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

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

(Stock Code: 1258)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Financial Highlights of the Group

In the first half of 2016, the Group recorded revenue of US$630.3 million, representing a decrease of 6.9% from US$676.9 million in the first half of 2015.

In the first half of 2016, the Group recorded net profit of US$17.4 million, representing an increase of 18.4% from US$14.7 million in the first half of 2015.

In the first half of 2016, the Group recorded profit attributable to owners of US$6.71 million, representing an increase of 545.19% from US$1.04 million in the first half of 2015

In the first half of 2016, basic earnings per share attributable to owners of the Group was approximately US¢0.19, representing an increase of approximately 533.33% from US¢0.03 in the first half of 2015.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016.

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of China Nonferrous Mining Corporation Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016, together with comparative financial information for the corresponding period in 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2016	2015
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	3	**630,320**	676,937
Cost of sales		**(565,571)**	(597,767)
Gross profit		**64,749**	79,170
Other income		**3,466**	2,214
Distribution and selling expenses		**(12,432)**	(6,254)
Administrative expenses		**(22,110)**	(26,306)
Finance costs	5	**(10,765)**	(10,156)
Other expenses		**(7,469)**	–
Other gains and losses	6	**7,234**	(20,040)
Profit before tax		**22,673**	18,628
Income tax expense	7	**(5,247)**	(3,887)
Profit and total comprehensive income for the period	8	**17,426**	14,741
Profit and total comprehensive income attributable to:			
Owners of the Company		**6,711**	1,044
Non-controlling interests		**10,715**	13,697
		17,426	14,741
Earnings per share	10		
– Basic *(US cent per share)*		**0.19**	0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2016 US$'000 (Unaudited)	At 31 December 2015 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**916,872**	906,353
Mining right		**11,000**	11,000
Interest in an associate		**2,143**	2,143
Finance lease receivables		**–**	1,024
Other assets		**12,387**	11,377
Restricted bank balances		**6,482**	6,482
Deferred tax assets		**60,768**	55,812
		1,009,652	994,191
CURRENT ASSETS			
Inventories	12	**262,452**	306,380
Finance lease receivables		**3,066**	6,661
Trade receivables	13	**149,202**	115,312
Prepayments and other receivables	14	**143,003**	110,974
Restricted bank balances		**6,468**	6,146
Bank deposits		**1,508**	69,357
Bank balances and cash		**727,300**	560,246
		1,292,999	1,175,076
CURRENT LIABILITIES			
Trade payables	15	**222,133**	158,136
Other payables and accrued expenses	16	**49,197**	72,081
Income tax payable		**19,602**	17,765
Bank and other borrowings – due within one year	17	**61,000**	362,505
Derivatives, at fair value		**241**	182
Bank overdrafts, unsecured		**559**	–
		352,732	610,669
NET CURRENT ASSETS		**940,267**	564,407
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,949,919**	1,558,598

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	**At 30 June 2016**	At 31 December 2015
		US$'000	*US$'000*
		(Unaudited)	(Audited)
CAPITAL AND RESERVES			
Share capital		**613,233**	613,233
Retained profits		**26,293**	19,582
Equity attributable to owners of the Company		**639,526**	632,815
Non-controlling interests		**165,371**	154,656
TOTAL EQUITY		**804,897**	787,471
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	17	**1,062,967**	691,967
Deferred income		**17,143**	18,547
Provision for restoration, rehabilitation and environmental costs		**21,310**	20,544
Deferred tax liabilities		**43,602**	40,069
		1,145,022	771,127
		1,949,919	1,558,598

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital *US$'000*	**Retained profits** *US$'000*	**Sub-total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
Six months ended 30 June 2016					
At 1 January 2016 (Audited)	**613,233**	**19,582**	**632,815**	**154,656**	**787,471**
Profit and total comprehensive income for the period	**–**	**6,711**	**6,711**	**10,715**	**17,426**
At 30 June 2016 (Unaudited)	**613,233**	**26,293**	**639,526**	**165,371**	**804,897**
Six months ended 30 June 2015					
At 1 January 2015 (Audited)	613,233	309,358	922,591	200,263	1,122,854
Profit and total comprehensive income for the period	–	1,044	1,044	13,697	14,741
Dividend declared	–	(9,874)	(9,874)	–	(9,874)
At 30 June 2015 (Unaudited)	613,233	300,528	913,761	213,960	1,127,721

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**116,742**	221,130
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**14,979**	(42,049)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**34,335**	(125,095)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**166,056**	53,986
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**560,246**	501,145
Effect of foreign exchange rate changes	**439**	(6,850)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Represented by:		
Bank balances and cash	**727,300**	548,281
Bank overdrafts	**(559)**	–
	726,741	548,281

NOTES:

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as are required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

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

Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*

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

3. REVENUE

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

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Blister copper	**457,408**	531,813
Copper cathodes	**157,617**	125,663
Sulfuric acid	**15,295**	19,461
	630,320	676,937

4. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

	Leaching *US$'000* **(Unaudited)**	**Smelting** *US$'000* **(Unaudited)**	**Consolidated** *US$'000* **(Unaudited)**
For the six months ended 30 June 2016			
Revenue from external customers	**157,617**	**472,703**	**630,320**
Inter-segment sales	**–**	**10,568**	**10,568**
Total segment revenue	**157,617**	**483,271**	**640,888**
Elimination			**(10,568)**
Revenue for the period			**630,320**
Segment profit	**11,011**	**8,752**	**19,763**
Unallocated income			**473**
Unallocated expenses			**(2,810)**
Profit for the period			**17,426**

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

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

Segment assets and liabilities

	At 30 June 2016	At 31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Segment assets		
– Leaching	**743,163**	739,118
– Smelting	**1,297,984**	1,214,085
Total segment assets	**2,041,147**	1,953,203
Unallocated assets	**274,227**	237,015
Elimination	**(12,723)**	(20,951)
Consolidated total assets	**2,302,651**	2,169,267
Segment liabilities		
– Leaching	**676,153**	576,500
– Smelting	**673,520**	552,335
Total segment liabilities	**1,349,673**	1,128,835
Unallocated liabilities	**160,804**	273,912
Elimination	**(12,723)**	(20,951)
Consolidated total liabilities	**1,497,754**	1,381,796

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

Geographical information

The Group's operations are mainly in Zambia and Democratic Republic of Congo ("DRC") and US$829,017,000 (31 December 2015: US$814,095,000) and US$113,385,000 (31 December 2015: US$116,778,000) of its non-current assets other than financial instruments and deferred tax assets are located in Zambia and DRC, respectively.

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

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
PRC	**516,209**	412,940
Australia	**–**	107,856
Switzerland	**62,734**	85,779
Africa	**11,636**	19,388
Singapore	**7,481**	31,776
Luxemburg	**32,260**	19,198
	630,320	676,937

5. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**15,731**	11,933
Unwinding of discount	**212**	200
	15,943	12,133
Less: Amount capitalised in the cost of qualifying assets	**(5,178)**	(1,977)
	10,765	10,156

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Foreign exchange gain/(losses), net	**6,082**	(19,556)
(Loss)/Gain on disposal of property, plant and equipment, net	**(9)**	18
Gain arising on change in fair value of derivatives	**1,335**	1,583
Reversal of impairment losses on trade receivables	**461**	–
Others	**(635)**	(2,085)
	7,234	(20,040)

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income Tax in Zambia	**3,375**	7,807
Income Tax in DRC	**6,820**	3,627
Income Tax in Ireland	**20**	–
	10,215	11,434
Deferred tax	**(4,968)**	(7,547)
Total income tax expense	**5,247**	3,887

Pursuant to "Income Tax (Amendment) Act, 2015" enacted by the Parliament of Zambia on 14 August 2015 (the "Act"), with effect from 1 July 2015, the applicable tax rate on the assessable income from smelting and leaching operations of the Company's subsidiaries, Chambishi Copper Smelter Limited ("CCS") and Sino-Metal Leach Zambia Limited ("SML") is 35% (six months ended 30 June 2015: 30%), whereas the mining operations of the Company's subsidiaries, NFC Africa Mining PLC ("NFCA") and CNMC Luanshya Copper Mines PLC ("Luanshya") are subject to a variable tax rate ranges from 30% to 45% (six months ended 30 June 2015: zero).

Income Tax in The Republic of Ireland ("Ireland") is calculated at 12.5% (six months ended 30 June 2015: 12.5%) on the estimated assessable income.

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

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**45,182**	56,767
Staff costs:		
Salaries, wages and welfare (including directors' remuneration)	**30,580**	40,809
Retirement benefit schemes contributions	**3,390**	4,714
Total staff costs	**33,970**	45,523
Less: amounts included in construction in progress	**(1,177)**	(765)
	32,793	44,758
Cost of inventories recognised as an expense	**565,571**	597,767
Minimum lease payments in respect of land and buildings	**3,099**	3,169

Note: The Baluba Center Mine of Luanshya has been suspended since 8 September 2015 as a result of the force majeure event that Zambia has reduced the power supply. The operating expenses incurred during the current interim period in relation to the mine amounting to US$7,469,000 (six months ended 30 June 2015: nil) was recognised in other expenses.

9. DIVIDENDS

During the current interim period, no dividend was declared or proposed (six months ended 30 June 2015: US¢0.28 per share in respect of the year ended 31 December 2014 in total of approximately US$9,874,000).

The directors of the Company (the "Directors") has determined that no dividend will be paid in respect of the interim period.

10. EARNINGS PER SHARE

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**6,711**	1,044
Number of shares for the purpose of basic earnings per share *(in '000)*	**3,489,036**	3,489,036

During the six month periods ended 30 June 2016 and 2015, there was no potential ordinary share outstanding.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US$57,140,000 (six months ended 30 June 2015: US$57,153,000 (unaudited)).

