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洛阳钼业

洛陽欒川鉬業集團股份有限公司

(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 2021

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 2021.

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 2021, 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 2021, the Company recorded a significant growth in its operating results. The Company's operating revenue reached approximately RMB173.863 billion, representing a year-on-year increase of 53.89%. EBITDA for the year was approximately RMB14.808 billion, and the net operating cash flow was approximately RMB6.191 billion; the net profit attributable to equity holders of the parent company amounted to approximately RMB5.106 billion, of which IXM's profit before tax amounted to US\$0.16 billion; the Board proposed to distribute an annual dividend of approximately RMB0.7125 per 10 shares (tax inclusive) to the shareholders of the Company.
- In 2021, the Company maintained stable production and operations despite the impact of the pandemic with production volumes for a number of products hit a record high. In the DRC, copper and cobalt production volumes were 209,120 tonnes and 18,501 tonnes, respectively; in China, molybdenum and tungsten production volumes were 16,385 tonnes and 8,658 tonnes, respectively; in Brazil, niobium and phosphate production volumes were 8,586 tonnes and 1.12 million tonnes, respectively; copper and gold production volumes of Australia NPM (80% equity interest) were 23,534 tonnes and 19,948 ounces, respectively. IXM achieved 2.884 million tonnes of physical trading volume (sales volume) of metal concentrates and 3.613 million tonnes of physical trading volume (sales volume) of refined metals.
- In 2021, the Company continued to optimize its balance sheet and maintain a healthy gearing ratio. At the end of the reporting period, the total balance of cash and cash equivalents was RMB24.3 billion and the total credit facility from a total of 72 state-owned banks, large joint-stock commercial banks, and large foreign banks was RMB140.9 billion.
- In 2021, the Company achieved "zero fatalities and zero major environmental incidents" across our global operations and recorded a TRIR (Total Recordable Incident Rate) of 0.74, outperforming the global industry average published by the ICMM (International Council on Mining and Metals); the MSCI ESG rating was upgraded from BBB to A, on par with Rio Tinto, BHP Billiton and Anglo American, leading the domestic and international mining industry.
- In 2021, the Company further enhanced cost reduction and efficiency improvement and continued to implement a series of vigorous reform measures to reduce costs and increase efficiency, with a year-on-year reduction in production and operating costs of the mineral exploration and processing segment of the Company by more than RMB1.6 billion.
- In 2021, the Company effectively promoted project construction. While the 10K project and the follow-up potential enhancement project started and reached full production and the TFM mixed ore project progressed rapidly, the first module of the nickel-cobalt project in Indonesia was also successfully commissioned, representing significant progress made in the Company's presence in nickel metal and a new driver added to the Company's portfolio of new energy metals.

LETTER FROM THE CEO

Dear Shareholders,

Thank you for your continued care, support, and trust in CMOC.

2021 marks an extraordinary year, as the pandemic brought great uncertainty to the world economy and no individual nor company could survive this global disaster alone. Despite demanding challenges, we managed to deliver satisfactory business results while protecting health of our employees and maintaining stable operations based on our strengths in global logistics network and production automation and our defenses built against COVID-19 in both pandemic prevention and control and in provision of supplies.

Financial highlights – In 2021, CMOC achieved an operating revenue of RMB173.863 billion, representing a year-on-year increase of 53.89%; the net profit attributable to the parent company was RMB5.106 billion, representing a year-on-year increase of 119.26%; the net profit attributable to the Company after non-recurring items amounted to RMB4.103 billion, representing a year-on-year increase of 276.24%. The total revenue and net profit reached a record high. All core business units maintained stable operation amid the pandemic, recording a significant drop in frequency of safety incident and new highs in output of key products, while IXM realized best-ever performance, a demonstration of the success that we will continue to achieve via the path of the new “mining + trading” business model.

More importantly, we also consolidated the groundwork to look ahead to the future. The “5233” management concept was practiced, the organizational upgrading and cultural reshaping were basically completed, and headquarter functions were further improved. We rebuilt the management processes and established a global management framework. Digitalization programs were rolled out to support the global business. All these helped lay a solid foundation for our growth going forward.

The pandemic itself is a trigger for people to rethink the relationship between humanity and the world, as well as for us to consider more broadly about the nature of the mining industry and our core competitiveness. Facing the new business environment and technology solutions, the traditional mining industry has been endowed with new connotations. Based on the history of the Company’s development and our understanding of the industry, we have officially updated the Company’s vision to “highly respected, modern, and world-class resources company” in accordance with the standards of international first-class mining companies.

Being “respected” represents our aspiration and pursuit that could be interpreted from three dimensions:

First is commercial success. This is the reason and purpose of the incorporation of any business entity like CMOC. To ride the tide of the new energy revolution, we will increase our production capacity and increase mineral resources and ore reserves to maintain industry-leading profitability. Sustained commercial success is the cornerstone to enhance our influence in the industry and consolidate our leading position in the global supply of battery metals and EV raw materials, enabling us to play an important role in the global energy transition.

Second is all-round people development. We are committed to becoming an international company of excellence that upholds a corporate culture which makes our employees happy and proud and empowers them to realize their value and a successful and exciting career at CMOC.

Third is best practice in sustainability. We exercise the strictest safety, environmental, and social standards and cherish the natural resources to achieve sustainable development and maximum value for all stakeholders.

