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)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 18 April 2017 and the circular of the Company dated 15 May 2017 in respect of the renewal of the continuing connected transactions under the 2017 Framework Agreements between the Company and (i) Yunnan Copper Group in relation to the sale of copper products; (ii) CNMC in relation to the sale of copper products; (iii) Mabende Mining in relation to the purchase of ores; and (iv) CNMC in relation to the comprehensive mutual supply of raw materials, products and services.

Proposed Revision of Annual Caps under the 2017 Yunnan Copper Supply Framework Agreement

Given that the copper price has rebounded significantly since the second half of 2017, the Directors expect that the existing annual caps under the 2017 Yunnan Copper Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Proposed Revision of Annual Caps under the 2017 CNMC Copper Supply Framework Agreement

The Company has taken into consideration the anticipated increase in the Group's production output brought about by its development and expansion projects (including but not limited to, the possible expansion of production scales of CNMC Huachin Mabende and Huachin Leach, the possible construction with respect of Kambove Mining and other possible expansion of the Group's business). In view of the shortage of copper supply in the PRC, the CNMC Group has been increasing its orders for the Group's products as the Group increased its production volume over the years. The Directors anticipate that with the Group's increased production output, the sales volume to the CNMC Group is likely to increase. Therefore, having factored in the expected increase in the production volume of the Group combined with the effects of the increase in copper price, the Directors expect that the existing annual caps under the 2017 CNMC Copper Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Proposed Revision of Annual Caps under the 2017 Huachin Ore Supply Framework Agreement

Oxidized ore is one of the raw materials required to produce copper. Therefore, the prices of oxidized ore and copper are correlated. Accordingly, the Company has considered the effect of the increased copper price on the oxidized ore price. Due to the increased copper price, the price for oxidized ore price is expected to increase to approximately US$2,000 per tonne. With the increase in production capacity of the Group, demands for ores increased accordingly. To continue to ensure a steady supply of ores for the operation of CNMC Huachin Mabende in the DRC, such that the business and commercial objectives of the Group can be achieved, the Directors expect that the existing annual caps under the 2017 Huachin Ore Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Proposed Revision of Annual Caps under the 2017 Mutual Supply Framework Agreement

Given that Kambove Mining is currently at the exploration stage and may start the infrastructure construction from 2018, the Company anticipates to increase its procurement of raw materials, products and services from the CNMC Group in order to satisfy the needs of Kambove Mining and the possible expansion of the Group's businesses. In addition, the proposed expansion of CNMC Huachin Mabende and Huachin Leach will lead to an increase of the Group's needs in procurement of raw materials, products and services from the CNMC Group. The Directors expect that with such increase, the existing annual caps for the procurement of raw materials, products and services from the CNMC Group under the 2017 Mutual Supply Framework Agreement will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Blister copper and sulphuric acid are the two major products of CCS and Lualaba Copper Smelter. Due to its unique physical and chemical properties, sulphuric acid cannot be stored for a prolonged period of time, and therefore must be sold continuously. To ensure the continuous and stable sales of sulphuric acid produced by the Company, the Company expects to increase its sales volume of sulphuric acid to NFC Metal to 110,000 tonnes (representing approximately US$13 million) in 2018; 216,000 tonnes (representing approximately US$32 million) in 2019 and 470,000 tonnes (representing approximately US$75 million) in 2020. NFC is a connected person of the Company which is controlled as to 33.75% by CNMC. It is also a consumer with large and stable consumption of sulphuric acid. NFC Metal is wholly-owned by NFC, thereby making NFC Metal a connected person of the Company. Cobalt is a by-product of NFCA, CCS, Lualaba Copper Smelter, Huachin Leach and Kambove Mining, though the production volume of cobalt is relatively small, cobalt price has increased significantly in the recent six months to more than US$90,000 per tonne. Together with the possible expansion of the Group's business, the Group expects that its cobalt production will increase to 800 tonnes in 2018, 7,050 tonnes in 2019 and 8,150 tonnes in 2020, respectively. The Directors expect that with such increase, the existing annual caps for the supply of raw materials, products and services to the CNMC Group under the 2017 Mutual Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

LISTING RULES IMPLICATIONS

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, CNMC is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As one or more of the applicable percentage ratios of the proposed revised annual caps in respect of the transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement exceed 5%, such transactions and the proposed revised annual caps for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Yunnan Copper Group owns an aggregate of 40% of the issued share capital of CCS and Lualaba Copper Smelter respectively, therefore Yunnan Copper Group is a connected person of the Company at the subsidiary level for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2017 Yunnan Copper Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As one or more of the applicable percentage ratios of the proposed revised annual caps in respect of the transactions contemplated under the 2017 Yunnan Copper Supply Framework Agreement exceed 5%, such transactions and the proposed revised annual caps for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the 2017 Yunnan Copper Supply Framework Agreement and the proposed revision of annual caps for such transactions and the independent non-executive Directors have confirmed that the terms of the transactions and the proposed revision of annual caps for such transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the ordinary course of business of the Group and the transactions are in the interests of the Company and its Shareholders as a whole, the transactions and the proposed revision of annual caps for such transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As Huachin Minerals is 70% owned by Mr. Ng Siu Kam, who holds the entire interest in Huachin SARL. As Huachin SARL holds 32.5% of Huachin Leach (a subsidiary of the Company), 35% of CNMC Huachin Mabende (a subsidiary of the Company) and 70% of Mabende Mining, Mabende Mining is a connected person of the Company at the subsidiary level for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2017 Huachin Ore Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As the highest of all the applicable percentage ratios of the proposed revised annual caps in respect of the transactions contemplated under the 2017 Huachin Ore Supply Framework Agreement exceeds 5%, such transactions and the proposed revised annual caps for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the 2017 Huachin Ore Supply Framework Agreement and the proposed revision of annual caps for such transactions and the independent non-executive Directors have confirmed that the terms of the transactions and the proposed revision of annual caps for such transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the ordinary course of business of the Group are the transactions are in the interests of the Company and its Shareholders as a whole, the transactions and the proposed revision of annual caps for such transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

APPROVAL BY INDEPENDENT SHAREHOLDERS

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company through CNMD, CNMD and its associates will abstain from voting in relation to the resolutions approving the proposed revision of annual caps of the transactions under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement at the AGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the proposed revision of annual caps of the transactions under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement, and First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same. A circular containing, amongst other things, further information on the proposed revision of annual caps of the transactions under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement, a letter from the Independent Board Committee, an opinion of First Shanghai Capital Limited, the Independent Financial Adviser, together with a notice to convene the AGM to approve the proposed revision of annual caps of the transactions under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement, is expected to be issued to the Shareholders on or around 15 May 2018.

BACKGROUND

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 DRC. The Group also produces cobalt and sulphuric acid.

Reference is made to the announcement of the Company dated 18 April 2017 and the circular of the Company dated 15 May 2017 each in respect of the renewal of the continuing connected transactions under the 2017 Framework Agreements between the Company and (i) Yunnan Copper Group in relation to the sale of copper products; (ii) CNMC in relation to the sale of copper products; (iii) Mabende Mining in relation to the purchase of ores; and (iv) CNMC in relation to the comprehensive mutual supply of raw materials, products and services.

