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洛阳钼业
洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd. *

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03993)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of China Molybdenum Co., Ltd.* (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020.

The financial information set out in this announcement does not constitute the Group’s complete set of the consolidated financial statements for the year ended 31 December 2020, but represents an extract from those consolidated financial statements.

The financial information has been reviewed by the Audit and Risk Committee of the Company and the auditor of the Company.

Note : This announcement was prepared in both Chinese and English versions. Where there is discrepancy between the Chinese and English versions, the Chinese version shall prevail.

SUMMARY

- In 2020, the Company's operating revenue reached approximately RMB113.0 billion, of which IXM contributed approximately RMB103.4 billion. EBITDA for the year was approximately RMB8.999 billion, and the net operating cash flow was approximately RMB8.492 billion; the net profit attributable to shareholders of the parent company amounted to approximately RMB2.329 billion, of which IXM contributed RMB0.772 billion; the Board proposed to distribute an annual dividend of approximately RMB0.711 billion (including tax) to shareholders.
- In 2020, the Company overcame the impact of the pandemic, and the production and operation of each segment remained stable. In Congo (DRC), copper and cobalt production was 182,597 tonnes and 15,436 tonnes, respectively; In China, molybdenum and tungsten production was 13,780 tonnes and 8,680 tonnes, respectively; In Brazil, niobium and phosphorus production was 9,300 tonnes and 1.09 million tonnes, respectively; Copper and gold production of Australia NPM (80% equity interest) was 26,997 tonnes and 20,897 ounces, respectively. IXM achieved 2.74 million tonnes of physical trading volume (sales volume) of metal mineral and 2.6 million tonnes of refined metal minerals.
- The Company continued to optimize its balance sheet and build a healthy asset-liability structure. As of the end of 2020, the monetary capital balance amounted to RMB16.9 billion, over 60 banks in and outside of China have extended credit facilities to the Company in excess of RMB110 million, with a large amount of unused credit facilities and currency fund balances providing the Company with sufficient liquidity.

- In 2020, the Company achieved zero material environmental incident across our global operations and recorded a TRIR of 1.25, outperforming the global industry average published by ICMM; the Company maintained the BBB rating of sustainable development published by MSCI for three consecutive years, ranking among the first echelon in the global mining industry.
- In 2020, the Company continued to optimize the management structure, completed a series of major personnel adjustments, and continued to facilitate cost reduction and efficiency enhancement by implementing a series of reform measures. Compared with 2019, the Company cut costs by approximately RMB2.93 billion.
- In 2020, the Company actively explored the development path, sought opportunities to improve global asset allocation, and successfully acquired the KFM copper cobalt mine project to be developed in the Congo (DRC). While consolidating and expanding the Company's mine reserves, its position in the field of battery, metals and electric vehicles was further strengthened, enabling the Company to contribute to the transformation of the global energy industry. During the same period, the Company innovated its business model and obtained USD550 million through gold flow transactions, further enhancing the Company's capital strength.

I. SUMMARISED FINANCIAL INFORMATION

Unit: Yuan Currency: RMB

Major accounting information	2020	2019	Increase or decrease as compared to last year (%)	2018
Operating revenue	112,981,018,624.55	68,676,565,008.79	64.51	25,962,862,773.77
Net profit attributable to shareholders of listed company	2,328,787,511.92	1,857,014,210.98	25.40	4,635,583,953.16
Net profit after deduction of nonrecurring profits or losses attributable to shareholders of listed company	1,090,576,448.35	746,685,213.05	46.06	4,560,178,551.23
Net cash flow from operating activities	8,492,453,630.20	1,704,827,883.87	398.14	9,434,533,590.15
EBITDA	8,998,930,803.00	8,075,199,693.12	11.44	12,615,392,379.22
Net assets attributable to shareholders of listed company	38,891,780,788.15	40,802,774,133.85	-4.68	40,948,873,571.40
Total assets	122,441,249,889.87	116,862,226,476.73	4.77	101,216,117,236.03
Gearing ratio	61.34%	57.65%	Increased by 3.69 percentage points	51.00%
Net interest-bearing debt ratio	25.07%	25.34%	Decreased by 0.27 percentage points	9.87%

Major Financial Indicators

Item	2020	2019	Increase or decrease as compared to last year (%)	2018
Basic earnings per share (“EPS”) (RMB Yuan per Share)	0.11	0.09	22.22	0.21
Diluted EPS (RMB Yuan per Share)	N/A	N/A	N/A	N/A
Basic EPS after deduction of non-recurring profits or losses (RMB Yuan per Share)	0.05	0.03	66.67	0.21
Weighted average return on net assets (%)	5.83	4.54	Increased by 1.29 percentage points	11.72
Weighted average return on net assets after deduction of nonrecurring profits or losses (%)	2.78	1.85	Increased by 0.93 percentage points	11.54

CONSOLIDATED BALANCE SHEET

Unit: Yuan Currency: RMB

Item	Notes	31 December 2020	31 December 2019	Increase (decrease)
Current assets:				
Cash and bank balances		16,947,648,080.87	15,647,900,059.61	8.31%
Held-for-trading financial assets		7,435,128,840.50	7,719,450,290.97	-3.68%
Derivative financial assets		2,060,111,110.42	2,178,322,223.39	-5.43%
Accounts receivables	2	702,193,713.91	1,510,508,440.50	-53.51%
Financing receivables	1	405,697,607.38	375,935,645.39	7.92%
Prepayments	3	1,405,838,288.25	1,065,494,520.83	31.94%
Other receivables		1,676,752,484.31	1,119,039,260.19	49.84%
Including: Interests receivable		344,628,170.18	198,921,505.19	73.25%
Dividends receivable		0.00	2,235,286.10	-100.00%
Inventories		21,170,188,531.54	20,730,673,736.79	2.12%
Other current assets		5,436,087,014.38	3,830,180,430.37	41.93%
Total current assets		57,239,645,671.56	54,177,504,608.04	5.65%
Non-current assets:				
Long-term equity investment		1,348,252,898.68	1,033,168,028.11	30.50%
Other investments in equity instruments		86,214,350.23	85,344,307.06	1.02%
Other non-current financial assets		4,678,191,536.17	4,356,783,464.12	7.38%
Non-current derivative financial assets		0.00	7,620,425.07	-100.00%
Fixed assets		23,328,330,597.04	24,439,595,450.35	-4.55%
Construction in progress		3,958,981,388.37	2,386,791,478.58	65.87%
Right-of-use assets		487,786,129.11	346,815,801.39	40.65%
Intangible assets		21,511,518,662.57	20,446,930,377.08	5.21%
Long-term inventory		5,845,918,877.35	5,660,505,828.69	3.28%
Goodwill		396,265,256.07	659,468,043.85	-39.91%
Long-term prepaid expenses		127,533,613.45	136,987,188.97	-6.90%
Deferred tax assets		497,166,341.93	645,508,458.12	-22.98%
Other non-current assets		2,935,444,567.34	2,479,203,017.30	18.40%
Total non-current assets		65,201,604,218.31	62,684,721,868.69	4.02%
Total assets		122,441,249,889.87	116,862,226,476.73	4.77%

Item	Notes	31 December 2020	31 December 2019	Increase (decrease)
Current liabilities:				
Short-term borrowings		20,464,481,097.49	18,589,025,832.49	10.09%
Held-for-trading financing liabilities		4,291,950,709.21	3,157,951,924.72	35.91%
Derivative financial liabilities		5,021,779,572.93	2,640,928,053.07	90.15%
Notes payable		627,937,567.02	233,224,073.53	169.24%
Accounts payable		876,914,865.30	1,944,506,406.62	-54.90%
Contract liabilities		371,984,342.17	416,194,761.78	-10.62%
Employee benefits payable		769,350,564.51	692,638,178.24	11.08%
Taxes payable		845,217,960.37	399,251,199.18	111.70%
Other payables		1,599,240,517.18	1,584,737,923.47	0.92%
Including: Interests payable		222,893,031.58	246,838,776.68	-9.70%
Dividends payable		27,885,796.67	27,885,796.67	0.00%
Non-current liabilities due within one year		5,329,646,086.38	3,749,103,660.62	42.16%
Other current liabilities		2,159,431,822.36	1,167,803,612.80	84.91%
Total current liabilities		42,357,935,104.92	34,575,365,626.52	22.51%
Non-current liabilities:				
Long-term borrowings		15,360,372,820.17	16,278,909,765.88	-5.64%
Bonds payable		3,631,225,000.00	5,092,860,000.00	-28.70%
Non-current derivative financial liabilities		417,159,248.94	202,416,693.40	106.09%
Lease liabilities		247,794,476.14	273,971,191.18	-9.55%
Long-term employee benefits payable		323,797,716.11	254,249,008.22	27.35%
Provision		2,750,507,412.49	2,495,171,563.70	10.23%
Deferred income		60,587,483.62	68,005,249.90	-10.91%
Deferred tax liabilities		6,269,305,883.30	7,887,539,765.83	-20.52%
Other non-current liabilities		3,687,709,740.77	238,141,518.84	1,448.54%
Total non-current liabilities		32,748,459,781.54	32,791,264,756.95	-0.13%
Total liabilities		75,106,394,886.46	67,366,630,383.47	11.49%

Item	Notes	31 December 2020	31 December 2019	Increase (decrease)
Shareholders' equity (or equity interest):				
Paid-in capital (or Share capital)		4,319,848,116.60	4,319,848,116.60	0.00%
Capital reserve		27,582,794,983.23	27,582,794,983.23	0.00%
Less: treasury share		193,840,466.48	0.00	N/A
Other comprehensive income		-3,585,690,161.76	-468,588,363.13	-665.21%
Special reserve		230,899.06	302,145.46	-23.58%
Surplus reserve		1,295,599,051.54	1,286,827,000.91	0.68%
Retained profits	4	9,472,838,365.96	8,081,590,250.78	17.22%
Total equity (or equity interest) attributable to owners of the parent company		38,891,780,788.15	40,802,774,133.85	-4.68%
Non-controlling interests		8,443,074,215.26	8,692,821,959.41	-2.87%
Total shareholders' equity (or equity interest)		47,334,855,003.41	49,495,596,093.26	-4.37%
Total liabilities and shareholders' equity (or equity interest)		122,441,249,889.87	116,862,226,476.73	4.77%

CONSOLIDATED INCOME STATEMENT

Unit: Yuan Currency: RMB

Item	Notes	2020	2019	Increase (decrease)
I. Total operating income		112,981,018,624.55	68,676,565,008.79	64.51%
Including: Operating income	6	112,981,018,624.55	68,676,565,008.79	64.51%
II. Total operating costs		108,328,837,499.80	69,261,920,764.53	56.40%
Including: Operating costs	6	104,536,006,657.71	65,605,691,676.40	59.34%
Taxes and levies		892,221,743.36	812,716,202.17	9.78%
Selling expenses		73,456,574.59	90,657,673.80	-18.97%
Administrative expenses		1,330,306,248.91	1,233,696,509.26	7.83%
Research and development expenses		173,582,899.01	268,320,900.73	-35.31%
Financial expenses	7	1,323,263,376.22	1,250,837,802.17	5.79%
Including: Interest expenses		1,787,719,461.87	1,840,227,297.31	-2.85%
Interest income		-691,961,398.68	-929,942,890.97	-25.59%
Add: Other income		38,182,004.23	17,294,553.35	120.77%
Investment income (losses are indicated by "-")	8	408,815,417.07	194,629,428.14	110.05%
Including: Income from investments in associates and joint ventures		-11,735,678.34	21,744,539.34	-153.97%
Gains from changes in fair value (losses are indicated by "-")		-1,915,935,321.09	2,703,857,555.18	-170.86%
Credit impairment losses (losses are indicated by "-")		11,726,548.03	-6,311,229.01	-285.80%
Asset impairment losses (losses are indicated by "-")		-246,808,770.60	-38,246,066.61	545.32%
Income from the disposal of assets (losses are indicated by "-")		-812,670.82	-64,265,650.01	-98.74%

Item	Notes	2020	2019	Increase (decrease)
III. Operating profit (losses are indicated by "-")		2,947,348,331.57	2,221,602,835.30	32.67%
Add: Non-operating income		14,694,897.50	170,387,882.33	-91.38%
Less: Non-operating expenses		85,753,436.96	33,542,253.71	155.66%
IV. Total profit (total losses are indicated by "-")	9	2,876,289,792.11	2,358,448,463.92	21.96%
Less: Income tax expenses	10	397,649,247.09	592,600,086.07	-32.90%
V. Net profit (net losses are indicated by "-")		2,478,640,545.02	1,765,848,377.85	40.37%
(1) Classified by business continuity				
1. Net profit from continuing operations (losses are indicated by "-")		2,478,640,545.02	1,765,848,377.85	40.37%
(2) Classified by ownership				
1. Net profit attributable to owners of the parent company (losses are indicated by "-")		2,328,787,511.92	1,857,014,210.98	25.40%
2. Non-controlling interest (losses are indicated by "-")		149,853,033.10	-91,165,833.13	-264.37%
VI. Other comprehensive income, net of tax		-3,759,485,512.45	510,713,480.88	-836.12%
(I) Other comprehensive income attributable to owners of the parent company, net of tax		-3,213,314,637.04	375,539,057.08	-955.65%
1. Other comprehensive income cannot be reclassified into the profit or loss subsequently		-29,210,113.06	60,440,773.28	-148.33%
(1) Remeasurement of changes in defined benefit plans		-21,466,231.83	-8,303,640.00	158.52%
(2) Changes in fair value of other equity instrument investments		-7,743,881.23	68,744,413.28	-111.26%

Item	Notes	2020	2019	Increase (decrease)
2. Other comprehensive income that will be reclassified subsequently into the profit or loss		-3,184,104,523.98	315,098,283.80	-1,110.51%
(1) Other comprehensive income to be reclassified into profit or loss under equity method		0.00	20,822,262.48	-100.00%
(2) Cash flow hedge reserve		-1,318,514,045.16	-173,044,901.70	661.95%
(3) Foreign exchange differences from translation of financial statements		-1,865,590,478.82	467,320,923.02	-499.21%
(II) Other comprehensive income, net of tax attributable to non-controlling shareholders		-546,170,875.41	135,174,423.80	-504.05%
VII. Total comprehensive income		-1,280,844,967.43	2,276,561,858.73	-156.26%
(I) Attributable to owners of the parent company		-884,527,125.12	2,232,553,268.06	-139.62%
(II) Attributable to non-controlling shareholders		-396,317,842.31	44,008,590.67	-1,000.55%
VIII. Earnings per share:				
(I) Basic earnings per share (<i>RMB Yuan per Share</i>)	11	0.11	0.09	22.22%
(II) Diluted earnings per share (<i>RMB Yuan per Share</i>)	11	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF CASH FLOW