Being “modern” indicates our methodology and approach to business operations. This is a key trait that distinguishes us from traditional mining companies and requires outperformance in three aspects:

First is modern mine production. In line with the latest round of industrial revolution, we vigorously promote digital and intelligent mine development to modernize mining, beneficiation, and smelting processes. In addition, we refine mine production and improve resource utilization efficiency. Our ambition is to achieve harmonised development of the natural resources, by protecting natural environment and the communities that host our business.

Second is leverage the financial market and financial tools to avoid risks and gain profits based on a healthy balance sheet. The mining industry is quasi-financial, thus the ability to employ financial tools is a core competence of mining companies and is an advantage that we have already demonstrated in our track record. We will continue to leverage this advantage to support growth of the mining business. We will focus on balance sheet and prioritize liquidity management with a clear mind in the context of the cyclical nature of the industry.

Third is greater synergy of mining and trading. We will further leverage the synergy between upstream mines and IXM’s metal trading by taking advantage of IXM’s global network and persistently explore the potential of the “mining + trading” business model.

Being “world-class” is our goal and will be the natural course of development should we keep on the right track.

This necessitates a strong presence in the international mining arena and commercial success in a free and open economic system as a mature and confident player. In addition to world-class resources, industry-leading profitability, and pricing power over important resources, our teams, organizational structure, operational efficiency, corporate culture, and branding also need to be competitive by international standard. We are also dedicated to playing a leading role in new energy metals such as copper, cobalt and nickel and specialty metals such as molybdenum, tungsten, and niobium.

We are keenly aware that to realize our vision, we need to be down-to-earth and take one step at a time. Therefore, we have formulated a “three-step” development path, of which the first step is to “lay a foundation” of low cost and high efficiency. Through the organization upgrade and the establishment of global control system, we will improve mechanism, attract mining elites for business operation and future expansion. The second step is to “ramp up” with multiplying production capacity. With the improvement of production capacity, the staff team has been tempered in the construction of world-class projects; with modern governance methods, our subsidiaries have been effectively controlled; with clear responsibilities and rights, and clear boundaries, the level of global governance has been raised in an all-round way. The third step is to achieve “stellar growth” towards being a world-class company, to improve our business size and cash flows to a new level and to build our talent team and increase our project reserves to meet new requirements; focusing on key regions and categories and seeking great improvement to achieve our vision in accordance with our strategic goals. Today, we are at the crunch time to transit from step 1 to step 2. As 2022 is featured as a year of construction, we will speed up the construction of two world-class mines in the DRC to maximize resources value and lay a solid foundation for the Company to achieve leapfrog development.

We are also aware that culture can be a driving force for productivity and a flexible value network bonding individuals with each other and with organizations. A healthy corporate culture can spark productive cooperation among excellent talents. After more than a year of discussion, the framework of our corporate culture has taken shape. Based on our history, this framework is built as an active response to the ever-changing environment and challenges ahead; it is an important guideline for business units worldwide to practice in their operations, in establishing rules and regulations, setting up code of conduct, fulfilling social responsibilities, and promoting brand image. It is a guidance for all employees to embrace and follow and a banner to unify thoughts, reach consensus, and motive and inspire employees. We believe that supported by such corporate culture, we will be ushered in a promising future to build our strongest moat.

The world is undergoing profound changes and we are confident that we will become a respected, modern, and world-class resources company amid the global industrial and energy revolutions. The worldwide economy is gaining momentum to recover from the subsiding COVID-19 impacts. We believe that we could weather any crisis and challenges as long as we stay true to our aspiration, follow the rules, adapt ourselves to changes, and continue to create value for all stakeholders.

The best way to predict the future is to create it! In this era of greatness, we rise to the challenges and remain resolute in pursuing our goals and vision by keeping the path of high-quality growth. We will live up to our mission and will continue to deliver results to maximize returns for shareholders!

Sun Ruiwen
CEO

I. SUMMARISED FINANCIAL INFORMATION

Unit: Yuan Currency: RMB

Major accounting information	2021	2020	Increase or decrease as compared to last year (%)	2019
Operating revenue	173,862,586,154.82	112,981,018,624.55	53.89	68,676,565,008.79
Net profit attributable to shareholders of listed company	5,106,017,249.81	2,328,787,511.92	119.26	1,857,014,210.98
Net profit after deduction of non-recurring profits or losses attributable to shareholders of listed company	4,103,233,118.22	1,090,576,448.35	276.24	746,685,213.05
Net cash flow from operating activities	6,190,648,051.98	8,492,453,630.20	-27.10	1,704,827,883.87
	At the end of 2021	At the end of 2020	Increase or decrease as compared to last year (%)	At the end of 2019
Net assets attributable to shareholders of listed company	<u>39,845,286,626.30</u>	<u>38,891,780,788.15</u>	<u>2.45</u>	<u>40,802,774,133.85</u>
Total assets	<u>137,449,772,623.15</u>	<u>122,441,249,889.87</u>	<u>12.26</u>	<u>116,862,226,476.73</u>