On 18 April 2017, the Company (for itself and on behalf of its subsidiaries) entered into the 2017 Yunnan Copper Supply Framework Agreement with Yunnan Copper Group (for itself and on behalf of its subsidiaries), the 2017 Huachin Ore Supply Framework Agreement with Mabende Mining, the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement with CNMC (for itself and on behalf of its subsidiaries) respectively, in respect of transactions, the nature of which is similar to that of the transactions under the respective 2014 Yunnan Copper Supply Framework Agreement, 2014 Huachin Ore Supply Framework Agreement, 2014 CNMC Copper Supply Framework Agreement and 2014 Mutual Supply Framework Agreement. Each of the 2017 Framework Agreements is for a term of three years from 1 January 2018 to 31 December 2020.

During the current term of each of the 2017 Framework Agreements, members of the Group and members of CNMC Group, Mabende Mining and Yunnan Copper Group (and its subsidiaries) may respectively enter into separate agreements from time to time in respect of the provision and sale/purchase of the relevant services and goods from the relevant party subject to the terms and conditions set out under the relevant 2017 Framework Agreements.

Given that the copper price has rebounded significantly since the second half of 2017, the Directors expect that the existing annual caps under the 2017 Yunnan Copper Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

The Company has taken into consideration the anticipated increase in the Group's production output brought about by its development and expansion projects (including but not limited to, the possible expansion of production scales of CNMC Huachin Mabende and Huachin Leach, the possible construction with respect of Kambove Mining and other possible expansion of the Group's business). In view of the shortage of copper supply in the PRC, the CNMC Group has been increasing its orders for the Group's products as the Group increased its production volume over the years. The Directors anticipate that with the Group's increased production output, the sales volume to the CNMC Group is likely to increase. Therefore, having factored in the expected increase in the production volume of the Group combined with the effects of the increase in copper price, the Directors expect that the existing annual caps under the 2017 CNMC Copper Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Oxidized ore is one of the raw materials required to produce copper. Therefore, the prices of oxidized ore and copper are correlated. Accordingly, the Company has considered the effect of the increased copper price on the oxidized ore price. Due to the increased copper price, the price for oxidized ore price is expected to increase to approximately US$2,000 per tonne. With the increase in production capacity of the Group, demands for ores increased accordingly. To continue to ensure a steady supply of ores for the operation of CNMC Huachin Mabende in the DRC, such that the business and commercial objectives of the Group can be achieved, the Directors expect that the existing annual caps under the 2017 Huachin Ore Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Given that Kambove Mining is currently at the exploration stage and may start the infrastructure construction from 2018, the Company anticipates to increase its procurement of raw materials, products and services from the CNMC Group in order to satisfy the needs of Kambove Mining and the possible expansion of the Group's businesses. In addition, the proposed expansion of CNMC Huachin Mabende and Huachin Leach will lead to an increase of the Group's needs in procurement of raw materials, products and services from the CNMC Group. The Directors expect that with such increase, the existing annual caps for the procurement of raw materials, products and services from the CNMC Group under the 2017 Mutual Supply Framework Agreement will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Blister copper and sulphuric acid are the two major products of CCS and Lualaba Copper Smelter. Due to its unique physical and chemical properties, sulphuric acid cannot be stored for a prolonged period of time, and therefore must be sold continuously. To ensure the continuous and stable sales of sulphuric acid produced by the Company, the Company expects to increase its sales volume of sulphuric acid to NFC Metal to 110,000 tonnes (representing approximately US$13 million) in 2018; 216,000 tonnes (representing approximately US$32 million) in 2019 and 470,000 tonnes (representing approximately US$75 million) in 2020.

NFC is a connected person of the Company which is controlled as to 33.75% by CNMC. It is also a consumer with large and stable consumption of sulphuric acid. NFC Metal is wholly-owned by NFC, thereby making NFC Metal a connected person of the Company. Cobalt is a by-product of NFCA, CCS, Lualaba Copper Smelter, Huachin Leach and Kambove Mining, though the production volume of cobalt is relatively small, cobalt price has increased significantly in the recent six months to more than US$90,000 per tonne. Together with the possible expansion of the Group's business, the Group expects that its cobalt production will increase to 800 tonnes in 2018, 7,050 tonnes in 2019 and 8,150 tonnes in 2020, respectively. The Directors expect that with such increase, the existing annual caps for the supply of raw materials, products and services to the CNMC Group under the 2017 Mutual Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Other details and particulars of the 2017 Framework Agreements are set forth below:

a) 2017 Yunnan Copper Supply Framework Agreement

Parties

(1) The Company

(2) Yunnan Copper Group

Nature

Pursuant to the 2017 Yunnan Copper Supply Framework Agreement, the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathode to Yunnan Copper Group and its subsidiaries, including Yunnan Copper Industry Co., Ltd.

The quantity of each type of copper products to be sold to Yunnan Copper Group is not fixed under the terms of the 2017 Yunnan Copper Supply Framework Agreement but is to be determined and agreed between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the 2017 Yunnan Copper Supply Framework Agreement (but excluding the 2017 Yunnan Copper Supply Framework Agreement) by giving the other party no less than one month's prior written notice.

The Company is required to sell 40% of the balance of copper products produced by CCS that is not sold to Independent Third Parties to Yunnan Copper Group.

Pricing basis

The consideration of the copper products sold will be determined with reference to the prevailing market price of the copper products at the time of each specific agreement to be entered into pursuant to the 2017 Yunnan Copper Supply Framework Agreement. Such market price refers to (in order of sequence) (i) the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange; or (ii) the monthly moving average price or the monthly average settlement price of copper quoted on the Shanghai Futures Exchange; or (iii) when the market price of copper products could not be adequately reflected through (i) and (ii) at the place of sale or the receiving market, the price reasonably determined by both parties after making reference to the monthly average selling price of copper at the place of sale or the receiving market. Such price will be determined by making reference to the selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized copper stock index that is comparable to the London Metal Exchange or the Shanghai Futures Exchange, such as Tianjin Precious Metals Exchange or COMEX.

The Group has not encountered in the past the situation when the quoted price of London Metal Exchange and/or the Shanghai Futures Exchange cannot reflect the local market price.

Historical transaction amounts

The table below sets forth the historical transaction amount of the transactions under the 2014 Yunnan Copper Supply Framework Agreement for the year ended 31 December 2017 and the existing annual cap for the year ended 31 December 2017, the historical transaction amounts of the transactions for the two months ended 28 February 2018 and the annual cap for the year ending 31 December 2018 under the 2017 Yunnan Copper Supply Framework Agreement:

For the year ended 31 December 2017	**Annual cap for the year ended 31 December 2017**	**For the two months ended 28 February 2018** (unaudited)	**Annual cap for the year ending 31 December 2018**
(US$)	*(US$)*	*(US$)*	*(US$)*
325,216,446 *(Note 1)*	748,000,000	44,237,326	640,700,000

Note 1: this represents 43.48% of the annual cap for the year ended 31 December 2017.

So far as the Directors are aware, the existing annual cap for the year ending 31 December 2018 has not been exceeded as at the date of this announcement.

Currently, the copper products are charged in accordance with the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange.