12. INVENTORIES

	At 30 June	At 31 December
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Raw materials	**139,852**	154,398
Spare parts and consumables	**81,442**	84,713
Work in progress	**31,098**	53,539
Finished goods	**10,060**	13,730
	262,452	306,380

13. TRADE RECEIVABLES

	At 30 June 2016 US$'000 (Unaudited)	At 31 December 2015 US$'000 (Audited)
Trade receivables	**149,337**	115,908
Less: Allowance for doubtful debts	**(135)**	(596)
	149,202	115,312

The following is an aged analysis of trade receivables, presented based on the invoice dates, net of allowance for doubtful debts:

	At 30 June 2016 US$'000 (Unaudited)	At 31 December 2015 US$'000 (Audited)
0 to 30 days	**83,765**	92,779
31 to 90 days	**62,991**	19,221
91 to 180 days	**202**	60
181 to 365 days	**2,104**	55
1–2 years	**140**	3,197
	149,202	115,312

The Group sells blister copper and copper cathodes under provisional pricing arrangements where final grades of copper, gold and silver in copper products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenues are recognised when title and risk pass to the customer using past history of grades of copper, gold and silver in copper products based on internal examination statistics and forward prices for the expected date of final settlement.

Revenue on provisionally priced sales resulted in the revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative which included in the Group's trade receivables amounting to US$2,339,000 (a liability) as at 30 June 2016 (31 December 2015: US$4,815,000 (a liability)).

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

	At 30 June 2016 ***US$'000*** **(Unaudited)**	At 31 December 2015 *US$'000* (Audited)
Fellow subsidiaries		
Subsidiaries of a non-controlling	**109,555**	70,642
shareholder of a subsidiary	**22,991**	35,200
	132,546	105,842

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

14. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2016 ***US$'000*** **(Unaudited)**	At 31 December 2015 *US$'000* (Audited)
Prepayments for inventories and others	**30,885**	33,724
VAT receivables	**94,836**	64,793
Deposits for futures margin accounts	**11,274**	7,680
Other receivables	**6,008**	4,777
	143,003	110,974

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

	At 30 June 2016 ***US$'000*** **(Unaudited)**	At 31 December 2015 *US$'000* (Audited)
China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC")	**61**	41
Fellow subsidiaries	**1,639**	2,599
A subsidiary of a non-controlling shareholder of a subsidiary	**13,234**	15,544
An associate	**1,610**	1,610
	16,544	19,794

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

15. TRADE PAYABLES

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

	At 30 June 2016 *US$'000* (Unaudited)	At 31 December 2015 *US$'000* (Audited)
0 to 30 days	**134,836**	91,006
31 to 90 days	**11,546**	16,012
91 to 180 days	**11,607**	20,687
181 to 365 days	**39,621**	11,494
1–2 years	**20,512**	18,937
2–3 years	**4,011**	–
	222,133	158,136

The average credit period on purchases of certain goods is within 3 months and most payables are paid within the credit timeframe.

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

	At 30 June 2016 *US$'000* (Unaudited)	At 31 December 2015 *US$'000* (Audited)
Fellow subsidiaries	**47,846**	38,096

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

16. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2016	At 31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Receipts in advance from customers	**3,496**	5,223
Payables for property, plant and equipment	**4,444**	8,900
Dividend payable to a shareholder	**–**	7,358
Dividend payable to a non-controlling shareholder	**–**	12,000
Other tax payables	**15,287**	13,595
Accrued and other payables	**25,970**	25,005
	49,197	72,081

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

	At 30 June 2016	At 31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
CNMC	**384**	1,888
Fellow subsidiaries	**3,834**	4,133
A non-controlling shareholder of a subsidiary	**3,229**	2,877
Dividend payable to a non-controlling shareholder of a subsidiary	**–**	12,000
An associate	**2,143**	2,143
	9,580	23,041

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

17. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to approximately US$375,000,000 (six months ended 30 June 2015: US$195,000,000), and repaid bank and other borrowings amounting to approximately US$305,505,000 (six months ended 30 June 2015: US$287,000,000).

The Group's borrowings included a loan from CNMC of US$1,077,000 (31 December 2015: US$1,077,000) which is unsecured and bears interest at rate varies based on benchmark interest rate published by the People's Bank of China of 3.3% per annum (six months ended 30 June 2015: nil) and loans of US$300,000,000 (31 December 2015: nil) from a fellow subsidiary which are unsecured and bear interest at a rate of 4% per annum.

As at 31 December 2015, the Group's borrowings included a loan from a non-controlling shareholder of a subsidiary of US$22,605,000, which was repaid in March 2016.

As at 31 December 2015, in respect of bank loans with a carrying amount of US$70,000,000 (shown under current liabilities as at 31 December 2015), the Group cannot meet the certain term of the bank loan, which is primarily related to consolidated tangible net worth. During the current interim period, the Group has obtained waiver letters from relevant banks to ensure they will not call for immediate repayment of the relevant loans.