Major Financial Indicators

Item	2021	2020	Increase or decrease as compared to last year (%)	2019
Basic earnings per share (“EPS”) (RMB Yuan per Share)	0.24	0.11	118.18	0.09
Diluted EPS (RMB Yuan per Share)	0.24	N/A	N/A	N/A
Basic EPS after deduction of non-recurring profits or losses (RMB Yuan per Share)	0.19	0.05	280.00	0.03
Weighted average return on net assets (%)	12.93	5.83	increased by 7.10 percentage points	4.54
Weighted average return on net assets after deduction of non-recurring profits or losses (%)	10.39	2.78	increased by 7.61 percentage points	1.85

ITEMS AND AMOUNTS OF NON-RECURRING PROFITS OR LOSSES

Unit: Yuan Currency: RMB

Items	2021	Explanation	2020	2019
Profits or losses from disposal of non-current assets	-5,274,617.13		-812,670.82	-64,265,650.01
Government grants included in profit and loss for the current period, except for those closely relevant to the Company’s normal business and in compliance with national policies and regulations and granted continuously according to certain standardized amounts or quotas	58,214,845.39	Including subsidies for low grade scheelite project of RMB7 million	38,232,080.76	20,903,479.63
Gains on acquisitions of subsidiaries and associates where the investment cost is less than the shares of the fair value of the identifiable net assets				133,096,178.59

Items	2021	Explanation	2020	2019
Profit and loss of changes in fair value arising from holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment gains from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and other credit investments, except for effective hedging activities associated with normal business operations of the Company	-3,663,615,218.75	Including RMB-3,889 million change in fair value of derivative financial instruments of IXM metal trading business	-1,934,640,418.79	2,828,166,471.97
Other profit or loss in changes of fair value	11,320,945.27		-9,404,961.04	-4,029,238.41
Loss on impairment of long-term assets	-35,158,285.06		0.00	0.00
Donation expenditure	-15,571,939.10		-12,200,813.25	-27,034,716.53
Other non-operating income or expenses other than the above items	-17,787,595.90		-58,907,802.74	27,175,239.04
Other profit/loss items falling within the definition of non-recurring profit and loss	1,165,641.55	Gains on disposal of subsidiaries	-187,269,402.18	37,464,818.80
Other non-operating profit or loss in relation to IXM's metal trading business	4,867,724,256.55		3,621,955,093.95	-1,581,795,820.24
Less: Income tax effects	198,826,642.76		241,903,714.24	267,238,522.05
Effects of minority interests (after tax)	-592,741.53		-23,163,671.92	-7,886,757.14
Total	<u>1,002,784,131.59</u>		<u>1,238,211,063.57</u>	<u>1,110,328,997.93</u>

CONSOLIDATED BALANCE SHEET

Unit: Yuan Currency: RMB

Item	31 December 2021	31 December 2020	Increase (decrease)
Current assets:			
Cash and bank balances	24,318,024,989.56	16,947,648,080.87	43.49%
Held-for-trading financial assets	7,117,297,565.38	7,435,128,840.50	-4.27%
Derivative financial assets	1,830,819,434.83	2,060,111,110.42	-11.13%
Accounts receivables	745,903,478.74	702,193,713.91	6.22%
Financing receivables	662,973,657.80	405,697,607.38	63.42%
Prepayments	1,473,068,744.38	1,405,838,288.25	4.78%
Other receivables	2,158,421,687.51	1,676,752,484.31	28.73%
Including: Interests receivable	409,454,105.99	344,628,170.18	18.81%
Dividends receivable	900,000.00	0.00	100.00%
Inventories	26,959,964,452.91	21,170,188,531.54	27.35%
Non-current assets due within one year	573,733,642.62	0.00	100.00%
Other current assets	5,115,673,898.16	5,436,087,014.38	-5.89%
Total current assets	70,955,881,551.89	57,239,645,671.56	23.96%
Non-current assets:			
Long-term equity investment	1,249,467,501.47	1,348,252,898.68	-7.33%
Other investments in equity instruments	67,772,733.31	86,214,350.23	-21.39%
Other non-current financial assets	3,912,404,655.76	4,678,191,536.17	-16.37%
Fixed assets	24,959,306,845.68	23,328,330,597.04	6.99%
Construction in progress	3,882,051,384.27	3,958,981,388.37	-1.94%
Right-of-use assets	358,652,931.81	487,786,129.11	-26.47%
Intangible assets	19,398,989,322.92	21,511,518,662.57	-9.82%
Long-term inventory	6,111,544,354.19	5,845,918,877.35	4.54%
Goodwill	387,204,155.33	396,265,256.07	-2.29%
Long-term prepaid expenses	178,843,869.89	127,533,613.45	40.23%
Deferred tax assets	987,702,345.62	497,166,341.93	98.67%
Other non-current assets	4,999,950,971.01	2,935,444,567.34	70.33%
Total non-current assets	66,493,891,071.26	65,201,604,218.31	1.98%
Total assets	137,449,772,623.15	122,441,249,889.87	12.26%