Unit: Yuan Currency: RMB

Items	2020	2019	Increase (decrease)
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering services	124,430,020,607.24	71,786,252,657.57	73.33%
Cash received related to other operating activities	4,433,968,969.06	4,753,257,983.02	-6.72%
Cash received from tax refund	201,729,168.37	—	100.00%
Sub-total of cash inflows from operating activities	129,065,718,744.67	76,539,510,640.59	68.63%
Cash paid for purchasing goods and receiving labour services	112,356,590,717.10	66,328,481,964.48	69.39%
Cash paid to employees and paid for employees	2,186,110,884.36	2,307,952,972.59	-5.28%
Taxes and fees paid	3,730,988,386.09	4,168,334,672.22	-10.49%
Cash paid for other operating activities	2,299,575,126.92	2,029,913,147.43	13.28%
Sub-total of cash outflow from operating activities	120,573,265,114.47	74,834,682,756.72	61.12%
Net cash flow from operating activities	8,492,453,630.20	1,704,827,883.87	398.14%
II. Cash flows from investing activities:			
Cash received from recovery of investment	14,828,067,938.53	4,784,176,788.82	209.94%
Cash received from investment income	610,308,701.04	1,632,774,545.59	-62.62%
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	114,105,741.51	24,417,189.84	367.32%
Cash received related to other investing activities	2,491,976,308.57	3,009,624,827.50	-17.20%
Sub-total of cash inflows from investment activities	18,044,458,689.65	9,450,993,351.75	90.93%
Cash paid on acquisition or disposal of subsidiaries and other operating units	597,959,999.97	2,069,009,623.30	-71.10%
Cash paid for acquiring or construction of fixed assets, intangible assets and other long-term assets	7,621,789,128.23	2,718,622,240.73	180.35%
Cash paid for investment	16,139,927,989.55	5,095,283,003.45	216.76%
Cash paid for other investment activities	3,089,577,857.70	2,247,181,202.53	37.49%
Sub-total of cash outflow from investment activities	27,449,254,975.45	12,130,096,070.01	126.29%
Net cash flows from investment activities	-9,404,796,285.80	-2,679,102,718.26	251.04%

Items	2020	2019	Increase (decrease)
III. Cash flows from financing activities:			
Cash received from borrowings	37,658,074,610.27	32,091,740,322.20	17.35%
Cash received from other financing activities	3,715,446,908.04	2,903,278,100.00	27.97%
Sub-total of cash inflows from financing activities	41,373,521,518.31	34,995,018,422.20	18.23%
Cash paid for debt repayment	33,554,165,884.84	31,372,194,483.49	6.96%
Cash paid for distribution of dividends, profits and interest payment	2,678,785,191.37	4,203,154,203.48	-36.27%
Including: dividends paid by subsidiaries to non-controlling shareholders	41,759,360.00	–	100.00%
Cash paid for other financing activities	4,718,269,511.52	9,667,041,045.09	-51.19%
Sub-total of cash outflow from financing activities	40,951,220,587.73	45,242,389,732.06	-9.48%
Net cash flow from financing activities	422,300,930.58	-10,247,371,309.86	-104.12%
IV. Effect of exchange rate changes on cash and cash equivalents	-453,255,348.58	373,190,382.07	-221.45%
V. Net decrease in cash and cash equivalents	-943,297,073.60	-10,848,455,762.18	-91.30%
Add: Balance of cash and cash equivalents at the beginning of year	12,392,247,511.85	23,240,703,274.03	-46.68%
VI. Balance of cash and cash equivalents at the end of year	<u>11,448,950,438.25</u>	<u>12,392,247,511.85</u>	<u>-7.61%</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCING RECEIVABLES

Unit: RMB

Category	2020	2019
Notes receivables		
Including: bank acceptances	380,763,917.60	298,935,317.60
commercial acceptances	<u>24,933,689.78</u>	<u>77,000,327.79</u>
Total	<u><u>405,697,607.38</u></u>	<u><u>375,935,645.39</u></u>

The Group discounts or endorses part of notes receivable according to its day-to-day capital demand, so the relevant notes receivable are classified as financial assets at FVTOCI.

(1) Credit risk of financing receivables:

The Group measures the ECL of financing receivables on the basis of the comparison table of credit exposure rating and loss given default. The ECL in the financing receivables is as follows:

Unit: RMB

Internal credit rating	Expected average loss rate	2020	
		Book value	Expected credit loss
Low risk (not-credit-impaired)	0.00%	381,499,760.65	–
Normal (not-credit-impaired)	2.95%	24,933,689.92	735,843.19
Loss (credit-impaired)	100.00%	<u>11,350,000.00</u>	<u>11,350,000.00</u>
Total		<u><u>417,783,450.57</u></u>	<u><u>12,085,843.19</u></u>

- (2) At the end and beginning of the year, financing receivables endorsed or discounted by the Group but yet to mature as at the balance sheet date are as follows:

Unit: RMB

Category	Amount derecognised as at the end of 2020	Amount derecognised as at the end of 2019
Bank acceptances	<u>2,064,202,071.72</u>	<u>1,509,138,489.45</u>
Total	<u><u>2,064,202,071.72</u></u>	<u><u>1,509,138,489.45</u></u>

Note: Since major risks including the interest rate risks as well as the remuneration related to such bank acceptance have been substantially transferred to banks or other parties, the Group derecognised these discounted or endorsed bank acceptances.

- (3) As at 31 December 2020, receivables financing with an amount of RMB334,501,519.98 (2019: RMB220,226,943.78) of the Group were used for pledge of issuing bills payable.
- (4) At the end and beginning of the year, none of the Group's notes was transferred to accounts receivable due to the drawers' failure in performing the agreements.

2. ACCOUNTS RECEIVABLE

(1) Disclosure by aging

Unit: RMB

Aging	Accounts receivable	2020 Provision for loss	Percentage of accrual (%)
Within 1 year	641,838,769.15	3,204,231.61	0.50
1 to 2 years	28,663,394.98	8,772,881.53	30.61
2 to 3 years	50,237,303.76	6,568,640.84	13.08
Over 3 years	17,753,235.49	17,753,235.49	100.00
Total	<u>738,492,703.38</u>	<u>36,298,989.47</u>	<u>4.92</u>

(2) Credit risks of accounts receivable

As the Group has a long-term and stable transaction relationship with the customers with high credit rating in respect of the niobium business in Brazil and acid business in DRC, the management believes that the credit risk is low.

As part of credit risk management of the Group, the Group conducts internal credit rating for tungsten and molybdenum business in China and phosphorus business in Brazil, and determines the expected loss rate of accounts receivable for each rating, respectively. As at the balance sheet date, the Group recognises the provision for ECL on the accounts receivable based on impairment matrix.

Unit: RMB

Internal credit exposure rating	Expected average loss rate	2020 Book balance	2020 Impairment provision	Book value
Low risk	0.06%	546,882,993.62	312,451.03	546,570,542.59
Normal	2.66%	85,279,852.28	2,267,621.16	83,012,231.12
Attention	9.02%	77,544,928.02	6,994,572.95	70,550,355.07
Doubtful (impaired)	54.93%	4,572,094.18	2,511,509.05	2,060,585.13
Loss (impaired)	100.00%	24,212,835.28	24,212,835.28	–
Total		<u>738,492,703.38</u>	<u>36,298,989.47</u>	<u>702,193,713.91</u>

The expected average loss rate is measured based on historical practical impairment rate with the current situation and prediction on future economy taken into consideration. There were no changes in evaluation approach and significant assumption of the Group in 2020 and 2019.

(3) Changes in expected credit loss for accounts receivable

Unit: RMB

	Full lifetime ECL (not credit- impaired)	Full lifetime ECL (credit- impaired)	Total
1 January 2020	24,332,540.98	33,175,355.11	57,507,896.09
– Transfer to credit-impaired	(51,133.34)	51,133.34	–
Provision of ECL for the period	1,143,636.48	2,085,362.31	3,228,998.79
Reversal of ECL for the period	(10,991,612.21)	(2,300,570.38)	(13,292,182.59)
Write-off for the period	(4,755,373.01)	(4,934,521.06)	(9,689,894.07)
Changes in exchange rate	(103,413.76)	(1,352,414.99)	(1,455,828.75)
31 December 2020	9,574,645.14	26,724,344.33	36,298,989.47

(4) Top five accounts receivable balances at the end of reporting period based on debtors:

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total account receivable (%)	Credit impairment loss
31 December 2020				
Company H	Third Party	69,057,190.16	9.35	5,498,013.78
Company B	Third Party	44,496,971.20	6.03	44,496.97
Company F	Third Party	36,660,699.97	4.96	52,531.05
Company G	Third Party	34,426,760.05	4.66	34,489.98
Company D	Third Party	33,239,388.13	4.50	33,239.39
Total		<u>217,881,009.51</u>	<u>29.50</u>	<u>5,662,771.17</u>

3. PREPAYMENTS

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	2020		2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,400,634,872.31	99.63	1,058,923,660.46	99.38
1 to 2 years	667,432.50	0.05	5,619,915.06	0.53
2 to 3 years	4,379,293.39	0.31	87,984.55	0.01
Over 3 years	156,690.05	0.01	862,960.76	0.08
Total	<u>1,405,838,288.25</u>	<u>100.00</u>	<u>1,065,494,520.83</u>	<u>100.00</u>

(2) Top five of prepayments balances at the end of year based on debtors

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total account prepayments (%)
Company J	Related Party	130,506,458.61	9.28
Company K	Third Party	85,130,985.62	6.06
Company L	Third Party	47,638,646.27	3.39
Company M	Third Party	30,115,871.14	2.14
Company N	Third Party	27,701,899.54	1.97
Total		<u>321,093,861.18</u>	<u>22.84</u>

4. RETAINED PROFITS

Unit: RMB

Item	2020	2019
Retained profits at the beginning of the year	8,081,590,250.78	8,682,123,314.63
Add: Net profit attributable to shareholders of the parent company for the year	2,328,787,511.92	1,857,014,210.98
Transfer from other comprehensive income	-	44,800,000.00
Less: Appropriation to statutory surplus reserve	8,772,050.63	126,430,810.70
Ordinary shares payable	928,767,346.11	2,375,916,464.13
Retained profits at the end of the year	<u>9,472,838,365.96</u>	<u>8,081,590,250.78</u>

5. DIVIDEND

(1) Implementation of cash dividend distribution policy

The Company considered and approved the profit distribution plan for 2019 at the 2019 annual general meeting held on 12 June 2020. The dividend distribution was based on the 21,599,240,583 total share capital of the Company prior to the implementation of the plan, a cash dividend of RMB0.043 (tax inclusive) per share was distributed and a total of RMB928,767,346.11 (tax inclusive) of cash dividend was distributed. The cash dividend distribution was completed during the reporting period.

(2) Proposal of dividend distribution

The Company proposed to carry out dividend distribution based on the total share capital at the date of closure of register of members (net of the shares in the repurchased account of the Company), a cash dividend of RMB0.33 (tax inclusive) for every 10 shares is distributed to all the Shareholders and a total of RMB711,174,000.77 (tax inclusive) of cash dividend as expected will be paid, accounting for approximately 30.54% of the net profits attributable to the shareholders of the listed company for the year.

In case from the date of disclosure of announcement on profit distribution plan to the date of closure of register of members, there are changes in the total share capital of the Company due to the conversion of convertible shares/repurchase of shares/cancellation of repurchased shares granted under equity incentive schemes/cancellation of repurchased shares due to material asset restructuring, the Company proposed to remain the total distribution amount unchanged, and to adjust the per share distribution ratio accordingly.

The proposal has been considered and approved at the twelfth meeting of the fifth session of the Board of Directors, and shall be submitted to the annual general meeting for consideration and approval.

6. OPERATING INCOME AND OPERATING COSTS

(1) Operating income (by category)

Unit: RMB

Item	2020		2019	
	Revenue	Costs	Revenue	Costs
Principal operating activities	112,550,537,600.57	104,199,556,748.87	68,473,937,938.91	65,411,048,279.05
Including: Sales of goods	18,480,803,844.28	13,585,812,784.98	19,297,085,807.79	14,756,114,519.74
Metal trading	94,069,733,756.29	90,613,743,963.89	49,176,852,131.12	50,654,933,759.31
Other operating activities	430,481,023.98	336,449,908.84	202,627,069.88	194,643,397.35
Including: Income from hotel services	52,313,733.27	41,955,041.45	65,879,624.30	47,753,389.08
Other income	378,167,290.71	294,494,867.39	136,747,445.58	146,890,008.27
Total	<u>112,981,018,624.55</u>	<u>104,536,006,657.71</u>	<u>68,676,565,008.79</u>	<u>65,605,691,676.40</u>

(2) Principal operating activities (by products)

Unit: RMB

Name of products	2020		2019	
	Operating income	Operating costs	Operating income	Operating costs
Molybdenum, tungsten related products	3,550,860,438.37	2,225,528,480.14	4,505,451,936.38	2,127,804,615.84
Niobium related products	2,817,176,587.00	1,665,558,572.28	2,266,737,876.53	1,462,542,498.12
Phosphorus related products	2,378,092,057.58	2,031,945,616.41	2,832,467,143.61	2,294,591,570.59
Copper, cobalt related products	8,294,366,471.14	6,642,681,663.76	8,331,866,319.98	7,818,073,933.04
Copper, gold related products	1,436,122,875.79	1,015,888,358.55	1,322,524,050.21	1,030,953,199.21
Mineral metal trading	39,155,090,529.66	36,172,326,227.21	13,806,496,826.50	15,344,493,459.78
Refined metal trading	54,914,643,226.63	54,441,417,736.68	35,370,355,304.62	35,310,440,299.53
Others	4,185,414.40	4,210,093.84	38,038,481.08	22,148,702.94
Total	<u>112,550,537,600.57</u>	<u>104,199,556,748.87</u>	<u>68,473,937,938.91</u>	<u>65,411,048,279.05</u>

7. FINANCIAL EXPENSES

Unit: RMB

Item	2020	2019
Interest expenses on bonds	314,783,571.47	229,441,618.42
Discount interest of notes receivable	26,386,286.16	15,287,693.50
Interest expenses of lease liabilities	45,979,250.72	16,804,328.07
Interest expenses of bank loans	1,343,142,882.53	1,578,693,657.32
Gold streaming financing costs	57,427,470.99	–
Total interest expenses	1,787,719,461.87	1,840,227,297.31
Less: Interest income	691,961,398.68	929,942,890.97
Exchange differences	24,945,211.92	(54,028,588.95)
Gold lease charges	41,545,555.28	82,099,619.58
Expenses of return to shareholders of BHR (<i>Note</i>)	–	142,003,384.79
Others	<u>161,014,545.83</u>	<u>170,478,980.41</u>
 Total	 <u><u>1,323,263,376.22</u></u>	 <u><u>1,250,837,802.17</u></u>

Note: On 20 January 2017, the Group entered into a framework cooperation agreement with BHR and its investors to secure the control of BHR and its ancillary assets by way of a control agreement and to undertake to provide BHR investors with a fixed annualized exit return during the corresponding period. The Group accrued finance fees based on the agreed return. The transaction was completed on 27 September 2019.