The table below sets forth the historical production volume of blister copper by the Company and the actual sales volume of blister copper to Yunnan Copper Group:

	For the year ended 31 December		
	2015	**2016**	**2017**
Production volume	185,698 tonnes	206,217 tonnes	224,920 tonnes
Sales volume	42,988 tonnes	37,433 tonnes	56,786 tonnes
Percentage of sales	23.69%	18.15%	25.25%

Proposed revision of annual caps and basis of determination

The existing annual caps and the proposed revised annual caps for the on-going transactions contemplated under the 2017 Yunnan Copper Supply Framework Agreement for the three years ending 31 December 2020 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December					
2018 *(US$)*		**2019** *(US$)*		**2020** *(US$)*	
Existing annual cap	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**
640,700,000	820,000,000	812,944,000	934,800,000	1,066,932,000	1,230,000,000

The proposed revised annual caps above were determined by reference to factors such as (i) historical transaction amounts and volumes; (ii) the Group's estimated copper production capacity and volume; and (iii) reasonable expected price range for the copper products provided by the Group for the three years ending 31 December 2020.

The production volume of blister copper of CCS remains to be approximately 250kt in each of the three years ending 31 December 2020, which is the same as that disclosed in the announcement and the circular of the Company dated 18 April 2017 and 15 May 2017 respectively. The Group expects to sell approximately 100kt of blister copper produced by CCS to Yunnan Copper Group. The Group also expects to sell 40% of the blister copper produced by Lualaba Copper Smelter in the amount of approximately 0kt, 14kt and 50kt in each of the three years ending 31 December 2020 respectively to Yunnan Copper Group.

In view of the shortage of copper supply in the PRC and the expected orders from Yunnan Copper Group, which is calculated with reference to the percentage of shareholdings that Yunnan Copper Group has in CCS and Lualaba Copper Smelter, the Group expects to sell approximately 100kt, 114kt and 150kt of blister copper to Yunnan Copper Group in each of the three years ending 31 December 2020 respectively. The percentage of the sales volume of blister copper to Yunnan Copper Group for each of the three years ending 31 December 2020 is expected to be 40%.

The annual caps above are determined on the basis that the forecasted copper price will be around US$8,200 per tonne for each of the three years ending 31 December 2020, representing an increase of 27.99%, 25.08% and 13.75% as compared to the previous forecast of around US$6,407 per tonne in 2018, US$6,556 per tonne in 2019 and US$7,209 per tonne in 2020 respectively.

The increases in the proposed revised annual caps for the three years ending 31 December 2020 as compared to the existing annual caps are due to the increase in copper price.

Payment terms

The payment terms are as agreed and detailed in the individual agreements.

In relation to the sale of copper products to Yunnan Copper Group, the payment terms are determined on a Free Carrier (FCA) basis (that is, the Group is required to deliver the copper products to the carrier at the Group's plants and the transportation cost and risks are transferred to Yunnan Copper Group after delivery to the carrier). Yunnan Copper Group will make advance payment for a portion of copper products and the remaining balance will be paid by wire transfer. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party customers.

Reasons for and benefit of entering into the 2017 Yunnan Copper Supply Framework Agreement

The Group continues to sell copper products to Yunnan Copper Group and its subsidiaries and continues to supply such products to Yunnan Copper Group for its business needs. The Directors consider that the 2017 Yunnan Copper Supply Framework Agreement is consistent with the business and commercial objectives of the Group as the sales of copper products to Yunnan Copper Group can further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilization level of the Group.

Listing Rules Implications

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the existing annual caps for its continuing connected transactions, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As Yunnan Copper Group owns an aggregate of 40% of the issued share capital of CCS and Lualaba Copper Smelter, Yunnan Copper Group is a connected person of the Company at the subsidiary level for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2017 Yunnan Copper Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As one or more of the applicable percentage ratios of the proposed revised annual caps in respect of the transactions contemplated under the 2017 Yunnan Copper Supply Framework Agreement exceed 5%, such transactions and the proposed revised annual caps for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the 2017 Yunnan Copper Supply Framework Agreement and the proposed revision of the annual caps for such transactions and the independent non-executive Directors have confirmed that the terms of the transactions and the proposed revision of the annual caps for such transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the ordinary course of business of the Group and the transactions are in the interests of the Company and its Shareholders as a whole, the transactions and the proposed revision of the annual caps for such transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

b) 2017 CNMC Copper Supply Framework Agreement

Parties

(1) The Company

(2) CNMC

Nature

Pursuant to the 2017 CNMC Copper Supply Framework Agreement, the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathode to the CNMC Group.

The quantity of each type of copper products to be sold to the CNMC Group is not fixed under the terms of the 2017 CNMC Copper Supply Framework Agreement but is to be determined and agreed between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the 2017 CNMC Copper Supply Framework Agreement (but excluding the 2017 CNMC Copper Supply Framework Agreement) by giving the other party no less than one month's prior written notice.

The Company is not required to sell a minimum amount or any particular type of copper products to the CNMC Group during the term of this agreement.

Pricing basis

The consideration of the copper products sold will be determined with reference to the prevailing market price of the copper products at the time of each specific agreement to be entered into pursuant to the 2017 CNMC Copper Supply Framework Agreement. Such market price refers to (in order of sequence) (i) the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange; or (ii) the monthly moving average price or the monthly average settlement price of copper quoted on the Shanghai Futures Exchange; or (iii) when the market price of copper products could not be adequately reflected through (i) and (ii) at the place of sale or the receiving market, the price reasonably determined by both parties after making reference to the monthly average selling price of copper at the place of sale or the receiving market. Such price will be determined by making reference to the selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized copper stock index that is comparable to the London Metal Exchange or the Shanghai Futures Exchange, such as Tianjin Precious Metals Exchange or COMEX.

The Group has not encountered in the past the situation when the quoted price of London Metal Exchange and/or the Shanghai Futures Exchange cannot reflect the local market price.

Historical transaction amounts

The table below sets forth the historical transaction amount of the transactions under the 2014 CNMC Copper Supply Framework Agreement for the year ended 31 December 2017, the annual cap for the year ended 31 December 2017, the historical transaction amount of the transactions for the two months ended 28 February 2018 and the existing annual cap for the year ending 31 December 2018 under the 2017 CNMC Copper Supply Framework Agreement:

For the year ended 31 December 2017	**Annual cap for the year ended 31 December 2017**	**For the two months ended 28 February 2018** (unaudited)	**Annual cap for the year ending 31 December 2018**
(US$)	*(US$)*	*(US$)*	*(US$)*
959,249,204 *(Note 1)*	1,957,428,580	132,650,324	1,467,203,000

Note 1: this represents 49.01% of the annual cap for the year ended 31 December 2017.

So far as the Directors are aware, the annual cap for the year ending 31 December 2018 has not been exceeded as at the date of this announcement.

Currently, the copper products are charged in accordance with the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange.

The table below sets forth the historical production volume of copper cathode and blister copper of the Group and the actual sales volume to the CNMC Group:

	For the year ended 31 December		
	2015	**2016**	**2017**
Production volume of copper cathode	68,464 tonnes	75,903 tonnes	89,068 tonnes
Production volume of blister copper	185,698 tonnes	206,217 tonnes	224,920 tonnes
Total production volume	254,162 tonnes	282,120 tonnes	313,067 tonnes
Total sales volume	165,209 tonnes	196,840 tonnes	169,167 tonnes
Percentage of sales	65.00%	69.77%	54.04%

Proposed revision of annual caps and basis of determination

The existing annual caps and the proposed revised annual caps for the on-going transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement for the three years ending 31 December 2020 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December					
2018 (*US$*)		2019 (*US$*)		2020 (*US$*)	
Existing annual cap	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**
1,467,203,000	2,115,600,000	1,740,618,000	2,550,200,000	2,177,118,000	3,198,000,000

The proposed revised annual caps above were determined by reference to factors such as (i) historical transaction amounts and volumes; (ii) the Group's estimated copper production capacity and volume; (iii) estimated growth in the demand for copper products by the CNMC Group from the Group; and (iv) reasonable expected price range for the copper products provided by the Group for the three years ending 31 December 2020.

