TAX RECOVERABLE

On 14 September 2010, by means of Supreme Decree No. 060-2010-EM issued by the Peruvian Ministry of Energy and Mines ("MEM"), as countersigned by the Ministry of Economy and Finance, the Company was entitled to use the Special Regime of the Value Added Tax ("VAT") Anticipated Refunding ("RERA IGV", the Spanish acronym), in adherence to Legislative Decree 973. Accordingly, qualified VAT paid on purchases can be used to set off tax payable to local sales, or any other taxes required by the Peruvian tax authorities or refunded in the form of negotiable credit notes or non-negotiable checks.

In order to qualify for the above entitlement under RERA IGV, the Group signed an investment agreement with respect to the Toromocho Project (the "Investment Agreement") on 16 June 2009 with MEM, which was modified under an addendum dated 27 July 2010. Pursuant to the Investment Agreement, the Group agreed to invest into the Toromocho Project US$2,053 million by the end of 2012. On 15 December 2011, the MEM and MCP signed an addendum to the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, in order to extend the period of fulfillment of the committed investment until December 2013.

On 17 January 2014, the Group signed an amendment of the Investment Agreement with MEM, pursuant to which the Group committed to invest US$2,984 million in the Toromocho Project until 30 June 2016.

VAT recoverable represents the VAT credits entitled to the Group for VAT paid on the acquisition of goods and services related to its exploration and development activities, and is summarized as follows:

	30 June 2016 (Unaudited) ***US$'000***	31 December 2015 (Audited) *US$'000*
VAT recoverable:		
— to be recovered after 12 months	**126,470**	131,419
— to be recovered within 12 months	**116,055**	104,535
	242,525	235,954

6. TRADE RECEIVABLES

	30 June 2016 (Unaudited) ***US$'000***	31 December 2015 (Audited) *US$'000*
Trade receivables	**40,472**	72,448
Less: impairment	**—**	—
	40,472	72,448

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 30 June 2016, none of trade receivables were past due but impaired. Trade receivables are non-interest-bearing.

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 counterparty.

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:

	30 June 2016 (Unaudited) ***US$'000***	31 December 2015 (Audited) *US$'000*
Within 3 months	**36,140**	59,493
3 to 6 months	**4,274**	10,947
6 months to 1 year	**58**	2,008
	40,472	72,448

7. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) ***US$'000***	31 December 2015 (Audited) *US$'000*
Other receivables:		
Loan to a joint venture *(Note (a))*	**9,428**	9,585
Loan to a transportation services provider *(Note (b))*	**3,047**	3,047
Amount due from contractors for purchase of fuel	**2,842**	4,033
Employee advances	**77**	304
Amounts due from ultimate holding company	**177**	174
Futures deposits	**13,655**	2,555
Insurance claims	**1,863**	2,794
Receivables for the realized gain on futures contract	**2,143**	—
Others	**887**	557
	34,119	23,049
Less: impairment	**—**	—
	34,119	23,049

	30 June 2016 (Unaudited) US$'000	31 December 2015 (Audited) US$'000
Prepayments:		
Prepaid insurance	**5,244**	2,303
Prepaid income tax	**30,126**	19,703
Advance to constructors	**1,258**	1,838
Advance to suppliers	**1,483**	3,179
Others	**3,866**	452
	41,977	27,475
Total prepayments and other receivables	**76,096**	50,524
Less: non-current portion *(Note (c))*	**(12,475)**	(12,632)
	63,621	37,892

Notes:

(a) The loan to a joint venture is unsecured and bears interest at LIBOR plus 5% per annum. The principle repayment will start only if MCP deliver at least 45,000 MT of copper concentrate for 3 consecutive months.

(b) As at 30 June 2016, the other receivables amounting to US$3,047,000 (31 December 2015: 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 6 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 is as follows:

	30 June 2016 (Unaudited) US$'000	31 December 2015 (Audited) US$'000
Within 3 months	**14,119**	7,678
3 to 6 months	**517**	407
6 months to 1 year	**6,980**	2,302
1 to 2 years	**1,866**	2,171
2 to 3 years	**5,491**	7,444
Over 3 years	**5,146**	3,047
	34,119	23,049

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.