Item	31 December 2021	31 December 2020	Increase (decrease)
Current liabilities:			
Short-term borrowings	26,911,899,635.42	20,464,481,097.49	31.51%
Held-for-trading financing liabilities	4,402,513,686.53	4,291,950,709.21	2.58%
Derivative financial liabilities	2,636,505,095.30	5,021,779,572.93	-47.50%
Notes payable	2,906,023,727.49	627,937,567.02	362.79%
Accounts payable	1,260,247,972.87	876,914,865.30	43.71%
Contract liabilities	637,933,776.57	371,984,342.17	71.49%
Employee benefits payable	897,749,900.38	769,350,564.51	16.69%
Taxes payable	2,704,678,920.67	845,217,960.37	220.00%
Other payables	2,918,190,968.03	1,599,240,517.18	82.47%
Including: Interests payable	161,655,596.08	222,893,031.58	-27.47%
Dividends payable	27,885,796.67	27,885,796.67	0.00%
Non-current liabilities due within one year	4,954,382,332.64	5,329,646,086.38	-7.04%
Other current liabilities	429,943,105.54	2,159,431,822.36	-80.09%
Total current liabilities:	50,660,069,121.44	42,357,935,104.92	19.60%
Non-current liabilities:			
Long-term borrowings	13,610,578,855.09	15,360,372,820.17	-11.39%
Bonds payable	1,150,000,000.00	3,631,225,000.00	-68.33%
Non-current derivative financial liabilities	357,204,494.71	417,159,248.94	-14.37%
Lease liabilities	233,937,993.67	247,794,476.14	-5.59%
Long-term employee benefits payable	308,472,990.96	323,797,716.11	-4.73%
Provision	3,081,821,758.57	2,750,507,412.49	12.05%
Deferred income	53,103,694.70	60,587,483.62	-12.35%
Deferred tax liabilities	6,136,296,210.55	6,269,305,883.30	-2.12%
Other non-current liabilities	13,594,075,166.39	3,687,709,740.77	268.63%
Total non-current liabilities	38,525,491,164.64	32,748,459,781.54	17.64%
Total liabilities	89,185,560,286.08	75,106,394,886.46	18.75%

Item	31 December 2021	31 December 2020	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	27,645,855,518.39	27,582,794,983.23	0.23%
Less: treasury share	876,357,019.96	193,840,466.48	352.10%
Other comprehensive income	-6,406,227,030.65	-3,585,690,161.76	-78.66%
Special reserve	487,314.82	230,899.06	111.05%
Surplus reserve	1,463,370,956.65	1,295,599,051.54	12.95%
Retained profits	13,698,308,770.45	9,472,838,365.96	44.61%
Total equity attributable to owners of the parent company	39,845,286,626.30	38,891,780,788.15	2.45%
Non-controlling interests	8,418,925,710.77	8,443,074,215.26	-0.29%
Total shareholders' equity (or equity interest)	48,264,212,337.07	47,334,855,003.41	1.96%
Total liabilities and shareholders' equity (or equity interest)	137,449,772,623.15	122,441,249,889.87	12.26%

CONSOLIDATED INCOME STATEMENT

Unit: Yuan Currency: RMB

Item	2021	2020	Increase (decrease)
I. Total operating revenue	173,862,586,154.82	112,981,018,624.55	53.89%
Including: Operating revenue	173,862,586,154.82	112,981,018,624.55	53.89%
II. Total operating costs	161,808,822,844.14	108,328,837,499.80	49.37%
Including: Operating costs	157,539,542,348.74	104,536,006,657.71	50.70%
Taxes and levies	1,256,077,808.20	892,221,743.36	40.78%
Selling expenses	89,749,939.10	73,456,574.59	22.18%
Administrative expenses	1,556,010,571.73	1,330,306,248.91	16.97%
Research and development expenses	272,384,715.46	173,582,899.01	56.92%
Financial expenses	1,095,057,460.91	1,323,263,376.22	-17.25%
Including: Interest expenses	1,764,472,539.36	1,787,719,461.87	-1.30%
Interest income	748,777,605.00	691,961,398.68	8.21%
Add: Other income	58,214,845.39	38,182,004.23	52.47%
Investment income (losses are indicated by "-")	110,295,857.36	408,815,417.07	-73.02%
Including: Income from investments in associates and joint ventures	-2,281,770.77	-11,735,678.34	80.56%
Gains from changes in fair value (losses are indicated by "-")	-3,367,748,632.59	-1,915,935,321.09	-75.78%
Credit impairment losses (losses are indicated by "-")	148,459.55	11,726,548.03	-98.73%
Asset impairment losses (losses are indicated by "-")	-60,725,346.54	-246,808,770.60	75.40%
Income from the disposal of assets (losses are indicated by "-")	-5,274,617.13	-812,670.82	-549.05%

Item	2021	2020	Increase (decrease)
III. Operating profit (losses are indicated by “-”)	8,788,673,876.72	2,947,348,331.57	198.19%
Add: Non-operating income	19,162,108.50	14,694,897.50	30.40%
Less: Non-operating expenses	52,521,643.50	85,753,436.96	-38.75%
IV. Total profit (total losses are indicated by “-”)	8,755,314,341.72	2,876,289,792.11	204.40%
Less: Income tax expenses	3,327,700,999.16	397,649,247.09	736.84%
V. Net profit (net losses are indicated by “-”)	5,427,613,342.56	2,478,640,545.02	118.98%
(1) Classified by operation continuity			
1. Net profit from continuing operations (losses are indicated by “-”)	5,427,613,342.56	2,478,640,545.02	118.98%
(2) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (losses are indicated by “-”)	5,106,017,249.81	2,328,787,511.92	119.26%
2. Non-controlling interest (losses are indicated by “-”)	321,596,092.75	149,853,033.10	114.61%
VI. Other comprehensive income, net of tax	-3,066,390,685.93	-3,759,485,512.45	18.44%
(I) Other comprehensive income attributable to owners of the parent company, net of tax	-2,885,808,367.60	-3,213,314,637.04	10.19%
1. Other comprehensive income cannot be reclassified into the profit or loss subsequently	17,782,366.26	-29,210,113.06	160.88%
(1) Remeasurement of changes in defined benefit plans	31,667,410.20	-21,466,231.83	247.52%
(2) Changes in fair value of other equity instrument investments	-13,885,043.94	-7,743,881.23	-79.30%
2. Other comprehensive income that will be reclassified subsequently into the profit or loss	-2,903,590,733.86	-3,184,104,523.98	8.81%
(1) Cash flow hedge reserve	-2,094,684,175.28	-1,318,514,045.16	-58.87%
(2) Foreign exchange differences from translation of financial statements	-808,906,558.58	-1,865,590,478.82	56.64%