The Company has taken into consideration the increase in the Group's production output brought about by its development and expansion projects.

Kambove Mining is currently at the exploration stage. Together with the possible expansion of production scales of CNMC Huachin Mabende and Huachin Leach and the possible commencement of operation of Kambove Mining in the future three years, the Group expects its production volume for copper cathode to reach approximately 110kt, 165kt and 170kt in the three years ending 31 December 2020, respectively, and the production volume for blister copper to reach approximately 250kt, 285kt and 375kt in each of the three years ending 31 December 2020, respectively.

In view of the shortage of copper supply in the PRC, the CNMC Group has been increasing its orders for the Group's products as the Group increased its production volume over the years. The Group expects that orders from the CNMC Group will increase. Accordingly, the Group expects to sell approximately 108kt, 140kt and 165kt of copper cathode and 150kt, 171kt and 225kt of blister copper to the CNMC Group for the three years ending 31 December 2020, respectively.

In aggregate, for each of the three years ending 31 December 2020, the Group expects to increase the production volume of its copper products to 360kt, 450kt and 545kt, respectively, and the Group expects to sell approximately 258kt, 311kt and 390kt of such copper products to the CNMC Group, respectively. The percentage of the sales volume of copper products to the CNMC Group for each of the three years ending 31 December 2020 is expected to be 71.67%, 69.11% and 71.56%, respectively.

The annual caps above are determined on the basis that the forecasted copper price will be around US$8,200 per tonne for each of the three years ending 31 December 2020, representing an increase of 27.99%, 25.08% and 13.75% as compared to the previous forecast of around US$6,407 per tonne in 2018, US$6,556 per tonne in 2019 and US$7,209 per tonne in 2020 respectively. The increase in the proposed revised annual caps for the three years ending 31 December 2020 as compared to the existing annual caps is due to the increase in copper price, the expected increase in the Company's production attributable to the possible expansion of production scales of CNMC Huachin Mabende and Huachin Leach and the possible construction and operation of Kambove Mining.

Payment terms

The payment terms will be agreed and detailed in the individual agreements. In relation to sale of copper products to the CNMC Group, the payment terms are determined on a Free Carrier (FCA) basis (that is, the Group is required to deliver the copper products to the carrier at the Group's plants and the transportation cost and risks are transferred to the CNMC Group after delivery to the carrier). The CNMC Group will make advance payment for a portion of copper products and the remaining balance will be paid by wire transfer. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party customers.

Reasons for and benefit of entering into the 2017 CNMC Copper Supply Framework Agreement

Due to the Group's affiliation with the CNMC Group, the CNMC Group is more willing to, at the Group's request, make advance payments instead of issuing letters of credit to the Group. The advance payment made by the CNMC Group thus allows the Group to save on the interest of bank loans which the Group may otherwise have to pay. In the past business dealings with the CNMC Group, the CNMC Group makes prepayment and final payment in time which allows the Group to better manage its working capital.

Further, due to the nature of commodity transactions, the settlement amount is usually relatively high. Consequently, settlement risk is an important consideration. While the independent customers of the Group are carefully selected based on a number of factors including their creditworthiness, the Company believes that the risk of default by the CNMC Group is even lesser as CNMC is a state-owned enterprise in the PRC. CNMC has a good credit standing in copper industry and the Group has developed long term co-operation relationship with the CNMC Group. It has ample capital and strong business capability, which serves to reduce counterparty risks to the Group.

The Group continues to sell copper products to the CNMC Group and continues to supply such products to the CNMC Group for its business needs. The Directors consider that the 2017 CNMC Copper Supply Framework Agreement is consistent with the business and commercial objectives of the Group as the sales of copper products to CNMC Group can further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilization level of the Group.

CNMC has been listed as one of the "Fortune Global 500" enterprises published by the Fortune Magazine from 2013 to 2016. As CNMC has business developments in the PRC, Zambia, DRC and other countries, the Group's business dealings with the CNMC Group will help the Group gather business information in those countries, expand its business reach and channels, thus enhancing the business opportunities of the Group.

Listing Rules Implications

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the existing annual caps for its continuing connected transactions, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, therefore CNMC is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As one or more of the applicable percentage ratios of the proposed revised annual caps in respect of the transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement exceed 5%, such transactions and the proposed revised annual caps for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

c) 2017 Huachin Ore Supply Framework Agreement

Parties

(1) The Company

(2) Mabende Mining

Nature

Pursuant to the 2017 Huachin Ore Supply Framework Agreement, the Company agreed to purchase, or procure its subsidiaries to purchase, copper ores mined by Mabende Mining. Either party may terminate any specific agreement entered into pursuant to the 2017 Huachin Ore Supply Framework Agreement (but excluding the 2017 Huachin Ore Supply Framework Agreement) by giving the other party no less than one month's prior written notice.

Under the terms of the 2017 Huachin Ore Supply Framework Agreement, Mabende Mining has principally agreed to sell all of the ores mined by Mabende Mining, except that with the Company's consent, Mabende Mining may sell ores in excess of the Group's demand to third parties.

The ores supplied by Mabende Mining will mainly be used for the DRC project held by CNMC Huachin Mabende, a subsidiary of the Company in DRC. Huachin Leach and CNMC Huachin Mabende are 32.5% and 35%, respectively, indirectly owned by Mr. Ng Siu Kam, who also owns 70% interest in Mabende Mining. It was a commercial agreement between the Group and Mr. Ng Siu Kam that Mabende Mining will supply ores for leaching operations undertaken by CNMC Huachin Mabende, a subsidiary of the Company.

Pricing basis

The prices of ores shall be subject to annual negotiation with reference to the prevailing market price of the ores at the time of each specific agreement to be entered into pursuant to the 2017 Huachin Ore Supply Framework Agreement. Such market price refers to (in order of sequence) (i) the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange; or (ii) the monthly moving average price or the monthly average settlement price of copper quoted on the Shanghai Futures Exchange; or (iii) when the market price of copper could not be adequately reflected through (i) and (ii) at the place of sale or the receiving market of copper ore, the price reasonably determined by both parties after making reference to the monthly average selling price at the place of sale or the receiving market. Such price will be determined by making reference to the selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized copper stock index that is comparable to the London Metal Exchange or the Shanghai Futures Exchange, such as Tianjin Precious Metals Exchange or COMEX.

The Group has not encountered in the past the situation when the quoted price of London Metal Exchange and/or the Shanghai Futures Exchange cannot reflect the local market price.

The monthly average copper content should be at least above 2.5% (including 2.5%). If the Group has an intention of purchasing ores with a copper content below 2.5%, the parties shall determine the purchase price taking into account the copper content of the ore, the degree of difficulty (costs) of recovery and recovery rate of copper, as well as the prevailing market price of ores of the same level, and the price will only be implemented after approval by the board of directors of the Company's relevant subsidiary. As the value of copper ores is intrinsically less than the value of copper, a coefficient is applied to the price of copper to obtain the price of copper ores satisfactory to both parties. Such coefficient shall be determined by the parties after making reference to the coefficient applied by an Independent Third Party under normal commercial terms at the place of sale or the receiving market. If no such coefficient from an Independent Third Party is available, the parties shall negotiate the purchase price taking into the prevailing market price of ores of the same level, and the price will only be implemented after approval by the board of directors of the Company's relevant subsidiary.