During the current interim period, in respect of the above mentioned bank loans, the Group has repaid US$13,000,000 according to the repayment schedule, regarding the remaining carrying amount of US$57,000,000 (shown under current liabilities), the Group was not able to meet certain term of the bank loans, which is primarily related to consolidated tangible net worth as at 30 June 2016. On discovery of it, the Directors informed the lenders and commenced a renegotiation of the terms of the loans with the relevant banks. Up to the date of approval for issuance of these condensed consolidated financial statements, the negotiation is still in the progress. The Directors are confident that their negotiation with the lenders will ultimately reach a successful conclusion. In any event, should the lenders call for immediate repayment of the loans, the Directors believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
30 June 2016 (unaudited)				
Copper future contracts *(note)*	–	(241)	–	(241)
Embedded derivatives arising from sales under provisional pricing arrangement *(note)*	–	(2,339)	–	(2,339)
31 December 2015 (audited)				
Copper future contracts *(note)*	–	(182)	–	(182)
Embedded derivatives arising from sales under provisional pricing arrangement *(note)*	–	(4,815)	–	(4,815)

Note: Calculated using discounted cash flow. Future cash flows are estimated based on the expected redemption amount that are discounted at a rate that reflects the credit risk of the counterparty.

There were no transfers between Level 1 and 2 in the period.

Except as detailed above, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

19. OPERATING LEASE – THE GROUP AS LESSEE

At the end of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease in respect of buildings and properties of CNMC and a fellow subsidiary in the PRC and Zambia for general and ancillary purposes which fall due as follows:

	At 30 June 2016	At 31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within one year	**5,532**	5,624
In the second to fifth years inclusive	**–**	2,743
	5,532	8,367

20. CAPITAL COMMITMENTS

	At 30 June 2016	At 31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**250,555**	280,548

21. RELATED PARTY TRANSACTIONS

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

(1) Transactions with CNMC and its subsidiaries

	Notes	**Related parties**	**For the six months ended 30 June** **2016** ***US$'000*** **(Unaudited)**	2015 *US$'000* (Unaudited)
Sales of:				
– Blister copper	(i)	Fellow subsidiaries	**341,854**	350,651
– Copper cathodes	(i)	Fellow subsidiaries	**104,818**	92,636
– Other materials	(i)	Fellow subsidiaries	**54**	105
Finance income earned under finance leases	(i)(ii)	A fellow subsidiary	**191**	277
Purchases of:				
– Plant and equipment	(i)	Fellow subsidiaries	**2,645**	3,949
– Materials	(i)	Fellow subsidiaries	**7,982**	6,604
– Services	(i)	Fellow subsidiaries	**23,516**	29,520
- Electricity	(i)	Fellow subsidiaries	**7,261**	7,323
- Freight and transportation	(i)	A fellow subsidiary	**326**	730
Rental expenses	(i)	CNMC and a fellow subsidiary	**2,976**	2,506
Guarantee fees	(i)	CNMC	**819**	1,837
Interest expenses	(i)	CNMC and a fellow subsidiary	**927**	–

Notes:

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

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

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

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

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

(2) Transactions with non-controlling shareholders of subsidiaries and their subsidiaries

			For the six months ended 30 June	
			2016	2015
			US$'000	*US$'000*
	Notes	**Related parties**	**(Unaudited)**	(Unaudited)
Sales of:				
– Blister copper	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**69,537**	107,670
Purchases of:				
– Materials	(i)	A subsidiary of a non-controlling shareholder of a subsidiary	**6,342**	5,016
Interest expenses	(ii)	A non-controlling shareholder of a subsidiary	**417**	897

Notes:

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

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

(3) Government-related entity operated in the PRC

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

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

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

	For the six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salary, bonus and other allowance	**379**	332
Retirement benefit schemes contributions	**26**	17
	405	349

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2016, facing the slow recovery of the global economy and a weak market demand for base metals, the Group overcame challenges from, inter alia, insufficient electricity supply, increase in electricity cost and declining demand for sulfuric acid supply while insisting on accelerating development and paying effort to increase revenue and reduce cost. Business development remained steady.

During the reporting period, the production volume of blister copper, copper cathode and sulfuric acid , the main products of the Group, all increased. As affected by the year-on-year decrease in the prices of copper and sulfuric acid, the revenue decreased by 6.9% to US$630.3 million over the same period last year. Profit attributable to owners of the Company amounted to US$6.71 million, representing an increase of 545.19% over the same period last year, which was mainly attributable to factors including the decrease in depreciation charges as a result of provision of a large amount of fixed assets impairment in the end of 2015, increase in exchange gains and better control of production costs.

At the same time, Mwambashi Strip Mine Project and High Grade Cobalt Matte Metallurgy Project of CCS were completed and reached the targeted output. In addition, the Integrating Exploration and Construction Project of the Chambishi Southeast Mine is under large-scale construction, which will lay solid foundation for the Group's further development of business.