Item	2021	2020	Increase (decrease)
(II) Other comprehensive income, net of tax attributable to non-controlling shareholders	-180,582,318.33	-546,170,875.41	66.94%
VII. Total comprehensive income	2,361,222,656.63	-1,280,844,967.43	284.35%
(I) Attributable to owners of the parent company	2,220,208,882.21	-884,527,125.12	351.01%
(II) Attributable to non-controlling shareholders	141,013,774.42	-396,317,842.31	135.58%
VIII. Earnings per share			
(I) Basic earnings per share (<i>RMB Yuan per Share</i>)	0.24	0.11	118.18%
(II) Diluted earnings per share (<i>RMB Yuan per Share</i>)	0.24	N/A	/

CONSOLIDATED STATEMENT OF CASH FLOW

Unit: Yuan Currency: RMB

Items	2021	2020	Increase (decrease)
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering services	178,911,705,871.18	124,430,020,607.24	43.79%
Cash received from tax refund	210,603,969.12	201,729,168.37	4.40%
Cash received related to other operating activities	755,068,590.12	4,433,968,969.06	-82.97%
Sub-total of cash inflows from operating activities	179,877,378,430.42	129,065,718,744.67	39.37%
Cash paid for purchasing goods and receiving labour services	164,689,040,889.30	112,356,590,717.10	46.58%
Cash paid to employees and paid for employees	2,821,176,646.71	2,186,110,884.36	29.05%
Taxes and fees paid	4,441,568,895.75	3,730,988,386.09	19.05%
Cash paid for other operating activities	1,734,943,946.68	2,299,575,126.92	-24.55%
Sub-total of cash outflow from operating activities	173,686,730,378.44	120,573,265,114.47	44.05%
Net cash flow from operating activities	6,190,648,051.98	8,492,453,630.20	-27.10%
II. Cash flows from investing activities:			
Cash received from recovery of investment	9,357,480,545.74	14,828,067,938.53	-36.89%
Cash received from investment income	202,617,528.10	610,308,701.04	-66.80%
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	21,282,617.12	114,105,741.51	-81.35%
Net cash received from disposals of subsidiaries and other operating units	55,505,000.00	0.00	100.00%
Cash received related to other investing activities	1,077,853,530.69	2,491,976,308.57	-56.75%
Sub-total of cash inflows from investment activities	10,714,739,221.65	18,044,458,689.65	-40.62%
Cash paid for acquiring or construction of fixed assets, intangible assets and other long-term assets	4,281,675,570.51	7,621,789,128.23	-43.82%
Cash paid for acquiring investments	9,239,478,169.67	16,139,927,989.55	-42.75%
Cash paid on acquisition or disposal of subsidiaries and other operating units	0.00	597,959,999.97	-100.00%
Cash paid for other investment activities	2,085,385,035.55	3,089,577,857.70	-32.50%
Sub-total of cash outflow from investment activities	15,606,538,775.73	27,449,254,975.45	-43.14%
Net cash flows from investment activities	-4,891,799,554.08	-9,404,796,285.80	47.99%

Items	2021	2020	Increase (decrease)
III. Cash flows from financing activities:			
Cash received from investment contribution	1,004,559,574.00	0.00	100.00%
Cash received from borrowings	45,430,966,241.84	37,658,074,610.27	20.64%
Cash received from other financing activities	11,762,118,200.00	3,715,446,908.04	216.57%
Sub-total of cash inflows from financing activities	58,197,644,015.84	41,373,521,518.31	40.66%
Cash repayments of borrowings	45,227,614,462.85	33,554,165,884.84	34.79%
Cash paid for distribution of dividends, profits and interest	2,600,708,171.47	2,678,785,191.37	-2.91%
Including: dividends and profits paid by subsidiaries to non-controlling shareholders	165,166,381.80	41,759,360.00	295.52%
Cash paid for other financing activities	2,480,683,943.05	4,718,269,511.52	-47.42%
Sub-total of cash outflow from financing activities	50,309,006,577.37	40,951,220,587.73	22.85%
Net cash flow from financing activities	7,888,637,438.47	422,300,930.58	1,768.01%
IV. Effect of exchange rate changes on cash and cash equivalents	-243,745,530.93	-453,255,348.58	46.22%
V. Net decrease in cash and cash equivalents	8,943,740,405.44	-943,297,073.60	1,048.14%
Add: Balance of cash and cash equivalents at the beginning of period	11,448,950,438.25	12,392,247,511.85	-7.61%
VI. Balance of cash and cash equivalents at the end of period	20,392,690,843.69	11,448,950,438.25	78.12%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING REQUIREMENTS NEWLY IMPLEMENTED THIS YEAR

Interpretation No. 14 of the Accounting Standards for Business Enterprises

On 2 February 2021, the Ministry of Finance issued and implemented the Interpretation No. 14 of the Accounting Standards for Business Enterprises (“**Interpretation No. 14**”), which stipulates the accounting treatment for changes to the basis for determining the underlying contractual cash flows resulting from the reform of benchmark rate.