8. INVESTMENT INCOME

(1) Details of investment income

	<i>Unit: RMB</i>	
Item	2020	2019
Income from long-term equity investments under equity method	(11,735,678.34)	21,744,539.34
Investment income from long-term equity investment originally held from acquisition of remaining equity interests of joint ventures	–	52,605,210.42
Investment income received from held-for-trading financial assets held for the period	108,218,667.59	
Investment income received from other non-current financial assets held for the period	209,536,295.89	55,879,547.61
Investment income on disposal of held-for-trading financial assets	11,312,868.18	23,305,635.62
Investment income on disposal of other non-current financial assets	91,483,263.75	41,094,495.15
Total	<u>408,815,417.07</u>	<u>194,629,428.14</u>

(2) Gains (losses) from long-term equity investments under equity method

Unit: RMB

Investee	2020	2019	Reasons for change between this year and last year
Luoyang Yulu Mining Company Limited (洛陽豫鷺礦業有限責任公司)	89,581,292.97	120,225,172.69	The changes in profits of the invested company
Luoyang Shenyu Molybdenum Co., Ltd. (洛陽申雨鉬業有限責任公司)	1,438,672.59	8,331.56	The changes in profits of the invested company
Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. (洛陽高科鎢鉬材料有限公司)	-	(1,029,553.31)	The changes in profits of the invested company
Xuzhou Huan Yu Molybdenum Co., Ltd. (徐州環宇鉬業有限公司)	(104,275,535.62)	(61,228,247.67)	The changes in profits of the invested company
Natural Resources Investment Fund (自然資源投資基金)	(27,790.93)	(33,049,846.78)	The changes in profits of the invested company
Zhejiang Youqing Trading Co., Ltd. (浙江友青貿易有限公司)	2,923,706.58	(1,500,000.00)	The changes in profits of the invested company
Beijing Youhong Yongsheng Technology Co., Ltd. (北京友鴻永盛科技有限公司)	(48,271.57)	-	The changes in profits of the invested company
Tongxiang Huaang Trading Co., Ltd. (桐鄉華昂貿易有限公司)	(132,418.43)	-	The changes in profits of the invested company
Walvis Bay Cargo Terminal Pty. Ltd.	3,350,758.62	(1,573,631.88)	The changes in profits of the invested company
PY.Huayue Nickel Cobalt (華越鎳鈷(印尼)有限公司)	(4,546,092.55)	(107,685.27)	The changes in profits of the invested company
Total	<u>(11,735,678.34)</u>	<u>21,744,539.34</u>	The changes in profits of the invested company

There is no material restriction on the return of the Group's investment income.

Investment income during the year and the prior year was generated from investments in listed and unlisted entities.

9. TOTAL PROFITS

Profit for the year after deducting the following items:

	<i>Unit: RMB</i>	
	2020	2019
Depreciation	<u>2,668,054,045.74</u>	<u>2,354,294,576.54</u>
Amortization	<u>1,666,880,141.72</u>	<u>1,378,007,843.49</u>

10. INCOME TAX EXPENSES

	<i>Unit: RMB</i>	
Item	2020	2019
Current income tax calculated according to the tax laws and relevant requirements	1,395,116,370.32	1,142,310,827.87
Differences arising on settlement of income tax for the previous year	10,823,794.74	(6,609,658.92)
Adjustments to deferred income tax	<u>(1,008,290,917.97)</u>	<u>(543,101,082.88)</u>
Total	<u>397,649,247.09</u>	<u>592,600,086.07</u>

Reconciliation of income tax expenses to the accounting profit is as follows:

	<i>Unit: RMB</i>	
	2020	2019
Accounting profit	2,876,289,792.11	2,358,448,463.92
Income tax expenses calculated at 15% (2019: 15%)	431,443,468.82	353,767,269.59
Effects of non-deductible expenses for tax purpose	53,423,213.58	291,427,986.65
Effects of tax-free income/extra deductible expense for tax purpose	(182,176,709.96)	(159,302,560.88)
Effects of utilizing previously unrecognised deductible losses and deductible temporary differences for tax purpose	(3,419,885.51)	(1,811,160.89)
Effects of unrecognised deductible loss and deductible difference for tax purpose	10,341,802.01	7,751,430.48
Exchange rate impact on non-monetary items and tax impact of enterprise merger	83,316,340.02	(40,610,962.01)
Deductible losses generated from tax reports	(78,271,468.74)	(36,347,770.47)
Effects of different tax rate in subsidiaries in other jurisdictions	90,386,628.78	142,645,522.31
Difference arising on settlement of income tax for the previous years	10,823,794.74	(6,609,658.92)
Registered capital tax (<i>Note</i>)	24,814,801.07	8,051,598.58
Change in deferred income tax arising from the change in tax rate	(43,032,737.72)	33,638,391.63
Total	<u>397,649,247.09</u>	<u>592,600,086.07</u>

Note: Being the income tax from IXM, a subsidiary of the Group, payable in accordance with the established ratio of the registered capital under tax laws of Switzerland.

11. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

For the purpose of calculating basic earnings per share, net profit attributable to ordinary shareholders for the current period is as follows:

	<i>Unit: RMB</i>	
	2020	2019
Net profit attributable to ordinary shareholders for the current year	2,328,787,511.92	1,857,014,210.98

In calculating the basic earnings per share, the denominator is the weighted average number of the issued and outstanding ordinary shares and its calculation process is as follows:

	2020	2019
Number of outstanding ordinary shares at the beginning of year	21,599,240,583	21,599,240,583
Less: Weighted average number of ordinary shares repurchased during the year	8,085,548	–
Weighted average number of outstanding ordinary shares at the end of year	21,591,155,035	21,599,240,583

Earnings per share:

	<i>Unit: RMB</i>	
	2020	2019
Calculated based on net profit attributable to shareholders of the parent company:		
Basic earnings per share	0.11	0.09
Diluted earnings per share	N/A	N/A

II. FINANCIAL REVIEW

Overview

During the reporting period, the Company's net profit increased from approximately RMB1,765.85 million for 2019 to approximately RMB2,478.64 million, which increased by approximately RMB712.79 million or 40.37%. Among others: net profit attributable to shareholders of the parent company amounted to approximately RMB2,328.79 million, representing an increase of approximately RMB471.78 million or 25.40% from approximately RMB1,857.01 million as of the end of 2019. The main reason is that the Company completed the merger and acquisition of IXM on 24 July 2019, and the basic metal trading business increased year on year during the period. During the merger period, the profitabilities of mining and processing business increased..

Principal Businesses by Industry, Product and Region

Unit: Yuan Currency: RMB

By industry	Principal businesses by industry			Increase or decrease in operating revenue as compared to last year	Increase or decrease in operating cost as compared to last year	Increase or decrease in gross profit margin as compared to last year
	Operating revenue	Operating cost	Gross profit margin (%)	(%)	(%)	(%)
Mineral exploration and processing	18,476,618,429.88	13,581,602,691.14	26.49	-4.06	-7.82	2.99
Mineral trading <i>(Note)</i>	94,069,733,756.29	90,613,743,963.89	3.67	91.29	78.88	6.68
Others	4,185,414.40	4,210,093.84	-0.59	-89.00	-80.99	-42.36

Principal businesses by product						
By product	Operating revenue	Operating cost	Gross profit margin (%)	Increase or decrease in operating revenue as compared to last year (%)	Increase or decrease in operating cost as compared to last year (%)	Increase or decrease in gross profit margin as compared to last year (%)
Mineral exploration and processing						
Molybdenum and tungsten	3,550,860,438.37	2,225,528,480.14	37.32	-21.19	4.59	-15.45
Copper and gold	1,436,122,875.79	1,015,888,358.55	29.26	8.59	-1.46	7.21
Niobium and phosphate	5,195,268,644.58	3,697,504,188.69	28.83	1.88	-1.59	2.51
Copper and cobalt	8,294,366,471.14	6,642,681,663.76	19.91	-0.45	-15.03	13.74
Mineral trading (Note)						
Mineral metals	39,155,090,529.66	36,172,326,227.21	7.62	183.60	135.73	18.76
Refined metals	54,914,643,226.63	54,441,417,736.68	0.86	55.26	54.18	0.69
Others	4,185,414.40	4,210,093.84	-0.59	-89.00	-80.99	-42.36

Principal businesses by region						
By region	Operating revenue	Operating cost	Gross profit margin (%)	Increase or decrease in operating revenue as compared to last year (%)	Increase or decrease in operating cost as compared to last year (%)	Increase or decrease in gross profit margin as compared to last year (%)
Mineral exploration and processing						
China	3,550,860,438.37	2,225,528,480.14	37.32	-21.19	4.59	-15.45
Australia	1,436,122,875.79	1,015,888,358.55	29.26	8.59	-1.46	7.21
Brazil	5,195,268,644.58	3,697,504,188.69	28.83	1.88	-1.59	2.51
DRC	8,294,366,471.14	6,642,681,663.76	19.91	-0.45	-15.03	13.74
Mineral trading (Note)						
China	12,728,275,521.19	13,089,152,972.49	-2.84	-2.84	5.57	-8.20
Outside China	81,341,458,235.10	77,524,590,991.40	4.69	125.47	102.64	10.73
Others						
China	4,185,414.40	4,210,093.84	-0.59	-89.00	-80.99	-42.36

Explanation to Principal Businesses by Industry, Product and Region

- Notes:
1. IXM is engaged in the metal trading business which combines the futures and spot commodities. The Group only included the corresponding cost of the spot commodities in accordance with the requirements of the Accounting Standards for Enterprises when calculating the operating cost of the metal trade; the profit and loss related to the futures business is recognized in gains in fair value change.
 2. On 24 July 2019, the Company completed the merger and acquisition of IXM, and the basic metal trading business during the merger period recorded year-on-year increase.

Analysis of Production and Sales Volume of Principal Products

Principal products	Unit	Production volume/ procurement volume	Sales volume	Inventory volume	YoY increase or decrease of production volume/ procurement volume as compared to last year	YoY increase or decrease of sales volume as compared to last year	Increase or decrease of inventory volume as compared to the end of last year
					(%)	(%)	(%)
Mineral exploration and processing							
<i>(Note 1)</i>							
Molybdenum	Tonnes	13,780	13,641	1,510	-7.63	-8.87	-13.52
Tungsten	Tonnes	8,680	8,590	870	-19.04	-20.04	-33.32
Niobium	Tonnes	9,300	9,674	3,181	24.18	29.79	18.86
Phosphate fertilizer (HA+LA)	Tonnes	1,090,740	1,140,756	147,159	-0.63	8.53	-24.67
Copper (TFM)	Tonnes	182,597	185,680	37,700	2.61	16.69	17.37
Cobalt	Tonnes	15,436	17,333	11,645	4.11	14.56	220.82
Copper (80% equity interest of NPM)	Tonnes	26,997	27,157	572	-5.58	-6.97	-62.03
Gold	Ounces	20,897	21,553	/	5.64	7.26	/
Mineral trading							
Mineral metals	Tonnes	2,856,000	2,736,000	370,551	135.20	157.63	-21.32
<i>(Note 2)</i>							
Refined metals	Tonnes	2,798,200	2,599,459	453,776	96.78	81.07	44.02
<i>(Note 3)</i>							

Note 1: Data relating to production volume, sales volume and inventory in the mining and processing stage of the mines is the data of each mine.

Note 2: The primary products of metal minerals, mainly are the concentrates.

Note 3: The smelting of metal minerals and chemical products.

Component of Cost of Principal Products

Unit: RMB '000

By industry	Component of cost	By Industry		Amount for last year	Percentage over total cost for last year (%)	Percentage of changes in amount as compared to last year (%)
		Amount for the current year	Percentage over total cost for the current year (%)			
Mineral exploration and processing	Materials	5,735,124	40.84	7,441,821	48.16	-22.93
	Labour	1,544,223	11.00	1,587,884	10.28	-2.75
	Depreciation	3,748,701	26.69	3,347,840	21.67	11.97
	Energy	690,865	4.92	757,474	4.90	-8.79
	Manufacturing fees	2,324,708	16.55	2,317,077	14.99	0.33
Mineral trading	Purchase cost	99,793,383	100.00	51,847,507	100.00	92.47

Cost analysis

By product	Component of cost	By Product		Amount for last year	Percentage over total cost for last year (%)	Percentage of changes in amount as compared to last year (%)
		Amount for the current year	Percentage over total cost for the current year (%)			
Mineral exploration and processing Molybdenum and tungsten related products	Materials	856,265	41.87	667,142	36.50	28.35
	Labour	330,645	16.17	316,691	17.32	4.41
	Depreciation	155,575	7.61	152,266	8.33	2.17
	Energy	237,552	11.62	237,253	12.98	0.13
	Manufacturing fees	464,903	22.73	454,615	24.87	2.26
Copper and gold related products	Materials	184,138	18.82	193,320	19.54	-4.75
	Labour	160,270	16.38	143,671	14.52	11.55
	Depreciation	391,579	40.03	400,910	40.52	-2.33
	Energy	111,042	11.35	122,424	12.37	-9.30
	Manufacturing fees	131,150	13.42	129,043	13.05	1.63

By product	Component of cost	By Product		Amount for last year	Percentage over total cost for last year (%)	Percentage of changes in amount as compared to last year (%)
		Amount for the current year	Percentage over total cost for the current year (%)			
Niobium and phosphate related products	Materials	916,094	26.49	1,107,697	29.99	-17.30
	Labour	481,150	13.91	610,586	16.53	-21.20
	Depreciation	728,618	21.07	560,436	15.17	30.01
	Energy	122,604	3.55	185,146	5.01	-33.78
	Manufacturing fees	1,209,313	34.98	1,230,229	33.30	-1.70
Copper and cobalt related products	Materials	3,778,627	49.96	5,473,662	61.22	-30.97
	Labour	572,159	7.57	516,936	5.78	10.68
	Depreciation	2,472,930	32.70	2,234,228	24.99	10.68
	Energy	219,666	2.90	212,650	2.38	3.30
	Manufacturing fees	519,342	6.87	503,189	5.63	3.21
Mineral trading						
Mineral metals	Purchase cost	36,582,556	100.00	15,344,493	100.00	138.41
Refined metals	Purchase cost	63,210,827	100.00	36,503,014	100.00	73.17

Operating Income

For the year ended 31 December 2020, the operating income of the Group amounted to approximately RMB112,981.02 million, representing an increase of approximately RMB44,304.45 million or 64.51% from approximately RMB68,676.57 million for the same period in 2019, mainly due to the completion of merger and acquisition of IXM on 24 July 2019 and the increase of fundamental mineral trading business for the current period as compared to the same period last year during the merger period.