8. SHARE CAPITAL AND SHARE PREMIUM

As at 30 June 2016, the number of total authorized ordinary shares was 25 billion (31 December 2015: 25 billion) with a par value of US$0.04 (31 December 2015: 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 (Unaudited)	**Ordinary shares** (Unaudited) *US$'000*	**Share premium** (Unaudited) *US$'000*
At 1 January 2016	11,817,782,429	472,711	327,267
Issuance of new shares	—	—	—
At 30 June 2016	11,817,782,429	472,711	327,267
At 1 January 2015	11,817,782,429	472,711	327,267
Issuance of new shares	—	—	—
At 30 June 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.

9. PROVISION FOR REMEDIATION AND RESTORATION

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
At beginning of the period	**116,302**	126,472
Revision	**112,842**	(16,436)
Accretion expenses *(Note 15)*	**1,751**	1,745
At the end of the period	**230,895**	111,781

Provision for remediation and restoration includes environmental remediation costs, assets retirement obligation and similar obligations in relation to the Group's development of the Toromocho Project. Pursuant to the Assignment Agreement of the Toromocho Project (Note 1), the Group is responsible for the remediation of the alternations of the lands given for mineral exploitation, even if these damages were caused before the signing of the relevant concession agreements. In addition, the Group is also obliged to operate and maintain certain facilities after closure of the mines.

In August 2012, Walsh Peru S.A., an independent valuer, issued to the Group the Mine Closure Plan which was approved by the Ministry of Energy and Mines of Peru ("MEM") on 27 December 2012. During first half of 2016, Walsh Peru S.A., renewed the Mine Closure Plan which was approved by MEM as at 8 June 2016.

Taking into consideration of the above reports issued by Walsh Peru S.A. and the MEM's approval of the Mine Closure Plan, the Group has assessed and provided for remediation and restoration and similar obligations amounting to US$230,895,000 as at 30 June 2016 (31 December 2015: US$116,302,000).

10. LOANS AND BORROWINGS

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	US$'000	*US$'000*
Current		
Borrowings from immediate holding company (a)		
— unsecured	**870,000**	920,000
Short-term bank loans (b)		
— secured	**625,000**	325,000
— unsecured	**190,758**	208,348
Long-term bank loan, due within one year (b)		
— secured	**214,580**	198,880
— unsecured	**27,000**	—
Other loans, due within one year (c)		
— secured	**9,296**	2,460
	1,936,634	1,654,688
Non-current		
Borrowings from immediate holding company (a)		
— unsecured	**161,208**	158,904
Long-term bank loans (b)		
— secured	**2,127,556**	2,240,094
— unsecured	**—**	27,000
Other loans (c)		
— secured	**72,736**	79,572
	2,361,500	2,505,570
	4,298,134	4,160,258

(a) Borrowings from immediate holding company

During the six months ended 30 June 2016 and 2015, the Group's borrowings from its immediate holding company are as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
At beginning of the period	**1,078,904**	435,271
Addition	**170,000**	790,000
Interest charged	**27,865**	11,819
Repayment	**(245,561)**	(129,986)
At the end of the period	**1,031,208**	1,107,104
Among which:		
Principal	**1,013,400**	1,093,399
Interest payable	**17,808**	13,705
	1,031,208	1,107,104

(b) Bank loans

As at 30 June 2016 and 31 December 2015, bank loans are summarized as follows:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Amount	**Effective interest rate**	Amount	Effective interest rate
	US$'000		*US$'000*	
The Export-import Bank of China ("Eximbank") (i)	**2,109,936**	**2.76%–4.43%**	2,193,774	2.65%–4.30%
China Development Bank ("CDB") (ii)	**357,200**	**3.69%–4.40%**	370,200	3.62%–4.30%
Other banks (iii)	**717,758**	**1.64%–3.99%**	435,348	1.57%–3.75%
	3,184,894		2,999,322	

(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 4). 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 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 drawdown. 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 4). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

As at 30 June 2016 and 31 December 2015, the above banking facilities with Eximbank had been fully drawn down. In 2016, the newly amortised commission fee amounting to US$1,252,000, the unamortised commission fee amounted to US$12,794,000. As at 30 June 2016, the Group has repaid US$296,270,000 based on the payment schedule.