Historical transaction amounts

The table below sets forth the historical transaction amount of the transactions under the 2014 Huachin Ore Supply Framework Agreement for the year ended 31 December 2017, the annual cap for the year ended 31 December 2017, the historical transaction amounts of the transactions for the two months ended 28 February 2018 and the existing annual cap for the year ending 31 December 2018 under the 2017 Huachin Ore Supply Framework Agreement:

For the year ended 31 December 2017	**Annual cap for the year ended 31 December 2017**	**For the two months ended 28 February 2018** (unaudited)	**Annual cap for the year ending 31 December 2018**
(US$)	*(US$)*	*(US$)*	*(US$)*
23,090,000 *(Note 1)*	44,718,013	–	20,000,000

Note 1: this represents 51.63% of the annual cap for the year ended 31 December 2017.

So far as the Directors are aware, the annual cap for the year ending 31 December 2018 has not been exceeded as at the date of this announcement.

Currently, the ores are charged in accordance with the monthly average settlement price of copper quoted on the London Metal Exchange, the copper content of the ore, the degree of difficulty (costs) of recovery and recovery rate of copper and with reference to the coefficient applied by Independent Third Parties under normal commercial terms.

Proposed revision of annual caps and basis of determination

The existing annual caps and the proposed revised annual caps for the on-going transactions contemplated under the 2017 Huachin Ore Supply Framework Agreement for the three years ending 31 December 2020 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December					
2018 *(US$)*		**2019** *(US$)*		**2020** *(US$)*	
Existing annual cap	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**
20,000,000	80,000,000	20,000,000	80,000,000	20,000,000	80,000,000

The proposed annual caps above were determined by reference to factors such as (i) the increase in the Company's needs for ores to satisfy the increase in production capacity; (ii) the estimate ore production capacity of Mabende Mining; (iii) the grade of the ores; (iv) the reasonable expected price range for copper for the three years ending 31 December 2020; and (v) the coefficient to be applied to copper which coefficient shall be determined by the parties after commercial negotiation, having regard to prevailing coefficient factors applied by ore purchasers in the local markets.

It is expected that the production capacity of CNMC Huachin Mabende will increase between 2018 and 2020. The Company plans to procure 40,000 tonnes ore per annum to satisfy the Company's needs. Based on the industry data, it is forecasted that the copper price will be around US$8,200 per tonne for the three years ending 31 December 2020, representing increases of 27.99%, 25.08% and 13.75% as compared to the previous forecast of around US$6,407 per tonne in 2018, US$6,556 per tonne in 2019 and US$7,209 per tonne in 2020 respectively. Industry data refers to the average forecast copper prices of around 20 renowned international banks, research institutions and securities houses on Bloomberg's data portal, after allowing a reasonable/probable upward price fluctuation of approximately 20%. Affected by the increase in copper price, the oxidized ore price increased to approximately US$2,000 per tonne.

The proposed revised annual caps above are derived by applying a coefficient of 0.25, having regard to prevailing coefficient factors applied by copper ore purchasers in the local markets. The increase in the proposed revised annual caps for the three years ending 31 December 2020 as compared to the existing annual caps is due to the increase in the Group's demand for ores to ensure a steady supply of ores for the operation of CNMC Huachin Mabende and the increase in oxidized ore price.

Payment terms

The payment terms will be agreed and detailed in the individual agreements. In relation to purchase of ores from Mabende Mining, the payment terms are determined on a Delivered at Place (DAP) basis (that is, Mabende Mining is required the ores to the designated storage place of the Group). The Group will make payment after receipt of the ores. The Group will make payment for a portion of ores purchased and the remaining balance will be settled monthly after the actual amount of ores purchased and the copper content thereof are determined. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party suppliers.

Reasons for and benefit of entering into the 2017 Huachin Ore Supply Framework Agreement

With the increase in production capacity of the Group, demand for ores increased accordingly. The Company entered into the 2017 Huachin Ore Supply Framework Agreement to ensure a steady supply of ores for the operation of CNMC Huachin Mabende in DRC, so that the business and commercial objectives of the Group can be achieved.

Listing Rules Implications

Huachin Minerals is 70% owned by Mr. Ng Siu Kam, who holds the entire interest in Huachin SARL. As Huachin SARL holds 32.5% of Huachin Leach (a subsidiary of the Company), 35% of CNMC Huachin Mabende (a subsidiary of the Company) and 70% of Mabende Mining, therefore Mabende Mining is a connected person of the Company at the subsidiary level for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2017 Huachin Ore Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As the highest of all the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2017 Huachin Ore Supply Framework Agreement exceeds 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the 2017 Huachin Ore Supply Framework Agreement and the proposed revision of the annual caps for such transactions and the independent non-executive Directors have confirmed that the terms of the transactions and the proposed revision of the annual caps for such transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the ordinary course of business of the Group and the transactions and the proposed revision of the annual caps for such transactions are in the interests of the Company and its Shareholders as a whole, the transactions and the proposed revision of the annual caps for such transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

d) 2017 Mutual Supply Framework Agreement

Parties

(1) The Company

(2) CNMC

Nature

Pursuant to the 2017 Mutual Supply Framework Agreement,

(a) both parties agreed to provide, or procure its respective subsidiaries to provide the following to each other:

- raw material and products supplies, including but not limited to raw materials, construction materials, ancillary materials, spare parts, tools, equipment, fuels, water, electricity, gas and steam, and lease of equipment and vehicles;

- social and support services, including but not limited to public security, employee training, sharing of service, other non-business services, schooling, medical and emergency service, telecommunication, property management and other similar services; and

- technical services, including but not limited to consultation, design, construction, technical and engineering services, testing and equipment repair, construction and engineering projects supervision; and

(b) CNMC agreed to provide, or procure its subsidiaries to provide transportation and logistics services to the Group.

Pursuant to the 2017 Mutual Supply Framework Agreement, CNMC has undertaken that it will not, and will procure its subsidiaries not to, provide raw materials, products and services to the Group on terms which are less favourable than those offered to third parties. Each party is entitled to obtain the relevant raw materials, products and services from Independent Third Parties if the other party cannot satisfy its requirements for such raw materials, products and services or the terms offered by Independent Third Parties are more favourable. Each party will provide to the other party on an annual basis an assessment of the raw materials, products and services that it requires in the coming year.

Either party may terminate any specific agreement entered into pursuant to the 2017 Mutual Supply Framework Agreement (but excluding the 2017 Mutual Supply Framework Agreement) by giving the other party no less than one month's prior written notice, provided that if the Company cannot conveniently obtain such raw materials, products and services from a third party, CNMC will not be permitted to terminate and will continue to provide such raw materials, products and services under any circumstances.

Pricing basis

For the sales and purchase of "raw materials and product supplies", it shall be determined according to the market price of the raw materials and products being delivered. If such market price is unavailable, the amount payable will be determined with reference to actual costs plus applicable taxes.

For the provision of "social and support services", it shall be determined either by reference to the price set by similar service providers in the market, or the price agreed between one party and an Independent Third Party for similar services. If such market price is unavailable, the amount payable will be determined with reference to actual costs plus applicable taxes.