Operating Costs

For the year ended 31 December 2020, the operating costs of the Group amounted to approximately RMB104,536.01 million, representing an increase of approximately RMB38,930.32 million or 59.34% from approximately RMB65,605.69 million for the same period in 2019, mainly due to the completion of merger and acquisition of IXM on 24 July 2019 and the increase of fundamental mineral trading business for the current period as compared to the same period last year during the merge period.

Research and Development Expenses

For the year ended 31 December 2020, research and development expenses of the Group amounted to approximately RMB173.58 million, representing a decrease of approximately RMB94.74 million or 35.31% from approximately RMB268.32 million for the same period in 2019, mainly due to a year-on-year decrease in research and development expenses affected by COVID-19.

Other Income

For the year ended 31 December 2020, other income of the Group amounted to approximately RMB38.18 million, representing an increase of approximately RMB20.89 million or 120.77% from approximately RMB17.29 million for the same period in 2019, mainly due to a year-on-year increase in government grants received in relation to daily activities during the current period.

Investment Income

For the year ended 31 December 2020, investment income of the Group amounted to approximately RMB408.82 million, representing an increase of approximately RMB214.19 million or 110.05% from approximately RMB194.63 million for the same period in 2019, mainly due to a year-on-year increase in investment income held in other non-current financial assets obtained during the current period.

Gains from Changes in Fair Value

For the year ended 31 December 2020, gains from changes in fair value of the Group amounted to approximately RMB -1,915.94 million, representing a decrease of approximately RMB4,619.80 million or 170.86% from approximately RMB2,703.86 million for the same period in 2019, mainly due to a year-on-year increase in losses from changes in fair value of derivative financial instruments during the current period.

Impairment Losses on Assets

For the year ended 31 December 2020, the impairment losses on assets of the Group amounted to approximately RMB-246.81 million, representing a decrease of approximately RMB208.56 million or 545.32% from approximately RMB-38.25 million for the same period in 2019, mainly due to the recognition of impairment loss on goodwill of the phosphorus business during the current period as compared to the same period last year.

Income from Disposal of Assets

For the year ended 31 December 2020, income from disposal of assets of the Group amounted to approximately RMB-0.81 million, representing an increase of approximately RMB63.46 million or 98.74% from approximately RMB-64.27 million for the same period in 2019, mainly due to the decrease in loss from disposal of fixed assets during the current period as compared to the same period last year.

Non-operating Income

For the year ended 31 December 2020, the non-operating income of the Group amounted to approximately RMB14.69 million, representing a decrease of approximately RMB155.70 million or 91.38% from approximately RMB170.39 million for the same period in 2019, mainly due to the recognition of negative goodwill arising from the merger and acquisition of IXM for the same period last year.

Non-operating Expenses

For the year ended 31 December 2020, the non-operating expenses of the Group amounted to approximately RMB85.75 million, representing an increase of approximately RMB52.21 million or 155.66% from approximately RMB33.54 million for the same period in 2019, mainly due to an increase in losses on write-off of fixed assets during the current period as compared to the same period last year.

Income Tax Expenses

For the year ended 31 December 2020, the income tax expenses of the Group amounted to approximately RMB397.65 million, representing a decrease of approximately RMB194.95 million or 32.90% from approximately RMB592.60 million for the same period in 2019, mainly due to the reorganization of business in Brazil and the exchange rate fluctuation of Brazilian Real against US dollar resulted in a year-on-year decrease in deferred tax expenses.

Financial Position

As at 31 December 2020, the total assets of the Group amounted to approximately RMB122,441.25 million, comprising non-current assets of approximately RMB65,201.60 million and current assets of approximately RMB57,239.65 million. Equity attributable to shareholders of the parent company as at 31 December 2020 decreased by approximately RMB1,910.99 million or 4.68% to approximately RMB38,891.78 million from approximately RMB40,802.77 million as at 31 December 2019.

Current Assets

As at 31 December 2020, the current assets of the Group increased by approximately RMB3,062.15 million or 5.65% to approximately RMB57,239.65 million as at 31 December 2020 from approximately RMB54,177.50 million as at 31 December 2019.

Non-current Assets

Non-current assets of the Group increased by approximately RMB2,516.88 million or 4.02% to approximately RMB65,201.60 million as at 31 December 2020 from approximately RMB62,684.72 million as at 31 December 2019.

Current Liabilities

The current liabilities of the Group increased by approximately RMB7,782.57 million or 22.51% to approximately RMB42,357.94 million as at 31 December 2020 from approximately RMB34,575.37 million as at 31 December 2019.

Non-current Liabilities

The non-current liabilities of the Group decreased by approximately RMB42.80 million or 0.13% to approximately RMB32,748.46 million as at 31 December 2020 from approximately RMB32,791.26 million as at 31 December 2019.

Explanation to the Balance Sheet Items

Unit: Yuan Currency: RMB

Items	Balance as at the end of the current period	Balance as at the end of the current period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Accounts receivable	702,193,713.91	0.57	1,510,508,440.50	1.29	-53.51	Receipt of accounts receivable for the current period
Prepayments	1,405,838,288.25	1.15	1,065,494,520.83	0.91	31.94	Increase in prepayments for procurement for the current period
Other receivables	1,676,752,484.31	1.37	1,119,039,260.19	0.96	49.84	Increase in deductible tax of niobium-phosphorus business and tax refund receivables of copper-cobalt business for the current period
Other current assets	5,436,087,014.38	4.44	3,830,180,430.37	3.28	41.93	Increase in fundamental metal trading business deposits for the current period
Long-term equity investments	1,348,252,898.68	1.10	1,033,168,028.11	0.88	30.50	Capital injection in PT.Huayue Nickel Cobalt (an associate) for the current period
Construction in progress	3,958,981,388.37	3.23	2,386,791,478.58	2.04	65.87	Increase in investment for construction in progress for the current period
Goodwill	396,265,256.07	0.32	659,468,043.85	0.56	-39.91	Provision for impairment of goodwill of phosphorus business in the current period

Items	Balance as at the end of the current period	Balance as at the end of the current period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Held-for-trading financing liabilities	4,291,950,709.21	3.51	3,157,951,924.72	2.70	35.91	Increase in the amount payable for goods designated as held-for-trading financing liabilities in the basic metal trading business in the current period
Derivative financial liabilities	5,021,779,572.93	4.10	2,640,928,053.07	2.26	90.15	Increase in derivative financial liabilities of fundamental metal trading business for the current period
Accounts payable	876,914,865.30	0.72	1,944,506,406.62	1.66	-54.90	Decrease in metal trade business payables for the current period
Taxes payable	845,217,960.37	0.69	399,251,199.18	0.34	111.70	Increase in enterprise income tax payable for copper and cobalt business for the current period
Non-current liabilities due within one year	5,329,646,086.38	4.35	3,749,103,660.62	3.21	42.16	Transfer of medium-term notes due within one year from bonds payable for the current period
Other current liabilities	2,159,431,822.36	1.76	1,167,803,612.80	1.00	84.91	Issuance of ultra short-term financing bonds for the current period

Items	Balance as at the end of the current period	Balance as at the end of the current period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Other non-current liabilities	3,687,709,740.77	3.01	238,141,518.84	0.20	1,448.54	Prepayments received from gold streaming business for the current period
Other comprehensive income	-3,585,690,161.76	-2.93	-468,588,363.13	-0.40	665.21	Changes on translation of financial statements in foreign currencies and cash flow hedge reserves.

Gearing Ratio

The gearing ratio (total liabilities divided by total assets) of the Group increased to 61.34% as at 31 December 2020 from 57.65% as at 31 December 2019.

Cash Flow

As at 31 December 2020, cash and cash equivalents of the Group decreased by approximately RMB943.30 million or 7.61% to approximately RMB11,448.95 million from approximately RMB12,392.25 million as at 31 December 2019. For the year ended 31 December 2020, net cash inflow generated from operating activities of the Group was approximately RMB8,492.45 million; net cash outflow from investment activities was approximately RMB9,404.80 million; and net cash inflow generated from financing activities was approximately RMB422.30 million.

The following table sets forth the cash flow position of the Group:

Unit: Yuan Currency: RMB

Item	Amount of current year	Amount of last year	Change amount	Change (%)	Explanation
Cash receipts from sales of goods and rendering of services	124,430,020,607.24	71,786,252,657.57	52,643,767,949.67	73.33	Completion of merger and acquisition of IXM on 24 July 2019 and a year-on-year increase in fundamental metal trading business during the merger period.
Cash payments for goods purchased and services received	112,356,590,717.10	66,328,481,964.48	45,628,108,752.62	69.39	Completion of merger and acquisition of IXM on 24 July 2019 and a year-on-year increase in fundamental metal trading business during the merge period for the current period.
Cash receipts from disposal or recovery of investments	14,828,067,938.53	4,784,176,788.82	10,492,552,303.88	209.94	Year-on-year increase in recovery of structured deposit and wealth management products for the current period.
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	7,621,789,128.23	2,718,622,240.73	4,903,166,887.50	180.35	Year-on-year increase of the cash paid for the purchase and construction of fixed assets, and the payment of the consideration for the acquisition of Kisanfu copper and cobalt mine in the current period.
Cash payments to acquire investments	16,139,927,989.55	5,095,283,003.45	11,044,644,986.10	216.76	Year-on-year increase in purchase of structured deposit and wealth management products for the current period

Item	Amount of current year	Amount of last year	Change amount	Change (%)	Explanation
Net cash payments for acquisitions of subsidiaries and other business units	597,959,999.97	2,069,009,623.30	-1,471,049,623.33	-71.10	Year-on-year decrease in cash payments for acquisition of equity interest of subsidiaries for the current period
Cash payments relating to other investing activities	3,089,577,857.70	2,247,181,202.53	842,396,655.17	37.49	Year-on-year increase of the payment of margin for derivative financial instruments
Cash payments for distribution of dividends or profits or settlement of interests	2,678,785,191.37	4,203,154,203.48	-1,524,369,012.11	-36.27	Year-on-year decrease in the cash paid for the distribution of dividends for the current period
Other cash payments relating to financing activities	4,718,269,511.52	9,667,041,045.09	-4,948,771,533.57	-51.19	Payments for acquisition of 24% equity interest of DRC for the same period last year and year-on-year decrease in repayments of gold lease business during the same period of last year

Capital Structure

As at 31 December 2020, the equity interests of shareholders of the Company amounted to approximately RMB47.3 billion, among which the equity attributable to shareholders of the parent company was approximately RMB38.9 billion. There was no change in the capital of the Company during 2020.

As at 31 December 2020, the Company issued 21,599,240,583 shares, comprising 17,665,772,583 A shares and 3,933,468,000 H shares.

RISK WARNING

1. Exposure to Risks Related to Price Fluctuations of Principal Products

The revenue of the Company primarily generates from the sale of non-ferrous metals and phosphate products, including copper cathode, copper concentrates, cobalt hydroxide, ferromolybdenum, tungsten concentrates, ferroniobium, phosphate fertilizer and other related products. The Company's operating results are largely subject to fluctuations in the market prices thereof. As the fluctuations in the costs of mining and smelting process are relatively insignificant, the Company's profit and profit margin during the reporting period are closely related to the price trend of the products. Therefore, significant fluctuations in the prices of resource products may cause instability of the operating results of the Company. Particularly, if the prices of resource products record sharp decrease, the operating results of the Company will fluctuate significantly.

2. Exposure to Risks Related to Reliance on Mineral Resources

As the primary operation of the Company is mineral resource exploitation, the Company is highly dependent on mineral resources. The retained reserves and grade of mineral resources have a direct impact on the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible in case of cost of production rising due to fluctuations in the market price, decrease in the recovery rate, inflation and other factors, or due to restrictions caused by technical problems and natural conditions such as weather and natural disasters in the mining process. Therefore, full utilization of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

Relevant internal technical staff of the Company will regularly review and update the amount of reserve and grade of resources according to the situation of resources exploitation, and optimize mining schemes and plans, thereby verifying the status of resources of the Company and implementing the best mining plans.

3. Exposure to Risks Related to Production Safety or Natural Disasters

The Company engages in the mining business and mineral resources processing, and the Company has invested substantial resources in production safety to form a relatively complete system of production safety management and continuously pushed forward the standardized safety management so as to establish a relatively comprehensive system for production safety management, risk prevention and supervision. However, safety incidents cannot be totally avoided. As an enterprise for mineral resource exploitation, large amounts of waste rocks and tailings are produced in the production process. Inefficient management of slag discharge fields and tailing storage facilities may result in disaster in certain area. The Company uses explosives in the mining process. If there are defects in the process of storage and use of such materials, there may be risks of casualties. In addition, tailing storage facilities and slag discharge fields may be damaged if serious natural disaster occurs such as rainstorms or debris flows.

The Company will continue to prevent and control safety risks by formulating and improving safety system, intensifying accountability and assessment in relation to safety and environmental protection, continuously increase investment in production safety and environmental protection and promoting standardized safety management. The Company will improve the ability and level of prevention and control of natural disaster through the formulation and drills of natural disaster emergency plans such as “rainy season” emergency plan and issuance of the universal “Governance Standard for Tailings and Mineral Residue Management” and other measures applicable to global businesses.

4. Exposure to Risks Related to the COVID-19 Pandemic

Since the beginning of 2020, the continuous spread of the epidemic has had substantive impact on the global real economy, and the changes in demand structure, economic turmoil and market panic have brought about risks of significant fluctuations in the prices of products, as well as material challenges and adverse impact on the supply of goods, logistics guarantee, and business travel of multinational companies. The Company’s business operations around the world have continued to bear the pressure of epidemic prevention and increasing costs. In response to the outbreak of the epidemic, the governments of the countries have successively launched measures to boost the economy, and the massive-released liquidity quickly pushed up the prices of some non-ferrous products including copper in the market. It is expected that various types of mining commodities, particularly non-ferrous such as copper, will continue benefiting from the loose monetary macro environment.

The Company will pay particular attention to the development of the epidemic, actively review the trend of the commodity market, and strengthen the prevention and control of the epidemic.