(ii) In September 2012, the Group obtained a banking facility amounting to US$83 million from CDB for the construction, maintenance and operation of Kingsmill Tunnel Water Treatment Plant. This facility is guaranteed by Chinalco and bears an interest rate 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 related specific project. Pursuant to this memorandum, the Group has obtained banking facilities which are guaranteed by Chinalco and bear an interest rate 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 30 June 2016, all facilities from CDB have been fully drawn down and US$24.8 million has been repaid based on the payment schedule.

(iii) As at 30 June 2016, the Group obtained bank loans of US$418 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 1.64% to 3.99% per annum, among which, US$100 million from Natixis is guaranteed by Chinalco, US$100 million from BBVA-HK is guaranteed by China Export and Credit Insurance Corporation, a third party, with a counter-guarantee provided by Chinalco. As at 30 June 2016, US$20.455 million was repaid to BBVA-Perú.

In March 2016, the Group signed a short term loan agreement with Banco Santander S.A (Spain) amounting to US$300 million with an interest rate at LIBOR plus 1.70% per annum. This short term loan has been used as working capital and is guaranteed by Bank of Shanghai (Beijing Branch), with a counter-guarantee provided by Chinalco.

During the periods ended 30 June 2016 and 2015, the movement in the borrowings from banks are analysed as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
At beginning of the period	**2,999,322**	3,269,157
Proceeds of new borrowings	**300,000**	40,000
Repayments of the borrowings	**(118,545)**	(446,090)
Exchange rate effect of loans in PEN	**2,865**	—
Amortization of commission fee	**1,252**	1,398
At the end of the period	**3,184,894**	2,864,465

(c) As at 30 June 2016 and 31 December 2015, the long-term bank borrowings and other loans were repayable as follows:

	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Within 1 year	**250,876**	201,340
Between 1 and 2 years	**235,452**	254,721
Between 2 and 5 years	**695,615**	728,886
Over 5 years	**1,430,433**	1,521,963
	2,612,376	2,706,910
Amount due within one year shown under current liabilities	**(250,876)**	(201,340)
	2,361,500	2,505,570

11. TRADE PAYABLES

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

Aging analysis of trade payables is as follows:

	30 June 2016 (Unaudited) *US$'000*	31 December 2015 (Audited) *US$'000*
Up to 3 months	**144,892**	204,580
3 to 6 months	**20,022**	6,752
6 months to 1 year	**29,764**	2,869
1 to 2 years	**—**	13,548
	194,678	227,749

12. REVENUE

During the six-month periods ended 30 June 2016 and 2015, the Group recorded the revenue as following:

	Six months ended 30 June 2016 (Unaudited) *US$'000*	2015 (Unaudited) *US$'000*
Sales of goods	**242,844**	81,253
Total revenue	**242,844**	81,253

13. SEGMENT REPORTING

Management determines the operating segments based on the information reported to the Group's chief operating decision maker. As the majority of the Group's activities are engaged in the mining development and the majority of the principal assets employed by the Group are located in Peru, the Group's chief operating decision maker considers 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.

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
By nature:		
Labor cost	**2,823**	2,598
Amortization and depreciation	**120**	235
Consulting and other service expenses	**972**	397
Office and other supplies	**65**	139
Advertising and promotion	**14**	61
Travel and transportation	**347**	195
Taxes other than income tax	**5,954**	1,111
Operating lease expense	**811**	723
Insurance expense	**1,750**	4,288
Others	**769**	1,798
	13,625	11,545

15. FINANCIAL INCOME/(EXPENSE)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Finance income		
— Interest income	**139**	202
Total finance income	**139**	202
Finance expenses		
— Interest expense on borrowings wholly repayable within five years	**(30,264)**	(18,328)
— Interest expense on borrowings wholly repayable after five years	**(39,521)**	(39,433)
— Bank charges	**(1,079)**	(271)
— Accretion of interest on provision for remediation and restoration *(Note 9)*	**(1,751)**	(1,745)
	(72,615)	(59,777)
Less: amounts capitalised into construction-in-progress *(Note 4)*	**14,893**	50,947
Total finance expenses	**(57,722)**	(8,830)