For the provision of "technical services", if there are PRC government prescribed prices, the amount payable will be determined with reference to the published PRC government prescribed prices which are updated by the relevant PRC central or provincial government departments from time to time. If there are no PRC government prescribed prices or when the PRC government prescribed prices is not reflective of the market price at the place of service, the amount will be determined by reference to the price agreed between one party and an Independent Third Party for similar services. In the event a market price is unavailable for similar services, nor were there any transaction price between Independent Third Parties, the amount payable will be determined with reference to actual costs plus applicable taxes. The Ministry of Finance and the Ministry of Land and Resources have jointly published a publication called the Standards for Budget of National Land Resources Survey (國土資源調查預算標準) in

July 2007, which includes the Notice of Standards for Budget of National Land Resources Survey (the Section of National Land Resources Survey (Cai Jian No. 52 of 2007) ((國土資源調查預算標準(地質調查部分)的通知(財建[2007]52號)) (the "**Notice**")). Pursuant to Notice, the reference price (that is, standard of budget) for the technical services in relation to geological survey and exploration, including design, construction, analysis and detection, reporting and other labor and equipment costs is stated. Such standard of budget consists of three parts, namely (a) budget for working methods, (b) budget for comprehensive research and scientific research and (c) regional adjustment coefficient, which are interpreted by the Ministry of Finance and Ministry of Land and Resources. Such Notice published in 2007 is the latest applicable standards, which will be revised by the Ministry of Finance and Ministry of Land and Resources in the future in accordance with the development of social economy and geological survey, application of new technologies, new methods, new techniques and other relevant circumstances. The Company has followed the Notice for its projects.

For the provision of "transportation and logistics services", it shall be determined either by reference to the price charged by similar service providers in the local market, or the price agreed between a party and Independent Third Party for similar services. If such market price is unavailable, the amount payable will be determined with reference to actual costs plus applicable taxes.

The market price for the abovementioned goods and services is determined by reference to the price at which the same or similar type of raw materials, products and services provided in the same or nearby area is charged by Independent Third Parties in the ordinary course of business at the relevant time; or failing which, the price at which the same or similar type of raw materials, products and services is charged by Independent Third Parties in the ordinary course of business at the relevant time.

Before an individual agreement is entered into, the procurement and sales departments of the Group will make public enquiry with similar good and/or service providers in the market, which are Independent Third Parties, as to the price or fees of the products and services and determine the pricing terms based on the quotations obtained. The procurement and sales departments will generally obtain around two to three quotations from different Independent Third Party goods and/or service providers. The finance and legal departments will review the terms of the individual agreements, focusing on the pricing and payment terms.

The pricing basis of actual costs plus applicable taxes will not include any profit margin. The Directors consider that this pricing basis is beneficial to the Company because the transaction volume for the procurement of raw materials, products and services from the CNMC Group substantially outweighs the transaction volume for the supply of raw materials, products and services to the CNMC Group. The Group will therefore be benefited from this pricing arrangement. In addition, the Group anticipates that substantially all of the transactions for the supply of raw materials, products and services to the CNMC Group in the future will be charged in accordance with market price with only a few services to be charged on the actual costs plus applicable taxes, therefore on the whole, the transactions will be conducted on no less favourable terms than those available to the Group from Independent Third Parties. To the extent that they are available, the Group will check all the invoices provided by the CNMC Group to ensure that the Group is charged with actual costs plus applicable tax in the event that this pricing basis is adopted. The CNMC Group has given consent to provide all those invoices to the Group for inspection.

Based on the reasons above, the Directors consider that the transactions will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its Shareholders.

Historical transaction amounts

The table below sets forth the historical transaction amount of the transactions under the 2014 Mutual Supply Framework Agreement for the year ended 31 December 2017, the annual cap for the year ended 31 December 2017, the historical transaction amount of the transactions for the two months ended 28 February 2018 and the existing annual cap for the year ending 31 December 2018 under the 2017 Mutual Supply Framework Agreement:

Procurement of raw materials, products and services from the CNMC Group

For the year ended 31 December 2017	**Annual cap for the year ended 31 December 2017**	**For the two months ended 28 February 2018** (unaudited)	**Annual cap for the year ending 31 December 2018**
(US$)	*(US$)*	*(US$)*	*(US$)*
259,783,000 *(Note 1)*	294,454,662	15,367,024	387,560,000

Note 1: this represents 88.23% of the annual cap for the year ended 31 December 2017.

Supply of raw materials, products and services to the CNMC Group

For the year ended 31 December 2017	**Annual cap for the year ended 31 December 2017**	**For the two months ended 28 February 2018** (unaudited)	**Annual cap for the year ending 31 December 2018**
(US$)	*(US$)*	*(US$)*	*(US$)*
3,372,000 *(Note 1)*	8,017,030	4,071,627	27,240,000

Note 1: this represents 42.06% of the annual cap for the year ended 31 December 2017.

So far as the Directors are aware, the existing respective annual caps for the procurement of raw materials, products and services from the CNMC Group and the supply of raw materials, products and services to the CNMC Group for the year ended 31 December 2017 and the two months ended 28 February 2018, have not been exceeded as at the date of this announcement.

Currently, the procurement of raw materials, products and services from the CNMC Group as well as the supply of raw materials, products and services to the CNMC Group are charged in accordance with market price. Such market price is determined by reference to the price at which the same or similar type of raw materials, products and services provided in the same or nearby area is charged by Independent Third Parties in the ordinary course of business at the relevant time; or failing which, the price at which the same or similar type of raw materials, products and services is charged by Independent Third Parties in the ordinary course of business at the relevant time.

Proposed revision of annual caps under the 2017 Mutual Supply Framework Agreement and basis of determination

Kambove Mining is currently at the exploration stage now and may start the infrastructure construction from 2018. The Company proposes to increase its procurement of raw materials, products and services from the CNMC Group to satisfy the needs of Kambove Mining. In addition, the proposed expansion of CNMC Huachin Mabende and Huachin Leach, and the possible expansion of the Group's business will lead to an increase of the Group's needs in procurement of raw materials, products and services from the CNMC Group. The Directors expects that with such increase, the existing annual caps for the procurement of raw materials, products and services from the CNMC Group under the 2017 Mutual Supply Framework Agreement will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Blister copper and sulphuric acid are the two major products of CCS and Lualaba Copper Smelter, subsidiaries of the Company. Due to its unique physical and chemical properties, sulphuric acid mandates specific storing specifications and cannot be stored for a prolonged period of time. If the sales of sulphuric acid are interrupted, its production will be halted due to limited storage space. Therefore, to maintain a smooth supply chain management, the raw material must be sold continuously.

From the perspectives of global copper smelters, ensuring a stable and continuous sale of sulphuric acid is of upmost importance in maintaining the operational stability in global copper smelters, and is particularly important for the Zambian smelter in the hinterland of the African continent. Due to the limitations imposed by the unique physical and chemical properties of sulphuric acid as to its transportation and storage, in addition to the relatively small local market in Zambia, the pyrometallurgical copper smelters that produce sulphuric acid and the wet copper smelters that consume sulphuric acid form a relatively isolated market. Any slight fluctuation in the consumption or production of a particular manufacturer may result in a shortage or surplus of sulphuric acid in the regional market. In order to stabilize the production and operation of the Company, it is beneficial to the Company to reach a long-term supply and sales agreement with its consumers with large-scale and stable consumption.