5. Exposure to Risks Related to Exchange Rates

The Company's exposure to risks related to foreign exchange rates is primarily arising from assets and liabilities held in foreign currencies other than the functional currency and the international business of IXM. Its assets and liabilities are denominated in functional currencies different from those of the entities and are therefore subject to changes in foreign exchange rates. The foreign exchange rates risks exposed to the Company are mainly associated with USD, RMB, BRL, GBP, CDF, AUD and other currencies. All principal business operations of domestic subsidiaries are denominated and settled in RMB; the principal business operations of subsidiaries in Australia are mainly denominated and settled in AUD or USD; the niobium and phosphates businesses in Brazil are mainly denominated and settled in USD and BRL; and the copper and cobalt business in the DRC is mainly denominated and settled in USD and CDF. The functional currency of IXM is USD. The Company manages its exchange rates risks with the principle of matching the currencies of assets/revenue with those of liabilities, so the exchange rates risks exposure arising from financing is relatively insignificant.

Because currencies used for denominating revenue and cost may be different for certain parts of business, the fluctuation in the short-term exchange rates of different settlement currencies may have a certain effect on the operating results of the Company. The Company has paid close attention to the impact of the changes in exchange rates, and made use of financial instruments, such as forward foreign exchange contracts to hedge against foreign exchange rates risks in due course. For BRL and AUD with relatively significant fluctuations in exchange rate, the Company has made certain hedging arrangements for daily operation and capital expenditure. IXM and its affiliates have all entered into contracts on foreign exchange derivatives to hedge the risks back into their own functional currencies.

6. Exposure to Risks Related to Policy

The primary operation of the Company locates in various countries and regions including China, DRC, Brazil, Australia and Switzerland. As there are major discrepancies in state politics and economy development level among different countries and there are major risks relating to policy implementation and adjustments in developing countries and underdeveloped countries, such as state macroeconomic control policies, foreign exchange administration policies, industry policies and tax policies in countries where the Company operates, which may incur certain impacts on the operation of the Company.

In 2018, the DRC government introduced the new law for mining industry and its implementation rules, involving substantial changes on equity, financial tax policies and foreign exchange management policies. Even though the DRC government is willing to continue carrying out discussion and negotiation in respect of the above matters, failure of reaching consensus through negotiation will still incur significant impact on the operation of the Company in the future.

The Company maintains close communication with government authorities in each of its business operating areas and pays attention to changes in political and economic circumstances in relevant countries so as to enhance its ability in preventing and responding to policy risks.

7. Exposure to Risks Related to Politics

The operating assets of the Company are distributed in different countries and regions, of which copper and cobalt mine of TFM and KFM copper and cobalt mine are located in the DRC, which is one of the underdeveloped countries in the world with critical social problems. If the political and security situation of the DRC deteriorates in the future, it will cause adverse effects on the production and operation of the Company. The overseas assets operational philosophy of the Company underlines the establishment of positive relations with local government, communities and social organizations. As the political ties between China and the DRC stabilize and draw ever closer, outbound investments into the DRC have been encouraged by the Chinese government and have become a trend. To further reduce potential economic losses of the Company incurred by relevant risks in operations, the Company has purchased overseas equity investment insurance for the DRC project from China Export & Credit Insurance Corporation. The insured investment includes: paid-up capital, retained profit and investment for equity acquisition. The insured risks include: foreign exchange restrictions, confiscation, war and political riots.

8. Exposure to Risks Related to Operations of Overseas Assets

The Company has a relatively extensive experience in operating and managing overseas assets. However, certain differences among different countries in terms of operation environment such as politics, economy, law and labour pose material challenges to the operation and management of assets by the Company in different regions. In addition, as the Company accelerates its pace of internationalization, it posts a big challenge to the reserve, cultivation and introduction of all kinds of professionals by the Company for international management. The operation and management of the Company may be subject to a shortage of professionals to a certain extent.

The Company actively implements the strategy of talent cultivation and introduction, introduces worldwide human resources with extensive industry operation experience and international management capabilities without restrictions, explores and establishes a management structure and control model suitable for the development of the Company and subject to adjustment as appropriate, and gives full play to the specialities of all kinds of professionals, in order to achieve efficient governance of the Company's global business, reduce operational risks and realise its goal of international and diversified growth.

EMPLOYEES AND PENSION PLAN

As at 31 December 2020, the Group had approximately 10,956 full-time employees, classified as follows:

Category of professional composition	Number of professionals
Production staff	7,061
Technical staff	873
Finance staff	282
Administrative staff	1,120
Sales and other supporting personnel	<u>1,620</u>
Total	<u><u>10,956</u></u>

The remuneration policy for the employees of the Company principally consists of a salary point and performance remuneration system, based on employees' positions and responsibilities and their quantified assessment results. The employees' remuneration is evaluated in line with the Company's operating results and personal performance in order to provide a consistent, fair and equitable remuneration system for all employees. The subsidiaries of the Company domiciled in China have participated in the social insurance contribution plans introduced by China's local governments. In accordance with the laws and regulations regarding the national and local labour and social welfares in China, the Company is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, health insurance, unemployment insurance, maternity insurance, work injury insurance and housing provident fund. Pursuant to current applicable local regulations in China, the percentages of certain insurances are as follows: the pension insurance, health insurance, unemployment insurance, work injury insurance and the contribution to housing provident fund of our Chinese employees represent 16%, 7.5%, 0.7%, 0.2% to 0.95% and 5% to 12% of his or her total basic monthly salary respectively (for parent company, the pension insurance, unemployment insurance, health insurance and work injury insurance were levied with 50% reduction from February to June in 2020, while the health insurance was reduced by 1% from July to December. Subsidiaries

were exempted from pension insurance, unemployment insurance and work injury insurance from February to December, and health insurance were levied with 50% reduction from February to June, while health insurance was reduced by 1% from July to December). In accordance with applicable PRC regulations, the Company currently participates in pension contribution plans organized by the governments. Such pension contribution plans are known as defined contribution plans, under which the Company is not allowed to reduce the current contribution level by using forfeited contributions.

The overseas employees of the Company participate in pension and healthcare plans under the requirement of the laws in the countries where they reside.

ANALYSIS ON MAJOR SUBSIDIARIES

Basic information of major subsidiaries

Company name	Principal business	Registered capital	Shareholding method	Shareholding proportion
CMOC Mining Pty Limited	Copper and gold related products	USD346,000,000	Indirect	100%
CMOC International DRC Holdings Ltd.	Copper and cobalt related products	USD10,000	Indirect	100%
Luxembourg SPV	Niobium and phosphates related products	USD20,000	Indirect	100%
IXM	Mineral trading	CHF32,290,000	Indirect	100%

FINANCIAL INDICATORS OF MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD

Unit: RMB '000

Company name	Operating revenue	Operating profit	Net profit attributable to shareholders of the parent company	Total assets	Net assets
CMOC Mining Pty Limited	1,454,727	316,753	222,930	5,203,494	3,184,698
CMOC International DRC Holdings Ltd.	9,728,159	1,523,728	984,994	43,033,363	31,915,111
Luxembourg SPV	4,507,301	335,558	555,596	11,903,659	4,604,786
IXM	103,430,946	950,734	772,491	31,824,335	4,660,218

RESOURCES AND RESERVES

1. Basic information of proprietary mines

As at 31 December 2020, the information of the mineral resources and ore reserves of the Company is as follows:

Name of mine	Main category	Resources (million tonnes)	Grade (%)	Recoverable Reserve (million tonnes)	Grade (%)	Annual production volume ⁽³⁾ (million tonnes)	Remaining exploitable years of resources ⁽¹⁾ (years)	Validity period of the exploration right/License (years)
Sandozhuang Molybdenum and Tungsten Mine	Molybdenum	412.18	0.102	202.53	0.106	18.29	11	0.4 ⁽⁷⁾
	Tungsten	412.18	0.095	202.53	0.126			
Shangfanggou Molybdenum Mine ⁽²⁾	Molybdenum	459.01	0.139	37.88	0.185	1.91	20	13
	Iron	25.26	18.55	1.33	30.43			
Xinjiang Molybdenum Mine ^{(3), (6)}	Molybdenum	441	0.115	141.58	0.139	0	38	24
TFM copper and cobalt mine in the DRC	Copper	851.9	2.9	176.8	2.1	5.54	32	5-14
	Cobalt	851.9	0.29	176.8	0.30			
KFM copper and cobalt mine in the DRC	Copper	365	1.72	/ ⁽⁶⁾	/	/	/	26
	Cobalt	365	0.85	/	/	/	/	
Brazil Mine area I	Niobium	147.8	1.02	47.8	0.94	3.30	14	20
Brazil Mine area II	Niobium	409.3	0.28	197.10	0.34	5.61	35	31
	Phosphate	409.3	11.71	197.10	12.52			

Basic information about NPM copper and gold mine

Category	Resource (million tonnes)	Copper (%)	Grade		Annual production (million tonnes)	Remaining exploitable years of resources	Validity period of the exploration right/License
			Gold (g/t)	Silver (g/t)			
Measured	244.88	0.55	0.23	2.01			
Indicated	308.46	0.54	0.18	1.82			
Inferred	57.50	0.57	0.19	1.68			

Category	Reserve (million tonnes)	Copper (%)	Grade		7.40	17	8-16 years
			Gold (g/t)	Silver (g/t)			
Proven	25.88	0.51	0.27	1.81			
Probable	103.26	0.55	0.22	1.97			
Proven and probable	129.14	0.55	0.23	1.94			

Notes:

- (1) Calculation of remaining exploitable years of resources: calculated by dividing the recoverable reserve in the mine under exploration at the end of 2020 by the actual production scale (annual production volume) in 2020. Update on the reserves and changes in the actual production scale (due to technology, equipment, etc.) of the Company will affect the changes in the remaining exploitable years of resources of the Company. The remaining exploitable term of resources of Xinjiang Molybdenum Mine is the designed service term of the mine area.
- (2) The Shangfanggou Molybdenum Mine is owned by Fuchuan Mining, a joint venture of the Company. With the approval of the general meeting of Fuchuan Mining, Fuchuan Mining resumed its production in 2019, and its production management rights were delegated to CMOC, with a term of three years until July 2022. Fuchuan Mining's shareholding structure is as follows: a 10% equity interest of which is owned by Luanchuan Fukai Business and Trading Company Limited (樂川縣富凱商貿有限公司), a wholly-owned subsidiary of the Company and a 90% equity interest of which is owned by Xuzhou Huanyu, a joint venture of the Company (the Company holds a 50% equity interest in Xuzhou Huanyu and LMG holds a 50% equity interest in Xuzhou Huanyu).
- (3) Resources and reserves of mines are measured under the standard of the Joint Ore Reserves Committee (JORC聯合礦山儲量委員會), except for those of Xinjiang Molybdenum Mine measured under the PRC standard. The above ore resources, including reserves, have been confirmed by internal expert of the Company.
- (4) The annual production volume mentioned in the table above was the actual ore consumption (processing volume) during the reporting period, excluding comprehensive utilization amount of tailings.

- (5) During the reporting period, no exploration, development or mining activities were conducted in Xinjiang Mine.
- (6) During the year, the Company did not conduct any exploration, development or mining work in the Congo (DRC) KFM copper and cobalt mine.
- (7) Sandaozhuang Mine is in the process of renewing the mining license in accordance with relevant regulations to resume work.

2. EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

(1) TFM Mine in the DRC

During the reporting period, total diamond drilling in 2020 was 34,284.44 metres and exploration activities were carried out around the oxidized mines and mixed mines of Kalwilo, Mulilo, Kachimilombe, Fgvi, Tenke, Fwalu, Mudi, Shinkusu and other regions. In addition, the Company explored the limestone deposit in Mofya area to increase limestone supplies and four limestone deposit were discovered.

(2) Niobium and Phosphate Mine in Brazil

During the reporting period, National Mining Agency (“NMA”) in Brazil has renewed four NMA exploration permits in Monjolos, Iraí de Minas, Monte Carmelo areas in Minas Gerais State. The preliminary test results of drill conducted in the Britânia areas indicated that there may be existence of silver (with grade between 2 g/t and 9 g/t) in the non-solid sand layer. To examine the mineralization degree, a total of 37 shallow drilling holes, totaling 914 metres, were undertaken and all the drilling samples were sent to the third-party chemical laboratory in December 2020. Affected by the epidemic, geophysical explorations in Iraí de Minas covering 40 km and in Monjolos areas covering 101 km were delayed until 2021. Regarding the activities carried out in currently existing mine areas in 2020, drilling activities in the Boa Vista ore body was commenced in February and completed in June; drilling activities in the Morro do Padre ore body was commenced in October and completed in November, completing five drilling holes in 1,098.15 metres in total; drilling activities in the Chapadão ore body was commenced in August and completed in December, completing seven drilling holes in 1,493.70 metres in total with two drill rigs.

(3) Mines in the PRC

Sandaozhuang Molybdenum and Tungsten Mine: During the reporting period, production exploration of mines were conducted in the northern and western mine areas, with drilling work from the surface of the opencast mine. The Company performed the construction of 62 drilling holes with reverse circulation drill rigs, with a total hole depth of 3,100 metres. In order to prevent the geological disasters and ensure the safety of open-pit mining, the engineering geological survey was carried out on the slope at 1,400m to 1,306m in the lower part of the mine viewing platform, completing eight holes with a hole depth of 641 metres.

Shangfanggou Molybdenum Mine: During the reporting period, in order to ensure the production safety and stability of the ore supply, mined-out area exploration and production exploration have been performed at 1,202m and 1,180m in the horizontal mined-out area and key production area, using the reverse circulation drill rigs to drill 37 exploration holes for mined-out area, with the hole depth of 2,411 metres, and 78 production exploration holes, with the hole depth of 4,716 metres.

(4) NPM Copper and Gold Mine in Australia

During the reporting period, surface and underground drilling assessment in NPM completed Mining area of 1,247 metres, and various drilling samplings and remote sensing projects were undertaken on Exploration Licenses EL5800, EL5801, EL5323 and EL8377. A total of 21,665 meters of drilling was completed.

(II) Development

(1) TFM Mine in the DRC

During the reporting period, the mining work was carried out smoothly at the new stopes Kato1, Kato2, Kasa2, Fgvi south extension and Mofya West after the completion of road construction, surface cleaning and preparation work before exploration; the surface cleaning work of dumps at the mining areas of Kwat6, Pump and Mofya West have been completed; the preliminary preparation and project permission processing work for the relocation of Fgme7 railway was completed. 17 dewatering wells have been completed during the year, totaling 2,041 metres, and 11 monitoring wells have been completed, totaling 1,690 metres. The river diversion project of Tenke3/5 river was completed, and the mining activities have been carried out normally in Tenk3.

(2) *Niobium and Phosphate Mine in Brazil*

During the reporting period, one reverse circulation drilling rig was used to conduct drilling in Boa Vista Mine (for optimizing the mining plan and grade control), completing a total of 778 drill holes, totaling 20,165 metres. Two core drill rigs were used to conduct drilling in the Chapadão Mine, completing a total of 64 drill holes, totaling 3,148.55 metres. Regarding mining infrastructures, the drainage system was updated in Boa Vista Mine and one weigh house was built in the Chapadão Mine.