16. INCOME TAX BENEFIT

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current income tax	**(34)**	(8)
Deferred income tax	**33,172**	2,778
	33,138	2,770

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

Subsidiaries incorporated in Peru are subject to corporate income tax at a rate of 32% during the six-month period ended 30 June 2016 (six months ended 30 June 2015: 32%), pursuant to the Stability Agreement signed with the MEM that stabilizes their income tax rates at 32%, taking effect on 1 January 2014. Our subsidiary in China is subject to corporate income tax at a rate of 25%.

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
(Loss)/profit before income tax	**(79,181)**	9,416
Tax benefit/(expense) calculated at the tax rates applicable to profit or loss in the respective countries	**25,338**	(3,013)
Non-deductible expenses	**(1,325)**	(1,422)
Benefit from recognized tax loss (unrecognized)	**8,423**	7,766
Others	**702**	(561)
Income tax benefit	**33,138**	2,770

17. (LOSS)/EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
(Loss)/profit attributable to equity holders of the Company (US$'000)	**(46,043)**	12,186
Weighted average number of ordinary shares in issue (thousands)	**11,817,782**	11,817,782
Basic (loss)/earnings per share (US$ per share)	**(0.0039)**	0.0010

(b) Diluted

Diluted (loss)/earnings per share for the six months ended 30 June 2016 and 2015 are the same as the basic (loss)/earnings per share, as there are no dilutive potential shares.

18. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2016 and 2015.

19. EVENT AFTER THE REPORTING PERIOD

Save as disclosed in Note 2 to the interim condensed consolidated financial statements, no other reportable events or transactions have taken place after the end of the reporting period.

20. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis is prepared as at 23 August 2016. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto of the Group for the six months ended 30 June 2016.

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 Perú 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 Republic of Peru. "JORC" refers to Australasian Joint Ore Reserves Committee. The "Director(s)" refers to director(s) of the Company. The "Board" refers to the board of Directors of the Company.

Overview

As being the unique mining asset operated by the Company up to now, the Toromocho Project 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 November 2012 (the "Competent Person's Report") as disclosed in the Prospectus, the proved and probable JORC-compliant reserves of the Toromocho Mine Unit 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 Mine Unit as at 30 June 2016. The resources measured and indicated was estimated using previous resource estimation report from Feasibility Study and depletion with the new reserves calculation.

JORC Ore Reserve Category	**Tonnes** *(millions)*	**Grade** **Copper** *(%)*	**Molybdenum** *(%)*	**Silver** *(grams/tonne)*	**Metal Content** **Copper** *(million tonnes)*	**Molybdenum** *(tonnes)*	**Silver** *(tonnes)*
Proved	673	0.510	0.020	6.41	3.43	136,645	4,311
Probable	784	0.434	0.018	7.31	3.40	141,000	5,700
Total	1,457	0.469	0.019	6.89	6.83	277,645	10,011

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

The Toromocho Mine Unit 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 Compañía 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.

In respect of the infrastructure used for the Toromocho Mine Unit, 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 Mine Unit, including copper concentrates and molybdenum oxide, and consumables used by the Toromocho Mine Unit 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 Mine Unit are stored before the shipment. The demand of water for the operation of the Toromocho Mine Unit is fulfilled as the Kingsmill Tunnel Water Treatment Plant, 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 Mine Unit 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

— Operation as of 30 June 2016

From January to June 2016, Toromocho Project achieved production of 378 thousand tonnes of copper concentrate with copper and silver content in concentrate reaching 73,801 tonnes and 2,330,404 ounces respectively.

As disclosed in the annual report of the Company for the year ended 31 December 2015, the Company estimates that the Toromocho Project will produce in 2016 approximately 764 thousand tonnes of copper concentrate with 182 thousand tonnes copper contained in the concentrates. However, due to the complexity and the high oxidation rate of the ores mined in the open slope mining area in 2016, the recovery rate have been affected and the estimates of production volume of copper concentrates may decrease. Based on the current operation of the Toromocho Project and the information currently known to the Company, the latest estimate for the yearly production of copper concentrates in 2016 is approximately 800–890 thousand tonnes with approximately 160–170 thousand tonnes copper contained.