Business Review

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

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

From January to June 2016, blister copper produced by the Group amounted to 105,391 tonnes, representing an increase of 5.2% over the same period last year; copper cathode amounted to 35,888 tonnes, representing an increase of 13.4% over the same period last year; and sulfuric acid generated amounted to 260,848 tonnes, representing an increase of 0.4% over the same period last year. Revenue of the Group decreased by 6.9% from US$676.9 million for the first half of 2015 to US$630.3 million for the first half of 2016.

Production overview

NFCA

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

In the first half of 2016, copper contained in concentrate produced by the Chambishi Main Mine and Chambishi West Mine amounted to 12,398 tonnes, representing a decrease of 2.2% over the same period last year. This was primarily due to the insufficient electricity supply in Zambia.

Luanshya

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

Baluba Center Mine continued to be under maintenance and suspension of production in the first half of 2016 due to low copper price and inadequate electricity supply.

The Muliashi Project produced 16,677 tonnes of copper cathode in the first half of 2016, representing an increase of 4.8% over the same period last year. The increase was mainly attributable to the increase of heap leaching, leading to continuous improvement in the output capacity of the system.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2016, blister copper and sulfuric acid produced by CCS amounted to 105,391 tonnes and 260,848 tonnes, respectively, representing increases of 5.2% and 0.4%, respectively, over the same period last year. It was mainly attributable to released production capacity and strengthened management for Phase II expansion project.

SML

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

Copper cathode produced by SML in the first half of 2016 increased by 22.0% to 19,211 tonnes as compared to the same period last year, primarily attributable to the copper cathode of 10,901 tonnes produced by the CNMC Huachin Mabende, representing a year-on-year increase of 37.0%. Copper cathode produced by Chambishi Leach Plant increased by 42.8% to 2,284 tonnes as compared to the same period last year. Copper cathode produced by Huachin Leach decreased by 2.6% to 6,026 tonnes as compared to the same period last year. In particular, the increase in production of Chambishi Leach Plant was mainly due to improved supply of raw materials and the increase in production of CNMC Huachin Mabende was due to the sustained release of production capacity while the decrease in production of Huachin Leach was mainly due to lowered grade of raw materials this year.

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

	Production volume for the first half of 2016 (1) ***(Tonnes)***	Production volume for the first half of 2015 (1) *(Tonnes)*	Period-to-period growth *(%)*
Copper concentrate(2)	**12,904**	20,666	-37.6%
Blister copper	**105,391**	100,228	5.2%
Copper cathode	**35,888**	31,661	13.4%
Sulfuric acid	**260,848**	259,711	0.4%

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

(2) The production of copper concentrates decreased considerably on a year-on-year basis, mainly due to suspension of production of Baluba Mine since September in 2015 (reasons for which are set out above).

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Expenses of exploration, development and mining activities of the Group for the six months ended 30 June 2016 are set out below:

	NFCA			Luanshya			SML	
Unit: Million US dollars	Chambishi Main Mine	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Mine Sulfide	Muliashi North Mine	Muliashi South Mine	Mwambashi Mine	Total
Exploration activities								
Drilling and analysis	0.15	0.48	0.55	–	–	–	0.33	1.51
Sub-total	**0.15**	**0.48**	**0.55**	**–**	**–**	**–**	**0.33**	**1.51**
Development activities (including mine construction)								
Purchases of assets and equipment	–	2.22	1.84	–	0.82	–	–	4.88
Civil work for construction of tunnels and roads	0.04	0.13	20.24	–	0.43	0.07	0.05	20.96
Staff Cost	–	–	–	–	–	–	–	
Other	–	–	10.66	–	4.33	0.43	–	15.42
Sub-total	**0.04**	**2.35**	**32.74**	**–**	**5.58**	**0.50**	**0.05**	**41.26**
Mining activities (excluding ore processing)								
Staff cost	0.49	1.17	–	–	0.13	–	0.05	1.84
Consumables	0.37	0.90	–	–	0.47	0.02	–	1.76
Fuel, electricity, water and other services	1.52	3.64	–	–	–	–	–	5.16
Non–income taxes, royalties and other governmental charges	–	–	–	–	5.66	1.05	–	6.71
Others	0.88	2.12	–	–	–	–	0.22	3.22
Sub-contracting charges	8.33	19.96	–	–	17.71	0.15	3.03	49.18
Depreciation	1.32	1.36	–	–	14.55	2.98	1.98	22.19
Sub-total	**12.91**	**29.15**	**–**	**–**	**38.52**	**4.20**	**5.28**	**90.06**

PROJECTS IN PROGRESS

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project under development is one of the key development mine projects of the Company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in concentrate of approximately 63,000 tonnes per annum. The aggregate project investments amounted to US$830.0 million, among which, an accumulated investment of a total of US$290.1 million had been completed as at the end of June 2016. In the first half of 2016, the main shaft, auxiliary shaft, south wind shaft and north wind shaft were drilled to the deepest. The construction works are scheduled to be completed in the third quarter of 2018.