(3) *Mines in the PRC*

Sandaozhuang Molybdenum and Tungsten Mine: During the reporting period, 2,752 metres of fixed road hardening was completed, 1,236.8 metres of intercepting ditch and drainage ditch was built, two high-pressure car-washing stations were built, and the closure project of No. 1 crushing station was implemented. The ecological restoration project was carried out to cover and grow vegetation on suitable area of the Dashi waste dump, the final slope of Bijiajian and the final slope of lower part of the control room. The greening area has reached 228,000m².

Shangfanggou Molybdenum Mine: During the reporting period, 2,620 metres of road hardening was completed, of which 1,700 metres was for the road hardening project from the south exit of the stope to the waste dump of the Xiaoshiyuangou and 920 metres was for ore-transporting road of 2# crushing station. 3,500 metres of intercepting ditch and drainage ditch was built, three high-pressure car-washing stations were built and 455 acres of land reclamation and ecological restoration projects were completed.

(4) *NPM Copper and Gold Mine in Australia*

In 2020, underground ventilation work was completed such as the ventilation of inclined shaft and the commissioning of new exhaust fan; the E26L1N excavation project advanced ahead of schedule, with a total tunnelling of 6,392 metres. The civil engineering for material delivery system has been steadily advancing. Expansion work of the ore processing plant was well underway, the construction of the newly constructed crushing station has been completed, and it was put into trial operation in 2021.

(III) Exploration, Development and Mining Expenses

For the year ended 31 December 2020, the summary of the expenditures of exploration, development and mining activities of the Company is as follows:

(1) Domestic segment mining expenses:

Unit: RMB'0000

Project	Exploration	Development	Mining
Sandaozhuang Molybdenum and Tungsten Mine	125.4	1,669.84	46,453.90
Shangfanggou Molybdenum Mine	<u>202.68</u>	<u>3,001.90</u>	<u>15,056.50</u>
Total	<u><u>328.08</u></u>	<u><u>4,671.74</u></u>	<u><u>61,510.40</u></u>

(2) Overseas segment mining expenses:

Unit: USD Million

Project	Exploration	Development	Mining
Niobium Mine	0.89	0.94	23.28
Phosphate Mine	0.40	0.40	19.08
TFM Copper and Cobalt Mine	9.01	23.30	203.02
NPM Copper and Gold Mine	<u>5.21</u>	<u>41.44</u>	<u>28.98</u>
Total	<u><u>15.51</u></u>	<u><u>66.08</u></u>	<u><u>274.36</u></u>

III. MARKET REVIEW

1. Comparison of Prices of Major Relevant Metal Products of the Company for the Year of 2020 as Compared with the Previous Year

Domestic market price of the relevant products of the Company

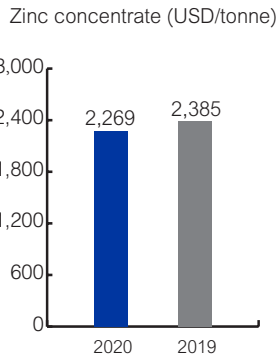
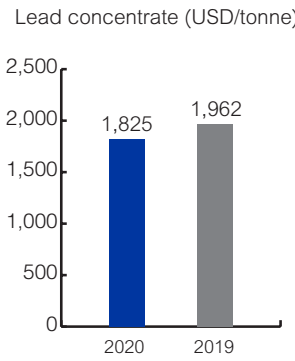
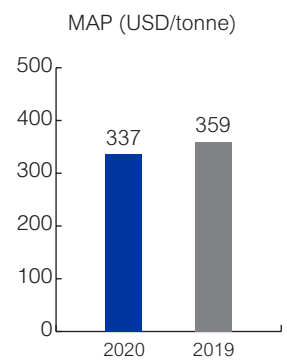
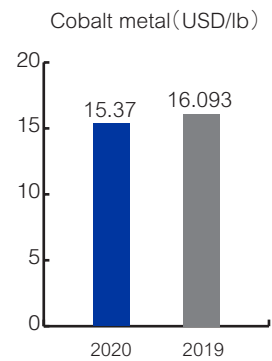
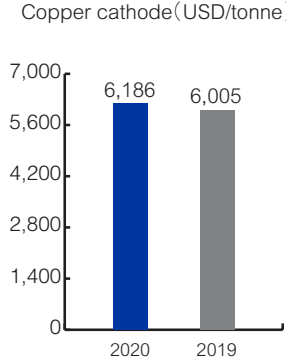
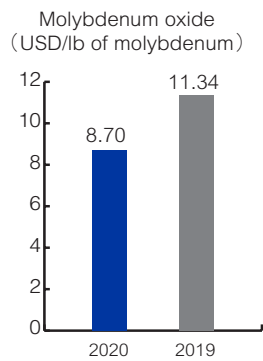
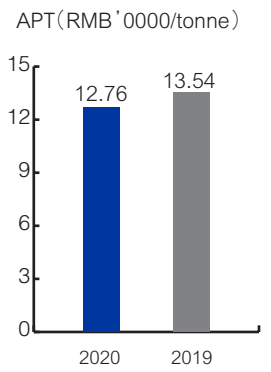
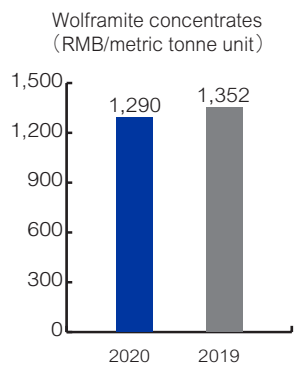
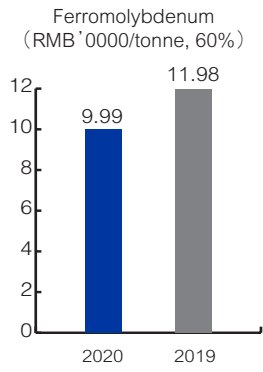
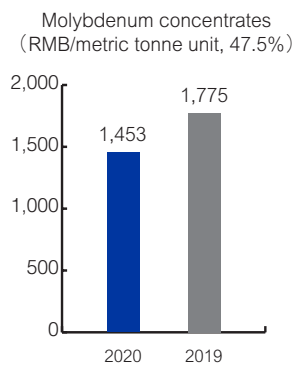
Products	2020	2019	Increase/ decrease on a year-on- year basis (%)
Molybdenum Molybdenum concentrates (<i>RMB/metric tonne unit</i>)	1,453	1,775	-18.14
Ferromolybdenum (<i>RMB'000/tonne</i>)	9.99	11.98	-16.61
Tungsten Wolframite concentrates (<i>RMB/metric tonne unit</i>)	1,290	1,352	-4.59
APT (<i>RMB'000/tonne</i>)	12.76	13.54	-5.76

Note: Data from the average prices quoted on the website of Comelan (product standard: 47.5% for molybdenum concentrate, 60% for ferromolybdenum, grade I for wolframite concentrate, APT GB-O).

International market price of relevant products of the Company

Products	2020	2019	Increase/ decrease on a year-on-year basis(%) (%)
Molybdenum Molybdenum oxide (<i>USD/lb of molybdenum</i>)	8.70	11.34	-23.28
Copper Copper cathode (<i>USD/tonne</i>)	6,186	6,005	3.01
Cobalt Cobalt metal (<i>USD/lb</i>)	15.37	16.093	-4.49
Phosphate MAP (<i>USD/tonne</i>)	337	359	-6.13
Lead Lead concentrate (<i>USD/tonne</i>)	1,825	1,962	-6.98
Zinc Zinc concentrate (<i>USD/tonne</i>)	2,269	2,385	-4.86

Note: the price of molybdenum oxide is the average price quoted on the Metals Week; the prices of copper, lead and zinc are the spot average price on LME (London Metal Exchange); cobalt price is the average low price of MB (Metal Bulletin) standard grade cobalt; phosphate fertilizer price is from Argus Media.



MARKET REVIEW ON EACH METAL SEGMENT IN 2020

(1) Copper market

The Company mainly sells both copper concentrate and copper cathode to the international markets. Due to the outbreak of COVID-19 pandemic in the first quarter of 2020, the global copper market sentiment deteriorated rapidly, coupled with the tightening of U.S. dollar liquidity, leading to a relatively significant drop in copper prices. Since late March in 2020, benefiting from the stimulus of monetary policies and fiscal policies of major global economies, the liquidity has greatly improved and the market confidence has been gradually rebuilt. Inflation brought about by economic stimulus would also cause hidden ascending of the prices of all products. In addition, the Politburo meeting held at the end of July 2020 set the tone for the economy in the second half of the year. Under the complex and severe external economic and political situation, the government would continue to intensify the implementation of macroeconomic policies and adhere to “domestic circulation” and the policy to boost domestic demand. The issuance of government’s special debt is expected to continue to support infrastructure projects in the first half of 2021. All of these will benefit the non-ferrous metal industry. As the world’s most important copper consumer, China has rapidly recovered its economic activities, especially with the massive issuance of special bonds by Chinese local governments, and the demand for infrastructure continues to exceed expectations, which benefits the demand for copper materials such as low-voltage cables and photovoltaics. According to data from the China Association of Automobile Manufacturers, the automobile sales of China has also rebounded rapidly, and monthly output has continued increasing year-on-year. At the same time, the continued spread of the epidemic overseas, especially in Latin America, has caused major copper-producing countries such as Chile, Peru, and Mexico to continue reducing production in the second and third quarters. According to Wood Mackenzie’s statistics, the global mine production has been reduced by more than 500,000 tonnes due to the epidemic, accounting for more than 2% of the global total. Under such influence, the domestic processing fee for copper concentrate dropped to around USD 50 per dry basis, which affected the enthusiasm of smelters for production. The scrap copper imports of China also fell sharply year-on-year due to the drop in import approvals. The combination of exceeding-expected consumption and continuous supply cuts has made the global copper cathode inventory reach its lowest level in recent years in the third quarter. At the same time, the U.S. dollar index has continued to decline, which also raised the operating range of copper prices in a continuous manner. Copper prices on the London Metal Exchange have risen from a low of USD4,371 tonne during the year to over USD8,000 tonne at the end of the year.

(2) Cobalt market

In 2020, the fluctuation of cobalt price is narrowed. Global cobalt supply and demand fluctuated in stages due to the epidemic. In the first half of the year, market concern about the supply risk due to the hindered logistic transportation boosted the price of metal in a short term. However, as the impairment of the demand for traditional alloy catalysts gradually became apparent, the cobalt metal was significantly surplus. In the second half of the year, the purchase and storage news improved the fundamental expectations of cobalt, but the recovery of overseas new energy vehicles and the order shift effect of traditional consumer electronics also boosted the demand for cobalt salt of Chinese midstream companies. Hence the price of cobalt metal slowly recovered, and the price coefficient of cobalt intermediates rose steadily.

(3) Molybdenum market

The major molybdenum product of the Company is ferromolybdenum, which is sold mainly in the domestic market in China. In 2020, due to the production suspension in certain mines, environmental supervision, and national economic stimulus, the domestic supply of molybdenum raw materials fell by 0.98% year-on-year, and the terminal demand for molybdenum increased by 7.86% year-on-year. However, due to the international pandemic outbreak and the soaring copper price, international low-priced molybdenum raw materials flowed into the domestic market substantially, and the domestic annual net import of molybdenum raw materials reached as high as 44,800 tonnes of molybdenum, and the newly added domestic social inventory reaching about 31,000 tonnes of molybdenum, which resulted in the average prices of molybdenum concentrates and ferromolybdenum in domestic market falling by varying degrees. For the year, the price of molybdenum concentrate (47.5% Mo) ranged from RMB1,220 to 1,790/metric tonne unit with an average price of RMB1,453/metric tonne unit, approximately down 18.14% year-on-year; the price of ferromolybdenum ranged from RMB84,000 to 125,000/tonne with an average price of RMB99,900/tonne, approximately down 16.61% year-on-year.

There has been a sharp decline of global manufacturing investments under the influence of the epidemic in 2020. The price war between the two major oil industry giants, Saudi Arabia and Russia, has led to a sharp drop in crude oil prices, resulting in an obvious shrinkage in international molybdenum demand and continuously driving molybdenum prices downward. In 2020, the average price of molybdenum oxide of MW (US Metals Week) was USD8.7/pound of molybdenum, representing a year-on-year decrease of 23.28%. The lowest price was USD6.8/pound of molybdenum, and the highest price was USD11/pound of molybdenum.

(4) Tungsten market

The major tungsten products of the Company are tungsten concentrate and ammonium paratungstate (“APT”), which are sold in the domestic market in China. In 2020, the tungsten industry has been in the status quo of overcapacity, oversupply and destocking for a long time. Under the pressure of weakening demand and difficulty in destocking, the tungsten market as a whole showed a trend of first rising and then declining with certain small fluctuations. In the first half of the year, the market price of tungsten showed a downward trend as a whole. In the first quarter, affected by factors such as the pandemic, delays in resumption of work and poor logistics, there was a partial shortage of market supply, and APT prices quickly soared to the highest point of the year above RMB140,000/tonne. With the initial results of the pandemic control and the gradual resumption of production of tungsten mines and smelters, the supply-side tension eased to some extent. However, during the same period, the international pandemic broke out, export demand plummeted, and the terminal demand represented by the automobile industry also experienced a precipitous decline, leading the contradiction between market supply and demand to rapidly intensify and the APT market price fell all the way to the lowest level of the year (around RMB115,000/tonne). After entering the second quarter, the raw material end increasingly tended to hold and was reluctant to sell as the price of concentrates had fallen to the cost line of the mine. On the other hand, the tradable supply of tungsten in the market dropped with the continuous increase of production suspension as well as reductions of smelting companies due to price inversions. Hence the domestic tungsten prices began to bottom out and rebound. In the second half of the year, domestic terminal demand continued to improve, accompanied by the impact of bargain purchases by trading companies and the entry of social funds, the spot market tended to be tight in supply, the tungsten market as a whole showed a slow recovery trend, and tungsten prices gradually rose. However, export demand experienced a “freezing point” and was difficult to recover in the short term, hence large domestic tungsten companies gradually shifted their key sales area to China. Downstream powder and cemented carbide companies were vying to grab orders for sales. Therefore, the upward path of tungsten prices had become increasingly slow.

In 2020, the average price of wolframite concentrate was RMB1,290/metric tonne unit, down by 4.59% year on year; the average price of APT was RMB127,600/tonne, down by 5.76% year on year.