Notwithstanding the above, the Company currently estimates that the long-term production of the Toromocho Project will not be materially affected.

After the comprehensive considerations in terms of grade of molybdenum in the ore, and current market price of molybdenum, etc., the Company will entrust a certain Chinese professional institute with high prestige to implement the test and research regarding the copper and molybdenum separation in year 2016, for the purpose of raising the grade of molybdenum in the concentrates. As of 30 June 2016, the molybdenum hydrometallurgical project has not started the production.

Set forth below is the highlights of the production as of 30 June 2016 and the corresponding estimations based on the Competent Person's Report.

Production	**Unit**	**As of 30 June 2016**	**Competent Person's Report**
Mined materials	thousand tonnes	49,009	95,000
Ore Milled	thousand tonnes	17,014	43,180
Copper in Concentrates	tonnes	73,801	218,383
Silver in Concentrates	Ounces	2,330,404	7,130,983

Production per unit cost	**Unit**	**As of 30 June 2016**	**Competent Person's Report**
Per tonne of material moved	US$	1.03	1.11
Per tonne of ores milled	US$	6.90	5.28

Part of the copper concentrate produced by the Toromocho Project in 2016 contained arsenic exceeding 0.5% (the "arsenic issue"). The Company will take further optimization measures to reduce the impact of the arsenic issue. Notwithstanding the above, the Company estimates that the arsenic issue will be mitigated in the next couple of 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 any 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 financed (i) from 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 (as disclosed in the announcement of the Company dated 17 June 2013), and (iii) debt financing (including but not limited to bank loans). Currently, the Company is continuing in its preparation of the Project Expansion, applying for the related permits from the Peruvian government and entrusting the Chinese professional engineering institute to optimize the basic engineering of the Project Expansion.

Resettlement

As of 30 June 2016, 879 or 95.5% 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 resettlement is expected to be completed by the end of 2016.

Ancillary developments

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 220kV power supply system was completed successfully. So far the power supply system has been operating satisfactorily up to the designated requirements.

In March 2016, the Company established a subsidiary in the PRC to engage in trading in copper concentrates. That subsidiary commenced trading around the end of July 2016.

Market Review

2016 is a year with multiple uncertain economic events. The overall commodities markets have attracted investors' attention and have improved in 2016.

The copper market was weak in Q1 and the price reached US$4,318 per tonne in February 2016, which was the yearly low so far. In March 2016, copper price rebounded together with most of other commodities, and reached the highest level of US$5,131 per tonne in the quarter. This rising trend was mainly triggered by worldwide economic stimulus as well as the delay of raising interest rates from the Federal Reserve of the United States (the "US Fed"). However, this optimistic trend did not last long, as the economic fundamentals still could not provide enough support for copper demand. The Copper price then moved within the range of US$4,600–US$5,000 per tonne, waiting for clearer market signals. The average price during the first half of 2016 was US$4,701 per tonne.

It was reported in July 2016 that China's copper imports in the first half of 2016 had a 22% jump when compared to the same period in 2015. It has showed that demand from China may provide certain support for copper price and therefore again brought the price back to around US$4,900 per tonne in 2016. In the medium and long term, the Group remains cautiously optimistic about the copper price.

Silver finally saw a turn-around after years of retreating. The silver price rose by more than 30% in 2016. It has reached the highest level of US$21.146 per ounce shortly after the United Kingdom's public referendum voting in favour of Brexit in the United Kingdom. As the world economy became more uncertain in 2016 with bigger downturn risks, safe investments such as gold and silver became more valuable. The US Fed's decision on rates will continue to have the biggest effect on silver price. Looking to the longer term, silver price should see a positive trend.

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. The total sales of copper concentrate were US$242.8 million for the six-month period ended 30 June 2016, as compared to US$81.3 million for the six-month period ended 30 June 2015. The cost of sales was US$231.8 million for the six-month period ended 30 June 2016, as compared to US$46.2 million for the six-month period ended 30 June 2015. The increase was primarily due to the fact that the sales incurred in the beginning of 2015 was mostly capitalized during the commissioning period and the sales incurred in June 2015 was included in profit or loss due to the commencement of commercial production, but such sales incurred in 2016 was entirely included in the profit or loss.