NFC is a connected person of the Company which is controlled as to 33.75% by CNMC. It is also a consumer with large and stable consumption of sulphuric acid. NFC Metal is wholly-owned by NFC and thus a connected person of the Company. It has a stable stream of customers purchasing sulfuric acid. Therefore, selling sulphuric acid to NFC Metal can ensure the continuous and stable sales of sulphuric acid in the next three years and also the stable production and operation of the Company's smelters. It is also in the overall interests of the Company in terms of its production and operation and economic efficiency to sell sulphuric acid to NFC Metal.

Cobalt is a by-product of NFCA, CCS, Lualaba Copper Smelter, Huachin Leach and Kambove Mining, though the production volume of cobalt is relatively small, cobalt price has increased significantly in the recent six months to more than US$90,000 per tonne. Together with the possible expansion of the Group's business, the Group expects that its cobalt production will increase to 800 tonnes in 2018, 7,050 tonnes in 2019 and 8,150 tonnes in 2020, respectively.

The existing annual caps for the supply of raw materials, products and services to the CNMC Group under the 2017 Mutual Supply Framework Agreement would not be sufficient due to the expected increase of sales volume of sulphuric acid to the CNMC Group, the increase of cobalt price and the expected increase in the Group's cobalt production attributable to the operation and expansion of NFCA, CCS, Lualaba Copper Smelter, Huachin Leach, Kambove Mining and possible expansion of the Group's business. The Directors therefore propose to revise the existing annual caps for the supply of raw materials, products and services to the CNMC Group under the 2017 Mutual Supply Framework Agreement.

The existing annual caps and the proposed revised annual caps for the on-going transactions contemplated under the 2017 Mutual Supply Framework Agreement for the three years ending 31 December 2020 and the basis of determination of such annual caps are set out as follows:

Procurement of raw materials, products and services from the CNMC Group

For the year ending 31 December					
2018 (US$)		2019 (US$)		2020 (US$)	
Existing annual cap	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**
387,560,000	608,560,000	365,050,000	621,550,000	304,413,000	371,913,000

The proposed annual caps above were determined by reference to factors such as (i) historical transaction values and volume; (ii) estimated demands for raw materials, products and services by the Group from the CNMC Group; and (iii) reasonable expected price range for the raw materials, products and services provided by the CNMC Group for the three years ending 31 December 2020.

In particular, the Group has considered its various development and expansion projects for which it plans to procure raw materials, products and services from the CNMC Group. In this regard, the Group has taken into consideration factors such as progress, nature, products and services as well as types of service providers required for each project. Kambove Mining is currently at the exploration stage and may start construction from 2018. It is currently contemplated that the Company shall increase its procurement of raw materials, products and services from the CNMC Group to satisfy the needs of Kambove Mining. In addition, the proposed expansion of CNMC Huachin Mabende and Huachin Leach and the possible expansion of the Group's business will lead to an increase of the Group's need in procurement of raw materials, products and services from the CNMC Group.

The increase in the proposed revised annual caps for the procurement of raw materials, products and services from the CNMC Group for the three years ending 31 December 2020 as compared to the existing annual caps is due to the expected increase in procurement of raw materials, products and services from the CNMC Group in relation to the possible construction and operation of Kambove Mining and the proposed expansion of CNMC Huachin Mabende and Huachin Leach.

Supply of raw materials, products and services to the CNMC Group

For the year ending 31 December					
2018 (*US$*)		2019 (*US$*)		2020 (*US$*)	
Existing annual cap	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**
27,240,000	101,040,000	26,452,700	639,852,700	26,247,000	775,947,000

The proposed revised annual caps above were determined by reference to factors such as (i) historical transaction values and volume; (ii) estimated growth in the demand for raw materials, products and services by the CNMC Group from the Group; and (iii) reasonable expected price range for the raw materials, products and services, especially the cobalt provided by the Group for the three years ending 31 December 2020.

The increase in the proposed revised annual caps for the supply of raw materials, products and services to the CNMC Group for the three years ending 31 December 2020 as compared to the existing annual caps is due to the estimated increase in sulphuric acid sales, the increase in the cobalt price and the Group's cobalt production.

NFC is a connected person of the Company which is controlled as to 33.75% by CNMC. It is also a consumer with large and stable consumption of sulphuric acid. NFC Metal is wholly-owned by NFC, thereby making NFC Metal a connected person of the Company. The Company expects to increase its sales volume of sulphuric acid to NFC Metal to 110,000 tonnes (representing approximately USD13 million) in 2018; and 216,000 tonnes (representing approximately USD32 million) in 2019 and 470,000 tonnes (representing approximately USD75 million) in 2020. Given Lualaba Copper Smelter, the Company's new project in DRC with a sulphuric acid production capacity of 270,000 tonnes per annum, is expected to be put into operation in the fourth quarter of 2019 and its production may be sold to related parties, the Company expects that the sales volume of sulphuric acid in 2020 will experience a sharp increase of 470,000 tonnes (representing approximately USD75 million). The Directors expect that with such increase, the existing annual caps under 2017 Mutual Supply Framework Agreement for the three years ending 31 December 2020 will not be sufficient for the Group's needs. The Directors therefore propose to revise the existing annual caps thereunder.

Payment terms

The payment terms will be agreed and detailed in the individual agreements.

In relation to procurement of raw materials and products from the CNMC Group, the payment terms are determined on a Cost, Insurance and Freight (CIF) basis and payment will be settled by wire transfer upon delivery.

In relation to supply of raw materials and products to the CNMC Group, as supply will be made within Zambia or DRC so that there will not be any cross-border transaction, payment will be settled upon delivery.

In relation to mutual supply of services, payment will be made in accordance with the service progress.

The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party customers.

Reasons for and benefit of entering into the 2017 Mutual Supply Framework Agreement

The Group continues to procure raw materials, products and services from the CNMC Group and continues to require such raw materials, products and services from the CNMC Group for the business development of the Group. The Directors consider that the 2017 Mutual Supply Framework Agreement is consistent with the business and commercial objectives of the Group as the raw materials and products supplied are in close proximity to the production facilities of the Group and therefore can reduce the Group's production costs and further enhance the profitability of the Group's operations. The services provided by the CNMC Group can also supplement the Group's operation capacity and a better manpower arrangement of the Group can be maintained.

The Group continues to supply raw materials, products and services to the CNMC Group and continues to supply such raw materials, products and services to the CNMC Group for its business needs. The Directors consider that this is consistent with the business and commercial objectives of the Group as the supply of raw materials, products and services to CNMC Group can further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilization level of the Group.

CNMC has been listed as one of the "Fortune Global 500" enterprises published by the Fortune Magazine from 2013 to 2016. As CNMC has business developments in the PRC, Zambia, DRC and other countries, the Group's business dealings with the CNMC Group will help the Group gather business information in those countries, expand its business reach and channels, thus enhancing the business opportunities of the Group.

Listing Rules Implications

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the existing annual caps for its continuing connected transactions, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, therefore CNMC is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios of the proposed revised annual cap in respect of the transactions contemplated under the 2017 Mutual Supply Framework Agreement exceed 5%, such transactions and the proposed revised annual cap for such transactions for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

The proposed revised annual caps under the 2017 Framework Agreements have been negotiated and agreed on an arm's length basis by and among the Company, CNMC, Yunnan Copper Group and Mabende Mining. The Directors (including the independent non-executive Directors) are of the view that the respective proposed revised annual caps for transactions contemplated under the 2017 Framework Agreements for each of the three years ending 31 December 2020 are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

None of the Directors has a material interest in the revision of the respective annual caps for transactions contemplated under the 2017 Framework Agreements for each of the three years ending 31 December 2020 or is required to abstain from voting from the relevant resolutions of the Board.