According to the data of the UK’s Metal Bulletin, the average price of APT in the European market in 2020 was USD225.9/metric tonne unit, representing a year-on-year decrease of 1.78%. The lowest price throughout the year was USD205/metric tonne unit, and the highest was USD245/metric tonne unit.

(5) Niobium market

In 2020, the successive outbreak of COVID-19 pandemic in China and abroad caused a significant decline in global niobium demand, which was confirmed from the side by the fact that the export volume of ferroniobium from Brazil, the main producer of ferroniobium around the world, fell by 32.85% year-on-year. However, with the effective and strong response of the Chinese government, the domestic pandemic quickly returned to a controllable extent, accompanied by the rapid advancement of new 5G and new urbanization construction under a number of economic stimulus plans, making the domestic economy recover rapidly and lead the world. The annual crude steel output even reached a record high of 1.065 billion tonnes, maximizing the demand for ferroniobium in the domestic market. Statistics shows that the domestic demand for ferroniobium in 2020 is about 30,300 tonnes, representing a year-on-year decrease of 23.29%. Based on this, it can be seen that the recovery speed of domestic ferroniobium demand is significantly better than that of other global markets.

(6) Phosphates market

The annual output of soybeans and corn, Brazil's main domestic crops, was not affected by the COVID-19 pandemic, and may even be higher than before. Despite the relatively low price of fertilizers in Brazil in 2020, the total delivery volume of fertilizers in Brazil was still higher than that in 2019. In 2020, the benchmarking price of MAP in Brazil according to Argus Media dropped by 6.13% compared with that of 2019 (from USD359/tonne to USD337/tonne). In the first quarter of 2020, due to insufficient seasonal demand and global oversupply, international fertilizer demand slowed down. From the second quarter, due to the impact of the pandemic, many countries restricted production activities, and the major phosphate fertilizer manufacturers around the world reduced or stopped production, making the previous stock depleted well. As demand continued to pick up, phosphate fertilizer prices began to maintain stale and gradually rebounded. From January to December 2020, the actual price of MAP increased by 35%, reaching USD396/tonne.

(7) Mineral trading market

Copper concentrate: At the end of 2019, most market participants agreed on the expectation that the supply of copper concentrates in 2020 would be much shorter than that in 2019. Both the supply and demand sides set a benchmark TC/RC of 62/6.2 for the year of 2020, which was at a historical low. With the spread of the pandemic in the first quarter of 2020, major smelters in China, overseas smelters, as well as the mines in major copper supply regions such as Chile, Peru and Africa reduced their production. The short-term fundamental reversal caused spot TC/RC to quickly rebounded to 70/7.0 or above from the

price of around 50/5.0 at the beginning of the year. In the second quarter, China gradually resumed normal economic activities. The production reduction in global mines was far more than that in smelters, and the net supply reduction of copper concentrate with the amount of 350,000 tonnes of metal copper caused a global supply shortage that was even more serious than expected at the end of 2019. The spot processing fee dropped to around 50/5.0. As the domestic economy took the lead in recovering and realized positive growth, and smelters continued to produce at full capacity, accompanied by the restriction on the import of certain raw materials, the supply shortage continued from the second quarter to the end of 2020, and the spot processing fee fell to around 45/4.5. At the end of 2020, both the supply and demand sides determined that the 2021 benchmarking processing fee was 59.5/5.95, which was relatively consistent with the general consensus of market participants. It was expected that the short-term supply shortage trend would continue until the middle of 2021 when certain new mines were put into operation.

Zinc and lead concentrate: At the beginning of 2020, the overall supply of zinc-lead ore in the global market was relatively surplus. Due to the outbreak of pandemic, some domestic mines in China suspended the production, which dragged down TC from a high point. With the spread of the epidemic, overseas mines began to cut production or halt production under the pressure of the COVID-19 pandemic and cost, which also severely affected the international transportation market. During this period, China's economy recovered strongly, and the demand for raw materials from smelters remained strong. The order quantity far exceeded that of previous years, and processing fee continued the decline trend. In the third quarter, with the gradual recovery of the supply side, the TC maintained stable and rebounded. In the fourth quarter, smelters increased their purchases for winter storage, and TC fell again.

Refined metal: The market experienced severe volatility in 2020. In the initial stage of the outbreak of the pandemic, China's economy paused suddenly, and the market was extremely pessimistic. Metal prices fell deeply, and the demand plummeted precipitously. In the second quarter, as China took the lead in resuming production and work and launching a series of economic stimulus measures, the demand rebounded further and lifted metal prices, and also drove a large amount of imports of copper, aluminum, zinc and other metals. The spread of the pandemic overseas led to restricted transportation and high inventories, making LME have a positive basis structure. There were some full carry opportunities because of the widened contango in LME futures markets for copper, aluminum, lead, zinc and nickel. With the recovery of industrial activities and consumer demand, the Asian manufacturing industry had been boosted, the container freight market rose further, and the sea freight capacity gap continued until the end of the year.

Special metals: According to the unified arrangement of the Company, IXM started to trade in niobium and cobalt, which continuously expanded the market influence. The pandemic in 2020 caused a serious mismatch in the global logistics chain. IXM actively faced challenges and successfully seized trading opportunities. In the post pandemic era, the implementation of economic stimulus measures by governments of various countries would have an impact on the development of the future industrial market and continue to provide trade opportunities for IXM.

IV. BUSINESS REVIEW

1. Mineral exploration and processing

1. Copper and cobalt sector

During the reporting period, TFM Copper/Cobalt Mine achieved a production volume of 182,597 tonnes of copper metal, and 15,436 tonnes of cobalt metal.

2. Molybdenum and tungsten sector

During the reporting period, the Company realized a production volume of molybdenum metal of 13,780 tonnes, and tungsten metal of 8,680 tonnes (excluding Yulu Mining). Production volume of iron concentrate (65% content) reached 195,500 tonnes.

3. Niobium and phosphate sector

During the reporting period, Brazil achieved a production volume of phosphate fertilizers (high concentration fertilizer and low concentration fertilizer) of 1,090,740 tonnes and niobium metal of 9,300 tonnes.

4. Copper and gold sector

During the reporting period, where calculated based on 80% of equity interests, NPM achieved a production volume of copper metal of 26,997 tonnes and gold of 20,897 ounces.

2. Mineral trading

During the reporting period, IXM achieved a physical trading volume (sales volume) of metal mineral of 2.74 million tonnes and 2.60 million tonnes of refined metal.

OPERATION REVIEW FOR THE YEAR OF 2020

1. Overcoming the adverse effects of the pandemic and stabilizing the production and operation of each business segment

At the beginning of 2020, the sudden outbreak of COVID-19 pandemic brought a huge impact on the economy and the order of production and life. The Company immediately established a pandemic prevention and control leading group to coordinate the deployment of prevention and control response measures, study and formulate prevention and control strategies and emergency plans, and coordinate the allocation of pandemic prevention materials with its advantages of global layout to ensure the safety of employees and the stability of production. Thanks to the effective implementation of various pandemic prevention measures, during the reporting period, the Company's production and operations in various business segments were stable. The copper metal production from the copper and cobalt business in TFM in Congo (DRC) recorded a year-on-year increase of 2.61%, the Brazilian niobium metal production recorded a year-on-year increase of 24.18%. At the same time, in response to the impact of the pandemic on logistics, especially measures such as port closures in South Africa and other countries, the Company relied on IXM's developed logistics network across the globe to quickly adjust transportation routes and seek alternative solutions so as to ensure the overall stability of the transportation of raw materials and finished products.

In response to the uncertainty of global economic development, the Company placed great emphasis on strengthening liquidity management, customer's credit risk management and contractor management, evaluating various extreme situations and conducting stress tests to ensure the continuity and stability of the Company's operations. As of the end of the reporting period, the Company's monetary capital balance was RMB16.9 billion, the net interest-bearing debt ratio was 25.07%, and the unused bank credit and other liquidity reserves were sufficient.

2. Continuously promoting cost reduction and efficiency increase, and taking various measures to improve the level of operations

During the reporting period, the Company continued to promote the implementation of cost reduction and efficiency enhancement plans for each segment. On the one hand, by optimizing the personnel structure and management system, strictly controlling non-productive costs, the Company continuously reduced management expenses, and improved management efficiency. On the other hand, each business segment continued to promote the reduction of cash costs in the mining segment by improving production processes, strengthening on-site fine management, adjusting the supply chain layout, optimizing the procurement of raw materials and spare parts, and saving pharmaceutical consumption. During the reporting period, the production and operation costs

of the Company's mining business segments achieved a year-on-year reduction of more than RMB2,930 million in the same caliber. Among them, the Congo (DRC) copper and cobalt sector strengthened on-site management and optimized technical indicators, achieving a reduction of approximately USD365 million in production and operating cash costs, a decrease of US\$76 million in cash costs in mining, and a decrease in cash costs of more than USD203 million in smelting; Brazil's Niobium and Phosphorus sector achieved a reduction of USD65.73 million in production and operation costs by optimising processes, strengthening daily management, and reducing energy consumption. The China business achieved a year-on-year reduction in production and operating cash costs of over RMB111 million by continuously strengthening technological innovation, optimizing production process and taking advantage of preferential policies during the pandemic. The above series of measures to reduce costs and enhance efficiency continued to enhance the Company's core competitiveness, especially during the special period of the pandemic, which helped the Company continuously optimize its cost structure, maintain a stable profitability level, and improve its ability to resist risks.

3. Promoting the upgrading of the organizational structure, and initially forming a global integrated management structure

The Company adhered to the business philosophy of “meritocracy, cost control, continuous improvement, and achievement sharing”, and continued to promote organizational upgrading and cultural rebuilding. During the Reporting Period, the Company adjusted the positions of chairman, president, etc., and completed the establishment of an operation management team with the president as the core. The functions and personnel of the headquarters were gradually put in place, and the globally integrated management and control structure was basically established. Relying on the extensive experience of the new management team in corporate management, cost control and cultural construction, as well as the good development momentum maintained despite the impact of the pandemic under its leadership, and based on the successful experience of TFM, the Company further promoted the export of Chinese management models to Brazilian mining areas, and strived to explore the international development road of Chinese corporates. Cultural construction is the cornerstone to ensure the Company's long-term stable development. With the continuous deepening of the Company's global layout, the Company has established a new mission and vision, and vigorously advocated the values of pursuit of excellence, openness and transparency, truth seeking, solidarity and cooperation, gradually forming its company culture with the characteristics of major shareholders, CMOC's characteristics and mining feature. Relying on the soft power of corporate culture, the Company has made new progress in attracting outstanding talents and stimulating entrepreneurial passion, made continuous improvement of team cohesion and combat effectiveness, which is conducive to the realization of strategic development goal of combining endogenous and exogenous factors.

4. Relying on technological innovation and process innovation to continuously optimize production and operation

During the reporting period, continuously adhering to the orientation of technological innovation, relying on the unique, long-life, low-cost, and high-quality assets full of development potential, the Company carried out a series of project development, technology improvement, process research and transformation projects, and achieved good effect. In the Congo (DRC) copper and cobalt segment, through a series of technological transformation projects such as hard rock crushing, cobalt drying, and lime plant, the recovery rate, product quality and other process technical indicators were comprehensively enhanced; at the same time, the Company actively overcame the impact of the pandemic, promoted the construction progress of energy and efficiency enhancement projects, and sped up the development of sulfide ore and the utilization and research of low-grade resources. In China's tungsten and molybdenum segment, the Company optimized its management system, so that Sandaozhuang Molybdenum and Tungsten Mine's recovery rate saw a year-on-year increase and its equipment operation rate continued to rise; the Company further promoted the construction of smart mines and unmanned mines, to improve automation management and operation level by utilizing advanced technologies such as 5G and electric mineral trucks, so as to further save manpower and energy consumption, and use the digital technology to rejuvenate the ancient industry.

5. Gradually exerting the synergistic effect of mining and trading sectors, and recording excellent performance in trading business

During the reporting period, the Company gradually realized the integration of IXM's overseas sales business, and built an overseas sales platform. Relying on IXM's comprehensive global supply chain and customer system, and leveraging IXM's advantages of its global sales network and logistics warehousing system, the Company accelerated business integration and resource sharing to tap new profit growth points. Especially under the background that the COVID-19 pandemic caused a great impact on global logistics, IXM effectively combated sudden risks with its perfect risk management system and stable operation style and the operation model integrating spot and futures, and achieved good results. During the reporting period, IXM achieved a net profit attributable to the parent company of RMB0.772 billion. After the completion of the merger, IXM and the Company's original mining segments further promoted their integration in corporate culture, resource sharing, cost reduction and efficiency enhancement.

6. Improving the overall asset quality and realizing the value enhancement of the Company

During the reporting period, despite the challenges and restrictions on the global investment and acquisition business due to the pandemic, the Company still actively explored the path of development and looked for opportunities to improve global asset allocation. The Company obtained USD550 million in cash through NPM gold streaming transactions and realized part of the value of the Australian copper and gold business by use of the market sentiment, which fully reflected the advantages of the Company in the diversity of its Australian products, mine life and operation stability. The Company also acquired the undeveloped KFM copper cobalt mine project in DRC, which further consolidated the Company's position in the field of battery metals and electric vehicles while expanding the mine resource reserves of the Company, enabling the Company to contribute to the transformation of the global energy industry. The Company will also give full play to its experience in the stable operation of TFM mines to provide security for all stakeholders (including government and local communities in the DRC) and ensure that the Company will develop and manage projects in accordance with international advanced industry standards.

Through the innovative business model, the Company further enhanced its capital strength and reduced financing costs. Such measures are conducive to the Company's implementation of active capital structure management strategies, providing sufficient liquidity support for the future development strategy of endogenous growth and extensional expansion.

MATERIAL EVENTS

(1) USD550 Million Metal Streaming Transaction Project of Australia NPM Copper and Gold Mine

On 12 July 2020, the Company issued an announcement in relation to the Metal Streaming Agreement entered into between a wholly-owned subsidiary of the Company and Triple Flag Mining Finance Bermuda Ltd., the specific contents are as follows: the Company's wholly-owned subsidiary and Triple Flag Mining Finance Bermuda Ltd., a wholly-owned subsidiary of Triple Flag Precious Metals Corp., (collectively referred to as "**Triple Flag**") entered into a metal purchase and sales agreement ("**Metal Streaming Agreement**"), pursuant to which Triple Flag will pay a cash prepayment of USD550 million, and the Company, agrees to deliver to Triple Flag an amount of gold and silver calculated by reference to a percentage of gold and silver produced from the agreed mining areas of the Northparkes Mines located in New South Wales, Australia. ("**Metal Streaming Transaction**").

On 17 July 2020, the Company received a cash prepayment of USD550 million for Metal Streaming Transaction.