CCS

The High Grade Cobalt Matte Metallurgy Project

The project has a scale of processing 50,000 tonnes of high grade cobalt matte per annum and an annual output of 34,700 tonnes of copper concentrate (which contains 39.07% copper). The project commenced on 6 April 2015 and was put into trial production on 30 May 2016. It is expected to complete and commence formal production in September 2016. The aggregate project investments amounted to US$32.64 million, among which, an accumulated investment of US$8.93 million in total had been completed as at the end of June 2016.

SML

Mwambashi Strip Mine project

The project comprises a strip mine with designed capacity of 600,000 tonnes of ores per annum and a process plant with a capacity of 2,000 tonnes per day. The construction commenced in September 2013 with an expected construction period of one year. The construction period was longer than planned due to water inflow. Since May 2015, the production was transformed to parallel arrangement of stripping and mining. Upon approval by the Board of the Company in April 2016, the proposal of construction of a process plant with a capacity of 2,000 tonnes per day was changed to expansion of the current process plant from the then capacity of 1,000 tonnes per day to a capacity of 2,000 tonnes per day, and the construction of ancillary facilities in the proposal of newly construction of a process plant was canceled. As at 30 June 2016, all of the construction works had been completed and the project had formally put into production. The total investment amount for the project is US$57.39 million after the change of plan. The total amount invested by the end of June 2016 amounted to US$38.24 million.

FINANCIAL REVIEW

Results of Operations

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

	For the six months ended 30 June							
	2016				2015			
	Sales Volume [(1)]	**Average Selling Price**	**Revenue**	**% of Total Revenue**	Sales Volume [(1)]	Average Selling Price	Revenue	% of Total Revenue
	(Tonnes)	***(US$ per tonne)***	***(US$'000)***	***(%)***	*(Tonnes)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper	**105,026**	**4,355**	**457,408**	**72.6**	99,633	5,338	531,813	78.5
Copper cathode	**37,478**	**4,206**	**157,617**	**25.0**	26,225	4,792	125,663	18.6
Sulfuric acid	**135,009**	**113**	**15,295**	**2.4**	148,641	131	19,461	2.9
Total	**277,513**		**630,320**	**100.0**	274,499		676,937	100.0

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

Revenue

The revenue of the Group decreased by 6.9% from US$676.9 million in the first half of 2015 to US$630.3 million in the first half of 2016, primarily attributable to the decrease in global copper prices and decrease in selling price of sulfuric acid.

The revenue of blister copper decreased by 14.0% from US$531.8 million in the first half of 2015 to US$457.4 million in the first half of 2016, primarily due to the decrease in copper price, partially offset by the increase in sales volume of blister copper as compared to the first half of last year.

The revenue of copper cathode increased by 25.4% from US$125.7 million in the first half of 2015 to US$157.6 million in the first half of 2016, mainly attributable to the increase of 42.9% in the sales volume of copper cathode, partially offset by the decrease in average selling price of copper cathode.

The revenue of sulfuric acid decreased by 21.5% from US$19.5 million in the first half of 2015 to US$15.3 million in the same period of 2016, primarily attributable to the decrease in demands for sulfuric acid from leaching as a result of insufficient supply of electricity, leading to a decrease of 9.2% in sales volume outside the Group and a decrease of 13.7% in the average selling price of sulfuric acid.

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

	For the six months ended 30 June							
	2016				2015			
	Cost of Sales	**Unit Cost of Sales**	**Gross Profit**	**Gross Profit Margin**	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin
	(US'000)	***(US$ per tonne)***	***(US'000)***	***(%)***	*(US'000)*	*(US$ per tonne)*	*(US'000)*	*(%)*
Blister copper	**427,449**	**4,070**	**29,959**	**6.6**	495,349	4,972	36,464	6.9
Copper cathode	**131,668**	**3,513**	**25,949**	**16.5**	98,640	3,761	27,023	21.5
Sulfuric acid	**6,454**	**48**	**8,841**	**57.8**	3,778	25	15,683	80.6
Total	**565,571**		**64,749**	**10.3**	597,767		79,170	11.7

Cost of sales

The cost of sales of the Group in the first half of 2016 decreased by 5.4% to US$565.6 million from US$597.8 million in the first half of 2015, primarily due to the fact that the decrease in global copper prices and better controlled production costs for the Company.

The cost of sales of blister copper decreased by 13.7% from US$495.3 million in the first half of 2015 to US$427.4 million in the first half of 2016, primarily due to the decrease in the costs of copper concentrates resulting from the decrease in global copper prices.

The cost of sales of copper cathode increased by 33.5% from US$98.6 million in the first half of 2015 to US$131.7 million in the first half of 2016, primarily due to the increase of 42.9% in sales volume of copper cathode.

The cost of sales of sulfuric acid increased by 71.1% from US$3.8 million in the first half of 2015 to US$6.5 million in the first half of 2016, primarily due to the increase in electricity tariff.