APPROVAL BY INDEPENDENT SHAREHOLDERS

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company through CNMD, CNMD and its associates will abstain from voting the resolutions approving the revision of the respective annual caps for transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement for each of the three years ending 31 December 2020 at the AGM.

The Company will comply with relevant provisions of the Listing Rules in relation to the revision of respective annual caps for transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement for each of the three years ending 31 December 2020.

An Independent Board Committee has been formed to advise the Independent Shareholders in connected with the revision of the respective annual caps for transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement for each of the three years ending 31 December 2020, and First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, amongst other things, further information on the revision of the respective annual caps for transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement for each of the three years ending 31 December 2020, a letter from the Independent Board Committee, an opinion of First Shanghai Capital Limited, the Independent Financial Advisor, together with a notice to convene the AGM to approve, among others, the proposed revision of annual caps for each of the three years ending 31 December 2020 for transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement, is expected to be issued to the Shareholders on or around 15 May 2018. If there is expected to be a delay in dispatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of dispatch of the circular. An announcement on the results of the AGM will be made in accordance with the Listing Rules.

GENERAL

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

CNMC is administered by the State Assets Supervision and Administration Commission of the State Council of the PRC and is principally engaged in the development of nonferrous metal resources, construction and engineering, as well as related trade and services.

Mabende Mining is principally engaged in mining, processing and sale of copper ore.

Yunnan Copper Group is principally engaged in the production and sale of copper concentrates and other non-ferrous metal products.

"2014 CNMC Copper Supply Framework Agreement"	the framework agreement dated 18 November 2014 between the Company and CNMC in relation to the sale of copper products to the CNMC Group
"2014 Huachin Ore Supply Framework Agreement"	the framework agreement dated 18 November 2014 between the Company and Mabende Mining in relation to the purchase of copper ores mined by Mabende Mining
"2014 Mutual Supply Framework Agreement"	the framework agreement dated 18 November 2014 as supplemented by a supplemental agreement dated 4 December 2014 between the Company and CNMC in relation to the mutual provision of raw materials, products and services
"2014 Yunnan Copper Supply Framework Agreement"	the framework agreement dated 18 November 2014 between the Company and Yunnan Copper Group in relation to the sale of copper products to Yunnan Copper Group and its subsidiaries
"2017 CNMC Copper Supply Framework Agreement"	the framework agreement dated 18 April 2017 between the Company and CNMC in relation to the sale of copper products to the CNMC Group
"2017 Framework Agreements"	collectively, the 2017 Yunnan Copper Supply Framework Agreement, the 2017 CNMC Copper Supply Framework Agreement, the 2017 Huachin Ore Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement
"2017 Huachin Ore Supply Framework Agreement"	the framework agreement dated 18 April 2017 between the Company and Mabende Mining in relation to the purchase of copper ores mined by Mabende Mining
"2017 Mutual Supply Framework Agreement"	the framework agreement dated 18 April 2017 between the Company and CNMC in relation to the mutual provision of raw materials, products and services

"2017 Yunnan Copper Supply Framework Agreement"	the framework agreement dated 18 April 2017 between the Company and Yunnan Copper Group in relation to the sale of copper products to Yunnan Copper Group and its subsidiaries
"AGM"	the annual general meeting of the Company to be held on 15 June 2018 to approve, among others, the proposed revision of annual caps for transactions contemplated under the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement, or any adjournment thereof
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"CCS"	Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*), a company incorporated under the laws of Zambia and a subsidiary of the Company
"CNMC"	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a state-owned enterprise established under the laws of the PRC and a controlling shareholder of the Company
"CNMC Group"	CNMC and its subsidiaries, excluding for the purpose of this announcement, the Group
"CNMC Huachin Mabende"	CNMC Huachin Mabende Mining SA (中色華鑫馬本德礦業股份有限公司*), a company incorporated under the laws of DRC and a subsidiary of the Company
"CNMD"	China Nonferrous Mining Development Limited (中色礦業發展有限公司*), a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of CNMC and a controlling shareholder of the Company
"COMEX"	Commodity Exchange, Inc, a division of the New York Mercantile Exchange, an exchange for contracts in energy and precious metals

"Company"	China Nonferrous Mining Corporation Limited (中國有色礦業有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
"connected person"	has the meaning ascribed thereto in the Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	director(s) of the Company
"DRC"	the Democratic Republic of Congo
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huachin Leach"	Huachin Metal Leach SA (中色華鑫濕法冶煉股份有限公司*), a company incorporated under the laws of DRC and a subsidiary of the Company
"Huachin Minerals"	Huachin Minerals SARL (華鑫礦產有限公司*), a company incorporated under the laws of DRC
"Huachin SARL"	Huachin SARL (華鑫有限責任公司*), a company incorporated under the laws of DRC
"Independent Board Committee"	an independent committee of the Board comprising Mr. Chuanyao SUN, Mr. Jingwei LIU and Mr. Huanfei GUAN

"Independent Financial Adviser"	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities as set out under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the non-exempt continuing connected transactions
"Independent Shareholders"	Shareholders other than CNMD and its associates
"Independent Third Party(ies)"	party(ies) not connected with any of the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
"Kambove Mining"	Kambove Mining SAS (剛波大礦業簡易股份有限公司*), a subsidiary of the Company established in DRC
"kt"	kilo tonnes
"Lualaba Copper Smelter"	Lualaba Copper Smelter SAS (盧阿拉巴銅冶煉股份有限公司*), a subsidiary of the Company incorporated in DRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"London Metal Exchange"	the London Metal Exchange, a futures exchange for options and futures contracts on base and other metals
"Mabende Mining"	Mabende Mining SARL (馬本德礦業有限公司*), a company incorporated under the laws of DRC
"NFC"	China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd* (中國有色金屬建設股份有限公司), a company incorporated in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000758)

"NFCA"	NFC Africa Mining PLC (中色非洲礦業有限公司*) , a company incorporated in Zambia on 5 March 1998, and a subsidiary of the Company
"NFC Metal"	NFC Metal Pte. Ltd.* (中色新加坡有限公司), a company incorporated in Singapore and a wholly-owned subsidiary of NFC
"PRC"	the People's Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Shanghai Futures Exchange"	the Shanghai Futures Exchange, an exchange for contracts in copper and other metals
"Shareholders"	holder(s) of the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Tianjin Precious Metals Exchange"	the Tianjin Precious Metals Exchange, an exchange for contracts in precious metals
"US$"	United States dollars, the current lawful currency of the United States of America
"Yunnan Copper Group"	Yunnan Copper Industry (Group) Co., Ltd.* (雲南銅業(集團)有限公司), a company incorporated under the laws of the PRC, which holds 40% of the issued share capital of CCS

"Zambia"	the Republic of Zambia
"%"	per cent

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

Beijing, 23 April 2018

As at the date of this announcement, the Board comprises Mr. Xinghu TAO, Mr. Lin ZHANG, Mr. Chunlai WANG, Mr. Wei FAN, 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.

* *Translation of Chinese or English terms for reference only.*