The accounting treatment for changes to the basis for determining the underlying contractual cash flows resulting from the reform of benchmark rate

In case of a change on the basis for determining the underlying contractual cash flows resulting from the reform of benchmark rate, when the reform of benchmark interest rate directly leads to a change on the basis for determining the contractual cash flows of financial assets or financial liabilities adopting the effective interest method to determine interest income or expenses, and the basis of determination before and after the change is economically equivalent, the Group shall refer to the method for changes in floating interest rate, recalculate the effective interest according to the future cash flows after the changes resulting from the reform of benchmark rate, and carried out the subsequent measurement on such basis.

In addition to the above-mentioned changes, if other changes occur in the financial assets or financial liabilities for which interest income or expenses are determined by the effective interest method at the same time, the Group shall conduct accounting treatment for the changes caused by the reform of benchmark rate in accordance with the above provisions, and then evaluate whether other changes will lead to termination of recognition of the financial asset or financial liability in accordance with the provisions of the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

The Group treated the business related to the new reform of benchmark rate effective from 1 January 2021 to the date of implementation of the Interpretation No. 14 according to the Interpretation No. 14. With regard to the business related to the reform of benchmark rate that occurred before 31 December 2020, the Group considered that the adoption of the requirement had no material impact on the Group’s financial statements and therefore did not make retroactive adjustments.

Interpretation No. 15 of the Accounting Standards for Business Enterprises

On 30 December 2021, the MoF issued and implemented Interpretation No. 15 of the Accounting Standards for Business Enterprises, stipulating the reporting and disclosure of centralized and unified management of the funds of parent company and its affiliates through internal settlement centers. Implementing the Interpretation did not have a material impact on the presentation of the Group's financial statements.

2. FINANCING RECEIVABLES

	<i>Unit: RMB</i>	
Category	31 December 2021	31 December 2020
Notes receivable	662,973,657.80	405,697,607.38
Including: Bank acceptances	662,544,587.40	380,763,917.60
Other	429,070.40	24,933,689.78
Total	<u>662,973,657.80</u>	<u>405,697,607.38</u>

Part of notes receivable are endorsed or discounted by the Group in accordance with the daily fund requirement, and classified as financial assets at fair value through other comprehensive income.

On 31 December 2021, the Group measured the allowance for credit loss in accordance with the expected credit losses for the entire duration. The Group considers a low probability of significant losses due to a bank default and there are no major credit risks in its holding of the bank acceptances.

- (1) Endorsed or discounted financing receivables by the Group but still outstanding at balance sheet date at the end and beginning of the year respectively are as follows:

	<i>Unit: RMB</i>	
Category	Amount derecognized as at the end of 2021	Amount derecognized as at the end of 2020
Bank acceptances	1,511,576,931.98	2,064,202,071.72
Total	<u>1,511,576,931.98</u>	<u>2,064,202,071.72</u>

Note: Since major risks and reward including the interest rate risks related to such bank acceptance have been substantially transferred to the bank or another party, the Group derecognize the discounted or endorsed bank acceptances.

- (2) At 31 December 2021, the amount of financing receivables of the Group pledged to issue notes payable was RMB430,703,171.04 (2020: RMB334,501,519.98).
- (3) 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.

3. ACCOUNT RECEIVABLES

(1) Disclosure by aging

Unit: RMB

Aging	31 December 2021		Proportion (%)
	Accounts receivable	Bad debt provision	
Within 1 year	731,349,277.13	6,036,864.55	0.83
1-2 years	3,897,385.05	405,317.22	10.40
2-3 years	28,000,979.25	10,901,980.92	38.93
Over 3 years	<u>18,682,996.91</u>	<u>18,682,996.91</u>	<u>100.00</u>
Total	<u><u>781,930,638.34</u></u>	<u><u>36,027,159.60</u></u>	<u><u>4.61</u></u>

(2) Credit risk of accounts receivable

As the Group has a long-term and stable relationship with the customers with high credit rating with respect of the niobium business in Brazil, and acid and quicklime business in the DRC and metal trading business in Switzerland, the management believes that the credit risk is low. The Group measures internal credit rating for the customers of tungsten and molybdenum business in China and phosphate business in Brazil in accordance with their ageing and historical repayments at the balance sheet date, and determines the expected loss rate of accounts receivable of various ratings. As at the balance sheet date, the Group recognizes the expected credit loss allowance for accounts receivables based on impairment matrix.

Unit: RMB

Internal credit rating	31 December 2021			
	Expected average loss rate	Book balance	Provision for loss	Book value
Low risk	0.04%	623,785,238.20	263,044.42	623,522,193.78
Normal	2.54%	49,637,331.37	1,260,825.22	48,376,506.15
Attention	6.45%	69,601,340.76	4,488,581.80	65,112,758.96
Doubtful (impaired)	51.24%	18,236,556.11	9,344,536.26	8,892,019.85
Loss (impaired)	100.00%	20,670,171.90	20,670,171.90	–
Total		<u>781,930,638.34</u>	<u>36,027,159.60</u>	<u>745,903,478.74</u>

The expected average loss rate is measured based on historical actual impairment rate with reference to the current situation and prediction on future economy. There are no changes in evaluation approach and significant assumption in 2021 and 2020.