Gross profit and gross profit margin

The Group recorded a gross profit of US$64.7 million in the first half of 2016, representing a decrease of 18.3% from US$79.2 million in the same period of 2015. The gross profit margin decreased from 11.7% in the first half of 2015 to 10.3% in the first half of 2016.

Distribution and selling expenses

The distribution and selling expenses of the Group increased by 96.8% from US$6.3 million in the first half of 2015 to US$12.4 million in the first half of 2016 primarily due to the substantial increase in freight caused by that the intensifying competitions in sulfuric acid market in Zambia, resulting in the sulfuric acid mainly sold to DRC in the current period.

Administrative expenses

The administrative expenses of the Group decreased by 16.0% from US$26.3 million in the first half of 2015 to US$22.1 million in the first half of 2016 primarily due to the depreciation of Zambia Kwacha ("ZMK") in the first half of 2016 as compared with the first half of 2015, resulting in the decrease in relevant expenses denominated in ZMK..

Finance costs

The finance costs of the Group increased by 5.9% from US$10.2 million in the first half of 2015 to US$10.8 million in the first half of 2016 primarily due to the expansion of the financing scale in the current period.

Other gains and losses

Other gains and losses of the Group changed from net losses of US$20.0 million in the first half of 2015 to gain of US$7.2 million in the first half of 2016, primarily due to the appreciation of ZMK in the current period, as compared to the depreciation of ZMK in the same period last year, resulting in a significant fluctuation in the amount of refundable value-added tax and monetary assets denominated in ZMK.

Income tax expense

The income tax expense of the Group increased by 33.3% from US$3.9 million in 2015 to US$5.2 million in the first half of 2016. Effective tax rate increased from 20.9% in the first half of 2015 to 23.1% in the first half of 2016, primarily due to the increase in assessable income of subsidiaries in DRC.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company significantly increased by 545.19% from US$1.04 million in the first half of 2015 to US$6.71 million in the first half of 2016.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

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

	For the six months ended 30 June	
	2016	2015
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**116,742**	221,130
Net cash generated from (used in) investing activities	**14,979**	(42,049)
Net cash generated from (used in) financing activities	**34,335**	(125,095)
Net increase in cash and cash equivalents	**166,056**	53,986
Cash and cash equivalents at beginning of the period	**560,246**	501,145
Effect of foreign exchange rate changes	**439**	(6,850)
Represented by:		
Bank balances and cash	**727,300**	548,281
Bank overdrafts	**(559)**	–
	726,741	548,281

Net cash flows generated from operating activities

Net cash flows generated from the operating activities of the Group decreased by US$104.4 million from US$221.1 million in the first half of 2015 to US$116.7 million in the first half of 2016, primarily attributable to the increase of accounts receivable during the period.

Net cash flows generated from (used in) investing activities

The net cash flow generated from investing activities of the Group was US$15.0 million in the first half of 2016, representing an increase of US$57.0 million as compared to the net cash flow used in investing activities of US$42.0 million in the same period of 2015, mainly attributable to receipt of time deposits upon maturity.

Net cash flows generated from (used in) financing activities

The net cash flow generated from financing activities of the Group was US$34.3 million in the first half of 2016, representing an increase of US$159.4 million as compared to the net cash flow used in financing activities of US$125.1 million in the same period of 2015, mainly attributable to the increase of loans for the period.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US$167.1 million from US$560.2 million as at 31 December 2015 to US$727.3 million as at 30 June 2016.

Trade receivables

Trade receivables of the Group increased by US$33.9 million from US$115.3 million as at 31 December 2015 to US$149.2 million as at 30 June 2016, primarily attributable to the increase in sales volume of blister copper.

Inventories

Inventories held by the Group decreased by US$43.9 million from US$306.4 million as at 31 December 2015 to US$262.5 million as at 30 June 2016, primarily due to the decrease in stocks of copper cathode.

Trade payables

Trade payables of the Group increased by US$64.0 million from US$158.1 million as at 31 December 2015 to US$222.1 million as at 30 June 2016, primarily due to the increase in balance of the copper concentrates purchase payables.

Capital expenditure

	For the six months ended 30 June	
	2016	2015
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Southeast Mine of NFCA	**24,945**	27,276
Other mining and ore processing facilities at NFCA	**10,946**	5,627
Mining and ore processing facilities at Luanshya (Baluba Center Mine)	**–**	6,537
Mining and leaching facilities at Luanshya (Muliashi Project)	**11,278**	5,970
Smelting facilities at CCS	**4,890**	5,896
Leaching facilities at Chambishi Leach Plant	**3,685**	4,171
Leaching facilities at CNMC Huachin Leach Project	**291**	59
Leaching facilities at Mabende Project	**3,825**	1,291
Total	**59,860**	56,827

The total capital expenditure of the Group increased by US$3.1 million from US$56.8 million in the first half of 2015 to US$59.9 million in the first half of 2016, primarily due to the increase in investments in the mining and ore processing facilities at NFCA and mining and leaching facilities at Luanshya (Muliashi Project).