General and Administrative expenses

The Group's general and administrative expenses were approximately US$13.6 million for the six-month period ended 30 June 2016, as compared to approximately US$11.5 million for the six-month period ended 30 June 2015. The increase was primarily due to the fact that the taxes other than income tax incurred in the beginning of 2015 was mostly capitalized during the commissioning period in 2015 and such expense incurred in June 2015 was included in profit or loss due to the commencement of commercial production, but such expense incurred in 2016 was entirely included in the profit or loss.

Finance cost, net

The Group's net finance cost increased by approximately US$37.4 million, from approximately US$16.4 million for the six-month period ended 30 June 2015 to approximately US$53.8 million for the six-month period ended 30 June 2016, primarily due to the decrease of financial expense capitalized into construction-in-progress from US$50.9 million for the six months ended 30 June 2015 to US$14.9 million for the six months ended 30 June 2016.

Profit/(loss) before income tax

As a result of the foregoing, the Group has turned from profit-making to loss-making. The decrease was primarily due to the fact that the expense incurred in the beginning of 2015 was mostly capitalized during the commissioning period in 2015 and the expense incurred in June 2015 was included in profit or loss due to the commencement of commercial production, but such expense incurred in 2016 was mostly included in the profit or loss. The Group's profit before income tax changed from approximately US$9.4 million (profit) for the six-month period ended 30 June 2015 to approximately US$79.2 million (loss) for the six-month period ended 30 June 2016.

Income tax benefit

The Group's income tax benefit increased from approximately US$2.8 million for the six-month period ended 30 June 2015 to approximately US$33.1 million for the six-month period ended 30 June 2016. The increase was primarily due to the increase of tax benefit calculated at the tax rates applicable to losses (six-month period ended 30 June 2016: US$25.3 million (benefit); six-month period ended 30 June 2015: US$3.0 million (expense)).

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 changed from approximately US$12.2 million (profit) for the six-month period ended 30 June 2015 to approximately US$46.0 million (loss) for the six-month period ended 30 June 2016.

Liquidity and Financial resources

The principal sources of cash of the Group were borrowings from banks and other financial institutes 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 (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 short 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 Corporation (obtained in October and November 2015, respectively); and
- US$300 million short term loan facility from Santander Spain (obtained in March 2016).

The borrowings from the banks mentioned above mainly carry interests at floating rates. As of 30 June 2016, the Group had cash and cash equivalents of approximately US$53.5 million, which were mainly held in US$ and New Peruvian Soles. 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 maintain on-hand by forecasting 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 in relation to business expansion opportunities as they arise. For further details of the maturity profile and interest rate structure of the borrowings of the Group, please refer to Note 10 to the interim condensed consolidated financial statements of the Group.

Operating activities

Net cash used in operating activities for the six-month period ended 30 June 2016 was approximately US$76.2 million, which was primarily attributable to the (loss)/profit before income tax, the increase of depreciation and amortization, and the decrease in working capital.

Investing activities

Net cash used in investing activities for the six-month period ended 30 June 2016 was approximately US$129.0 million, which was primarily attributable to the Group's purchases of property, plant and equipment of approximately US$180.7 million, which we used for construction activities and purchase of fixed assets.

Financing activities

Net cash generated from financing activities for the six-month period ended 30 June 2016 was approximately US$131.5 million, which was mainly consisted of the proceeds from the Group's loans with its immediate holding company (US$170 million), Santander Spain (US$300 million) and the repayment of the loan with Eximbank (US$85 million), CDB (US$13 million), BBVA (US$20 million) and immediate holding company (US$220 million).

Capital Expenditure

The total capital and operating expenditure for the development of the Toromocho Project and the Project Expansion estimated and incurred as of 30 June 2016 are as follows:

(a) Set forth below is the Company's estimated total capital expenditure of the Toromocho Project based on the Competent Person's Report and the expenditure incurred as of 30 June 2016:

	Competent Person's Report *(US$ in millions)*	**Costs incurred as of 30 June 2016** *(US$ in millions)*
Toromocho 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 ("capex") of process plant and infrastructure ran 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 approval to start, and the acquisition of concessions from Pan American Silver has not been completed.