(3) Changes in expected credit loss provision for accounts receivable

Unit: RMB

	Lifetime ECL
1 January 2021	36,298,989.47
Provision of ECL for the period	2,411,609.22
Reversal of ECL for the period	(1,789,712.83)
Changes in exchange rate	(893,726.26)
31 December 2021	36,027,159.60

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

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable (%)	Credit impairment loss
31 December 2021				
Company A	Third Party	74,079,411.00	9.48	–
Company B	Third Party	47,782,876.51	6.11	68,510.40
Company C	Third Party	45,682,896.49	5.84	65,499.50
Company D	Third Party	41,891,527.41	5.36	5,002,814.21
Company E	Third Party	33,492,106.91	4.28	3,349.22
Total		<u>242,928,818.32</u>	<u>31.07</u>	<u>5,140,173.33</u>

4. PREPAYMENTS

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	31 December 2021		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,456,806,903.44	98.90	1,400,634,872.31	99.63
1 to 2 years	12,735,523.50	0.86	667,432.50	0.05
2 to 3 years	298,364.08	0.02	4,379,293.39	0.31
Over 3 years	3,227,953.36	0.22	156,690.05	0.01
Total	<u>1,473,068,744.38</u>	<u>100.00</u>	<u>1,405,838,288.25</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	31 December 2021	
		Amount	Proportion of the amount to the total prepayments (%)
Company F	Third Party	196,175,272.41	13.32
Company G	Third Party	137,800,698.53	9.35
Company H	Third Party	103,866,981.63	7.05
Company I	Third Party	85,742,172.53	5.82
Company J	Third Party	57,647,861.64	3.91
		<u>581,232,986.74</u>	<u>39.45</u>

5. RETAINED PROFITS

Unit: RMB

Item	31 December 2021	31 December 2020
Retained profits at the end of current year	9,472,838,365.96	8,081,590,250.78
Add: Net profit attributable to shareholders of the parent company for the year	5,106,017,249.81	2,328,787,511.92
Less: Appropriation to statutory surplus reserve	167,771,905.11	8,772,050.63
Ordinary shares dividends payable	712,774,940.21	928,767,346.11
Retained profits at the end of current year	<u>13,698,308,770.45</u>	<u>9,472,838,365.96</u>

6. DIVIDENDS

Implementation of the cash dividend policy

The 2020 annual general meeting of the Company convened on 21 May 2021 reviewed and approved the 2020 profit distribution plan for a cash dividend of RMB0.033 per share (including tax). Subsequently, a total cash dividend of RMB712,774,939.24 (including tax) was distributed to the Shareholders based on the total share capital of the Company of 21,599,240,583 shares prior to the implementation of the plan. The cash dividend distribution has been completed during the Reporting Period.

7. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue (by category):

Unit: RMB

Item	2021		2020	
	Revenue	Costs	Revenue	Costs
Principal operating activities	173,351,399,660.10	157,100,249,285.38	112,550,537,600.57	104,199,556,748.87
Including: Sales of goods	25,238,304,123.52	14,131,177,405.58	18,480,803,844.28	13,585,812,784.98
Metal trading	147,993,095,536.58	142,969,071,879.80	94,069,733,756.29	90,613,743,963.89
Other operating activities	511,186,494.72	439,293,063.36	430,481,023.98	336,449,908.84
Including: Income from hotel				
services	54,707,548.40	43,623,819.61	52,313,733.27	41,955,041.45
Other income	456,478,946.32	395,669,243.75	378,167,290.71	294,494,867.39
Total	<u>173,862,586,154.82</u>	<u>157,539,542,348.74</u>	<u>112,981,018,624.55</u>	<u>104,536,006,657.71</u>

(2) Principal operating activities (by products)

Unit: RMB

Name of products	2021		2020	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum, tungsten related products	5,350,413,902.79	3,162,552,021.69	3,550,860,438.37	2,225,528,480.14
Niobium, phosphorus related products	5,086,841,778.80	3,615,904,038.10	5,195,268,644.58	3,697,504,188.69
Copper, cobalt related products	13,268,256,624.20	6,241,622,321.72	8,294,366,471.14	6,642,681,663.76
Copper, gold related products	1,652,687,869.50	1,111,003,201.84	1,436,122,875.79	1,015,888,358.55
Metal concentrates trading	42,477,651,076.36	39,714,777,592.69	39,155,090,529.66	36,172,326,227.21
Refined metal trading	105,515,444,460.22	103,254,294,287.11	54,914,643,226.63	54,441,417,736.68
Others	103,948.23	95,822.23	4,185,414.40	4,210,093.84
Total	<u>173,351,399,660.10</u>	<u>157,100,249,285.38</u>	<u>112,550,537,600.57</u>	<u>104,199,556,748.87</u>

(3) Performance obligation

Sales of goods and metal business:

The Group sells mineral products including molybdenum, tungsten, niobium, phosphate, copper, cobalt and gold, copper, lead and zinc concentrates, refined metals, aluminum and other metals to customers. In general, sales contracts will only contain the obligation of goods delivery. The consideration for sales of products is determined based on the fixed price agreed in the sales contract or provisional pricing arrangement. Revenue is recognized upon transfer of control to the client. Revenue from sales in the provisional pricing arrangement is recognized based on the fair value of products upon recognition of sales. Subsequent changes in the fair value of accounts receivable are also counted in the calculation of revenue from sales of goods.