MARKET RISK DISCLOSURE

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

Commodity price risk

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

Foreign currency exchange risk

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

Interest rate risk

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

Employee information

As of 30 June 2016, the Group employed a total of 6,009 employees (as at 30 June 2015: 6,904). The total cost of employees reflected in the condensed consolidated statement of profit or loss and other comprehensive income amounted to US$34.0 million (30 June 2015: US$44.8 million). The year-on-year decrease in the total cost of employees was primarily attributable to the depreciation of ZMK and the suspension and maintenance in Baluba Mine.

FUTURE PROSPECTS

In the first half of 2016, the slow recovery of the global economy, Brexit, China's less-than-expected economic growth and other factors further aggravated the market fears, the base metals market especially the copper price continued to drop. Looking into the second half of 2016, the global economy will be growing slowly while gradually overcoming difficulties. Although China's economic growth is slowing down, its economic size and the implementation of the 13th Five Year Plan will still enable China to play a role as the stabilizer and engine of the global economy. In the long run, raw commodity prices including copper price may rebound as the copper price has reached the cost lines of many enterprises after six years of decline.

To further enhance market competitiveness, the Group will continue to follow its own development strategy and put emphasis on the construction of key projects. The Group will expedite the exploitation in Chambishi Southeast Mine and focus on reaching standards and production targets for newly constructed projects including Mwambashi Strip Mine Project and High Grade Cobalt Matte Metallurgy Project, so as to enhance efficiency and provide new production sources for the Company.

The Group will endeavor to enhance quality and efficiency in order to improve performance of existing operations. The Group will conduct sound organization of the mining activities in Chambishi Main Mine and Chambishi West Mine; increase the technical level of CCS, SML, Huachin Leach and CNMC Huachin Mabende Leaching and Smelting, strengthen cost control, and improve the efficiency of production and operations.

The Group will continue to further increase its copper and cobalt reserve and resources by exploration, development as well as mergers and acquisitions, expand production capacity of leaching and smelting, promote internal reorganization, further optimize product mix and industrial structure, and enhance operational quality and scale.

In an effort to consistently follow the philosophy of "innovative, coordinated, green, open and shared" development, the Group will constantly improve the working environment, strengthen personnel training, ensure production safety and efficiency, and fulfill its corporate social responsibility, according to the requirements of the Environmental, Social and Governance Reporting Guide.

OTHER INFORMATION

General Information

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on the Stock Exchange of Hong Kong Limited. The Company's parent and ultimate holding company are China Nonferrous Mining Development Limited, incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC"), which is wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council and is incorporated in the People's Republic of China (the "PRC"), respectively.

The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal place of business is located at 32 Enos Chomba Road, Kitwe, Zambia.

The principal activity of the Company is investment holding. The Group's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and sulfuric acid. The condensed consolidated financial statements are presented in United States dollars ("US$"), which is also the functional currency of the Company and the Group.

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

As at 30 June 2016, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interest and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

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

As at 30 June 2016, interests or short positions which shall be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of any other members of the Group:

Long positions in Shares:

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

Note: China Nonferrous Mining Development Limited ("CNMD") is a wholly-owned subsidiary of CNMC and therefore, according to the SFO, CNMC is deemed or taken to be interested in all the Shares which are owned by CNMD.

Save as disclosed above, as at 30 June 2016, no other person had any interests or short positions in the Shares or underlying Shares of the Company which was required to be recorded in the register to section 336 of the SFO.

As at 30 June 2016, each of the following entities were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

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

Save as disclosed above, as at 30 June 2016, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had engaged in any business which competes or may compete directly or indirectly with the business of the Group for the six months ended 30 June 2016.

* *Translation of English terms for reference purpose only*

CORPORATE GOVERNANCE

Save as disclosed in the 2015 annual report of the Company, none of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, for any part of the six months ended 30 June 2016, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules.

As to the deviation from code provisions A.2.1 of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph C3 of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. Members of the Audit Committee are Mr. Diyong Yan, a non-executive Director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non-executive Directors. The Group's unaudited condensed financial statements for the six months ended 30 June 2016 have been reviewed by the Audit Committee, and were of the opinion that such unaudited condensed financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"). The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code throughout the six months ended 30 June 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of its listed securities throughout the six months ended 30 June 2016.

SUBSEQUENT EVENTS AFTER THE REPORTING PEIOD

Saved as disclosed in this announcement, there were no other significant events affecting the Company nor any of its subsidiaries after the reporting period as at 30 June 2016 requiring disclosure in this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.cnmcl.net) and the Stock Exchange (www.hkexnews.hk). The interim report for the six months ended 30 June 2016 which set out all information required under the Listing Rules, will be despatched to the shareholders and available on the above websites in due course.

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

Hong Kong, 30 August 2016

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