Through Metal Streaming Transaction, the Company can obtain long-term funds at a lower cost than current financing channels and other financing channels in the international capital market, which helps optimize the Company's capital structure. At the same time, the Metal Streaming Transaction reflects the long-term abundant resources, stable and healthy operation of the North Parkes Mine, as well as the outstanding economic benefits shown throughout the industry cycle.

For details, please refer to the relevant announcement published on the Company's website, designated disclosure media and the websites of the Shanghai Stock Exchange (the "SSE") and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

(2) Successful acquisition of 95% equity of the Kisanfu copper cobalt mine in DRC

Despite the challenges and restrictions on the global investment and acquisition business due to the pandemic, the Company still actively explored the path of development and looked for opportunities to improve global asset allocation.

The "Resolution on the Acquisition of the Kisanfu Copper and Cobalt Mine Project in DRC" was considered and approved at the 17th meeting of the third session of the Investment Committee of the Company on 1 December 2020. The Company acquired the DRC Kisanfu copper cobalt project with USD550 million. The total resource of the project is about 365 million tonnes of ore. The average copper grade is about 1.72%, and the copper metal contained is about 6.28 million tonnes; the average cobalt grade is about 0.85%, and the cobalt metal contained is about 3.1 million tonnes. Kisanfu copper-cobalt mine is rich in resources, with high average grade of copper and cobalt, which has huge exploration potential and has the potential to become a world-class cobalt ore in the future. The acquisition will be highly coordinated with the existing business in DRC, and further consolidate the Company's position in the field of electric vehicles and battery metals.

For details, please refer to the relevant announcement published on the Company's website, designated disclosure media and the websites of the SSE and the Hong Kong Stock Exchange.

V. OUTLOOK

(1) Copper market

In 2021, due to the recovery of output damaged by the pandemic and the commissioning of new projects, it is expected that the global copper supply will improve compared with 2020, but there is still uncertainty about the progress of the recovery. Affected by the marginal weakening effect of fiscal stimulus, the growth rate of China's copper demand is expected to slow down, but the overall strength is still sustainable. Overseas demand affected by vaccination may rebound significantly. After the implementation of China's new national standard for Secondary copper, imports will increase significantly. In general, it is expected that the supply and demand of the electrolytic copper market in 2021 will be slightly looser than in 2020. However, as the initial inventory of electrolytic copper and copper concentrates are both at a low level, we shall be alert to the risks and uncertainties brought by the pandemic and vaccines. The relative weakness of the U.S. dollar will still support the copper prices. China's stimulus policy will not make a "swift turn", which will also help maintain market sentiment and physical consumption.

(2) Cobalt market

In 2021, it is expected that the global cobalt market will generally maintain a balance under the recovery of both supply and demand. On the supply side, new and expansion projects will release capacity in a steady manner, but the impact of the pandemic on logistics and transportation may be repeated. On the demand side, the European new energy vehicle market is expected to grow strongly under carbon emission requirements, and North America will continue to pay more attention to the development of clean energy. In the short term, the Chinese market will face the expansion of the market share of lithium iron phosphate batteries, which will help the popularization of electrification. However, the car models equipped with nickel-cobalt-manganese ternary high-energy-density batteries will continuously appear in the market, which is still the long-term development direction. In addition, consumer electronics will benefit from the popularization of 5G base stations and the expansion of the new consumer electronics market. During the 14th Five-Year Plan period, energy storage market demand prospects of China will be promising. The cobalt prices in the medium and long term still have an upward range.

(3) Molybdenum market

In 2020, with the outbreak of the COVID-19, the global economy began to fall into the worst economic recession since the Great Depression in the last century. The steep deteriorating manufacturing investments at home and broad have caused the global demand for molybdenum products to weaken, especially in the international market. China might be the only country in the world to see some positive growths in the end. Taking into account the government's determination to stimulate the economy, investment in railway, highway and infrastructure construction will continue to increase. In particular, in the first half of this year, more than RMB2 trillion new special bonds were issued across the country, and the approval and construction progress of a large number of key projects were accelerated, which will benefit the overall demand for steel. It is expected that the crude steel output of China will reach a historical peak of 1.05 billion tonnes. According to the information published on the industry website, international major associated molybdenum mines are obviously expected to reduce production in 2021. Although the global oversupply of molybdenum is about 22,300 tonnes in 2020, taking into account the acceleration of infrastructure investment and construction in the later period, as well as the expected recovery of molybdenum consumption demand led by international market demand in the post pandemic era, it is expected that the global molybdenum market is expected to remain stable in 2021.

(4) Tungsten market

In 2020, with the continuous tightening of environmental protection supervision, the grade decline of tungsten ore resources, the reserve decline of large tungsten mines, the level-by-level strengthening of the safety entry threshold for regional small mines, the overall raised operational costs of mines, the rigid increasing costs of mining of tungsten ore and the overall trend of steady decline in the domestic tungsten concentrate output will become more obvious, which would gradually consume the surplus inventory of 2020 and facilitate the healthy rise of the price of primary tungsten products. In terms of domestic economic development trends, under the influence of increasing infrastructure investment and the in-depth development of the "Belt and Road", the country vigorously promotes the upgrade of the high-tech industry and equipment manufacturing industry, domestic tungsten market demand is expected to rebound with the strong support of the above policies. Although tungsten exports suffered a setback in 2020, the macro-cycle recovery after the overseas pandemic will also boost the export-oriented tungsten market.

(5) Niobium market

In 2020, the COVID-19 pandemic has caused Chinese manufacturing activities to contract sharply and the downstream consumption drop below the freezing point in the first quarter, but with various supportive measures that the Chinese government has launched, to promote the economic stability including large amount of liquidity being released to restore financial system and market confidence as well as quicker approvals of local government bonds, domestic infrastructure construction and manufacturing activities showed a faster rebound in the second quarter, and have been operating stably until the end of the year. This will contribute to more consumption of ferroniobium to some extent. In addition, due to the drop of about 2,500 metal tonnes of the estimated apparent inventory of current domestic niobium market, the unbalanced supply-demand relationship in the previous period became gradually stabilized, and the domestic ferro-niobium price in 2020 only declined slightly under the background of the impact of the pandemic. With the demand recovering further, it is expected that the price of ferroniobium will maintain stable and recover gradually in 2021.

(6) Phosphates market

The demand for phosphate will increase by approximately 2.4% in 2021, according to the International Fertilizer Association (IFA). The strong agricultural fundamentals in the United States, Brazil and India will boost the demand for chemical fertilizers in order to achieve a higher level of food production. In addition, compared with 2020, the level of chemical fertilizer inventories at the beginning of 2021 is low, mainly concentrated in India and China. Compared with the extremely low demand at the beginning of 2020, the market is expected to be more balanced in 2021. For the long run, IFA forecasts an annual average demand growth of chemical fertilizer of approximately 1.1%, based on driving factors such as population growth, food per capita consumption improvement and limitations in resources for agriculture, such as water and fertile soils.

(7) Mineral trading

Copper concentrates: Due to limited logistics and rising metal demand, China's smelters show strong demand. In the first quarter of 2021, the spot TC/RC remained at around 40/4.0, and the tense situation in the spot market may continue till the middle of the year. In the second half of 2021, it is expected that certain new mine projects will expand production and start operation, however, the seldom increase of smelting capacity and major smelters' large-scale maintenance plans may slow down the demand. Therefore, under the premise that the mine resumes production and new projects are put into production on schedule, the shortage of copper

concentrate market supply will be alleviated to some extent compared to 2020, and the supply and demand will tend to balance. The TC/RC is expected to go upwards, but the following dynamic factors need to be paid attention: the impact of the aftermath of the COVID-19 pandemic on the normal production, expansion and reaching designed capacity of major copper mines, and potential labor disputes in South American countries that have suffered economic trauma.

Zinc and lead concentrates: In the first quarter of 2021, mine productions in northern China have been reduced seasonally, and lead and zinc ore TC remained low. With the gradual recovery of domestic and overseas mine supply, it is expected that the supply and demand market of lead and zinc concentrate will tend to balance, and the processing fee may rise slowly.

Refined metals: In 2021, the macro economy will have a dominant impact on prices. It is expected that there will be import opportunities for refined metals such as copper, aluminum and zinc in China. With the recovery of demand abroad, the spot market will also be supported.

Specialty metals: In 2021, the fundamentals of battery metals are still strong, which will obviously promote the demand for cobalt and nickel products; with the implementation of government stimulus measures and infrastructure bills, the prospect of demand for ferroniobium from the steel industry will also be seen. IXM will continue to maintain good expectations for the development of electric vehicles and a low-carbon, clean energy environment, continue to consolidate and increase the market share of specialty metals trading, and accelerate the expansion of overseas markets. IXM will pay close attention to the macroeconomic situation after the epidemic and various uncertainties in the market.

2021 BUSINESS PROSPECT

Based on future economic and market dynamics, the budget objectives set by the Company are as follows:

1. Copper and cobalt business:

Estimated copper metal output from 187,300 tonnes to 228,900 tonnes, and estimated cobalt metal output from 16,500 tonnes to 20,100 tonnes.

2. Molybdenum and tungsten business:

Estimated molybdenum metal output from 13,800 tonnes to 16,900 tonnes, of which joint venture Fuchuan Mining's molybdenum metal output from 3,800 tonnes to 4,600 tonnes, and estimated tungsten metal output from 6,900 tonnes to 8,400 tonnes (excluding Yulu Mining).

3. Copper and gold business (calculation on 80% equity):

Estimated NPM copper metal output from 24,100 tonnes to 29,400 tonnes, and gold output from 21,300 ounces to 26,000 ounces.

4. Phosphate business:

Estimated niobium metal output from 8,700 tonnes to 10,600 tonnes, and estimated phosphate fertilizer (high concentration fertilizer + low concentration fertilizer) output from 0.999 million tonnes to 1.221 million tonnes.

5. Mineral trade business: Physical trade volume from 4.79 million tonnes to 5.85 million tonnes.

The above budgeted targets are based on the judgement of current economic environment and expected economic development trend. Whether it may realize or not depends on the macro-economic environment, industry development, market circumstance, efforts of the management team of the Company and other factors, which is subject to uncertainty. The Board decided to apply for the authorization at the general meeting of the Company to adjust the above budgeted targets as appropriate based on the market conditions and the business of the Company.

The above budgeted targets do not constitute substantive commitments to investors, and investors shall exercise caution about investment risk.

VI. MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Other than disclosed in this announcement, the Group did not have any material acquisition and disposal of subsidiaries, joint ventures and associates during the year ended 31 December 2020.

VII. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 30 September 2020, the Company convened the fifteenth extraordinary meeting of the fifth session of the Board, at which the Resolution on Repurchase of the A Shares of the Company through Centralized Price Bidding was considered and approved, approving the Company to use self-owned funds of no more than RMB450 million to repurchase A shares of the Company at the price of no more than RMB4.5 per share. The total amount of the shares to be repurchased would be no less than 50 million and no more than 100 million, accounting for approximately 0.23% to 0.46% of total issued share capital of the Company. During the reporting period, the Company has repurchased 48,513,287 shares through centralized bidding transactions, accounting for 0.2246% of total issued

share capital of the Company before repurchase. The highest transaction price was RMB 4.00 per share and the lowest transaction price was RMB3.96 per share, and the amount paid was RMB193,832,602.21 (including transaction costs). This repurchased treasury share shall only be used for the purpose of subsequent implementation of equity incentive plans or employee shareholding schemes; if the Company fails to use all of the repurchased shares within 36 months after the completion of the share repurchase, the repurchased shares left unused will be cancelled, which will be implemented in accordance with relevant laws, regulations and policies.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2020.

VIII. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has strived to uphold high standards of corporate governance to safeguard the interests of shareholders, to enhance corporate value and to implement accountability for the Group.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”).

In the opinion of the Board, the Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code throughout the year ended 31 December 2020.

The Company reviews its corporate governance practices regularly to ensure compliance with the Corporate Governance Code.

IX. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has reviewed with the management and external auditor the audited consolidated results of the Group for the year ended 31 December 2020, according to the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

X. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Hong Kong Listing Rules in respect of dealings in the Company’s securities by Directors and Supervisors. Having made specific enquiries, all Directors and Supervisors confirmed that the required standards set out in the Model Code have been complied with during the year ended 31 December 2020.

The Company has also formulated written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Model Code for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

XI. FURTHER ANNOUNCEMENT ON THE DATE OF ANNUAL GENERAL MEETING AND THE CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Board authorized Mr. Yuan Honglin, the Chairman, to determine the date of the Company’s forthcoming annual general meeting and the closure of register of members of H shares pursuant to the relevant laws, regulations and articles of association of the Company.

Upon determination of the date of the above meeting and the closure of register of members of H shares, the Company will publish relevant notice and despatch the circular containing further information to H shareholders as soon as possible.

XII. DIVIDEND

On basis of the total share capital (deducting shares in the Company’s repurchase account) at the share registration date for profit distribution, the Company will distribute a cash dividend of RMB0.33 (tax inclusive) per 10 shares to all shareholders of the Company, with a total of cash dividend distribution of RMB711,174,000.77 (tax inclusive) as expected, accounting for approximately 30.54% of the net profit attributable to shareholders of the parent company for the reporting period. During the period between the disclosure date of profit distribution plan and the share registration date for profit distribution, if there are changes in the total share capital of the Company due to conversion of convertible shares/repurchase of shares/cancellation or repurchase of shares granted under equity incentives/cancellation or repurchase of shares due to material asset restructuring, the Company proposes to remain the distribution amount unchanged, while adjusting the per share distribution proportion accordingly.

The proposal has been considered and approved at the twelfth meeting of the fifth session of the Board of the Company, and is subject to approval of shareholders of the Company at the forthcoming annual general meeting. (the “AGM”) The dividend distribution is expected to be completed within two months after the AGM.

The Company will dispatch a circular containing, among others, further information in relation to the proposed distribution of final dividend and the AGM to the shareholders of the Company in due course.

XIII. AUDITOR’S OPINIONS

The consolidated financial statements of the Company for the year ended 31 December 2020 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and an auditor’s report for 2020 prepared under the PRC accounting standards with unqualified opinion has been issued.

XIV. SUBSEQUENT EVENTS

The Group did not have any material subsequent events after 31 December 2020.

XV. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement has been published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk, the SSE at www.sse.com.cn and the Company at www.cmoc.com. The 2020 annual report of the Company will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
China Molybdenum Co., Ltd.*
Yuan Honglin
Chairman

Luoyang City, Henan Province, the People’s Republic of China, 22 March 2021

As at the date of this announcement, the Company’s executive directors are Mr. Li Chaochun and Mr. Li Faben; the non-executive directors are Mr. Yuan Honglin, Mr. Guo Yimin, and Mr. Cheng Yunlei; and the independent non-executive directors are Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.

* *For identification purposes only*