(iv) The total capital expenditure did 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 30 June 2016:

	Feasibility Study Report *(US$ in millions)*	Costs Incurred as of 30 June 2016 *(US$ in millions)*
Project Expansion		
Mining	115.19	74.47
Process Plant and Infrastructure	1,061.18	473.81
Owner's Cost	142.33	11.71
Total	1,318.70	559.99

(c) Other than the capital expenditure described above, there was an amount of US$57.02 million sustaining capital expenditure incurred for the six-month period ended 30 June 2016, of which the accumulated amount was US$280.22 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 six months ended 30 June 2016, 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 its gearing ratio. This ratio is calculated as net debt divided by total capital. The gearing ratio of the Group as of 30 June 2016 is as follows:

	As at 30 June 2016 (Unaudited) ***US$'000***	As at 31 December 2015 (Audited) *US$'000*
Total borrowings	**4,298,134**	4,160,258
Less: cash and cash equivalents	**(53,537)**	(122,111)
Net debt	**4,244,597**	4,038,147
Total equity	**629,862**	672,644
Total capital	**4,874,459**	4,710,791
Gearing ratio	**87%**	86%

The increase in the gearing ratio during the six-month period ended 30 June 2016 resulted primarily from the increase of the Group's borrowings and loans in recent period, which was mainly due to the funding for the development of commercial production of Toromocho Project.

Employee, remuneration and training policy

As of 30 June 2016, the Group had 1,573 employees in total (31 December 2015: 1,596).

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.

There has been no material change to the Group's training scheme for employees as disclosed in the annual report of the Company for the year ended 31 December 2015.

Foreign Exchange Risk

The Group mainly operates in Peru with most of its transactions, which are mainly 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 used non-deliverable forward (NDF) to hedge its foreign exchange risk during the six-month period ended 30 June 2016.

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 six months ended 30 June 2016, 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 reporting period

Save as disclosed in Note 2 to the interim condensed consolidated financial statements of the Group, no other reportable events or transactions have taken place after the reporting period.

Prospect

The Company will continue its endeavours with improving the operation of the Toromocho Project to promote stable commercial production, as well as the steady implementation of the Project Expansion. Acting as the core platform of Chinalco for future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects out side China, the Company will continue to search for strategic opportunities in the global market.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing (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, which sum was originally intended to be applied in the manner disclosed in the Prospectus. As disclosed in the Prospectus, the Company intended to use approximately 30% of the Proceeds to pursue selective acquisitions of suitable non-ferrous and non-aluminum mining projects and development of such acquired projects. In light of the Company's decision to implement the Project Expansion (subject to any amendments and finalization of the details and the availability of funds) and due to the fact that there was no suitable acquisition that the Board had decided upon, the Board resolved on 17 June 2013 to re-allocate the above 30% of the Proceeds from the initial intended use for the acquisitions of suitable non-ferrous and non-aluminum mining projects to the Project Expansion. Details of the change in use of the Proceeds are 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 the date of this announcement, part of the Proceeds have been applied as follows:

(i) the Company repaid US$103 million of the borrowings from Aluminum Corporation of China Overseas Holdings Limited on 28 February 2013;

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

(iii) the Group has 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 requirement.

INTERIM DIVIDEND

The Board has not declared any interim dividend for the six-month period ended 30 June 2016.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. For the six-month period ended 30 June 2016, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry to all Directors, and all Directors have confirmed that, for the six months ended 30 June 2016, they were in compliance with the required standard as set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed together with management the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016. The Audit Committee has also reviewed the effectiveness of the financial control, internal control and risk management systems of the Company.

The interim results of the Group for the six months ended 30 June 2016 are unaudited, but have been reviewed by Ernst & Young in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

PUBLICATION OF THE INTERIM RESULTS AND 2016 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinalco-cmc.com), and the 2016 interim 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, 23 August 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. Gao Lidong, 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.