At the same time, the Group conducts business by way of prepayment or credit sales according to the credit status of the counterparty.

Income from hotel services:

The Group renders services to and receive income from clients through its own hotels, and relevant revenue is recognized in the period when clients receives and consumes relevant services.

Other income:

The Group also provides customers with ancillary services including diesel and electricity, and receives income. Relevant revenue is recognized in the period when the customer obtains and consumes the goods.

8. FINANCIAL EXPENSES

Unit: RMB

Item	2021	2020
Interest expenses on bonds	215,050,342.93	314,783,571.47
Discount interest of notes receivables	–	26,386,286.16
Interest expenses on lease liabilities	24,356,158.94	45,979,250.72
Bank loans interest expenses	1,416,456,949.36	1,343,142,882.53
Gold streaming financing cost	108,609,088.13	57,427,470.99
Total interest expenses	1,764,472,539.36	1,787,719,461.87
Less: Interest income	748,777,605.00	691,961,398.68
Exchange differences	(38,501,323.00)	24,945,211.92
Gold lease charges	39,947,120.58	41,545,555.28
Others	77,916,728.97	161,014,545.83
Total	<u>1,095,057,460.91</u>	<u>1,323,263,376.22</u>

9. INVESTMENT INCOME

Unit: RMB

Item	2021	2020
Income from long-term equity investments under equity method	(2,281,770.77)	(11,735,678.34)
Investment income from held-for-trading financial assets during the hold period	33,204,166.53	108,218,667.59
Investment income from other non-current financial assets during the hold period	116,574,573.13	209,536,295.89
Investment income on disposal of held-for-trading financial assets	–	11,312,868.18
Investment income on disposal of subsidiaries	1,165,641.55	–
Investment (losses) income on disposal of other non-current financial assets	(4,774,325.41)	91,483,263.75
Other	(33,592,427.67)	–
Total	<u>110,295,857.36</u>	<u>408,815,417.07</u>

There are no significant restrictions on remittance of investment income.

10. INCOME TAX EXPENSES

Unit: RMB

Item	2021	2020
Current tax expenses calculated according to tax laws and relevant requirements	3,577,912,612.40	1,395,116,370.32
Differences arising on settlement of income tax for the previous year	82,925,243.43	10,823,794.74
Adjustments to deferred income tax	(333,136,856.67)	(1,008,290,917.97)
Total	<u>3,327,700,999.16</u>	<u>397,649,247.09</u>

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

Unit: RMB

	2021	2020
Accounting profit	8,755,314,341.72	2,876,289,792.11
Income tax expenses calculated at 15% (2020: 15%)	1,313,297,151.26	431,443,468.82
Tax impact of non-deductible expenses	38,156,004.72	53,423,213.58
Tax impact of tax free income/extra deductible expense	(151,204,719.11)	(182,176,709.96)
Tax impact of utilising deductible loss and deductible temporary difference previously not recognized	(192,686.38)	(3,419,885.51)
Tax impact of unrecognised deductible loss and deductible temporary difference	8,812,647.39	10,341,802.01
Exchange rate impact of non-currency monetary items and corporate restructuring for tax purpose	50,888,005.73	83,316,340.02
Deductible losses arising from tax return	59,020,911.41	(78,271,468.74)
Impact of different tax rate in subsidiaries in other jurisdictions	1,799,661,390.63	90,386,628.78
Difference arising on settlement of income tax for the previous years	82,925,243.43	10,823,794.74
Tax for registered capital (<i>Note</i>)	13,715,472.53	24,814,801.07
Changes in deferred income tax due to changes in tax rate	–	(43,032,737.72)
Withholding income tax due to dividends from subsidiaries	112,621,577.55	–
Total	<u>3,327,700,999.16</u>	<u>397,649,247.09</u>

Note: It represents the income tax paid based on the proportion of the registered capital under the tax law in Switzerland by IXM, the Group's subsidiary.

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

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

	<i>Unit: RMB</i>	
	2021	2020
Net profit attributable to ordinary shareholders for the current year	<u>5,106,017,249.81</u>	<u>2,328,787,511.92</u>

In calculating basic earnings per share, the cash dividends for holders of restricted shares expected to be unlocked in the future are:

	<i>Unit: RMB</i>	
	2021	2020
Cash dividends for holders of restricted shares expected to be unlocked in the future	<u>1,600,938.47</u>	<u>–</u>

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:

	2021	2020
Number of ordinary shares issued at the beginning of year	21,550,727,296	21,599,240,583
Less: Weighted average number of ordinary shares repurchased during the year	22,578,516	8,085,548
Weighted average number of ordinary shares issued at the end of year	<u>21,528,148,780</u>	<u>21,591,155,035</u>

Earnings per share:

	<i>Unit: RMB</i>	
	2021	2020
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.24	0.11
Diluted earnings per share	<u>0.24</u>	<u>N/A</u>

II. FINANCIAL REVIEW

Overview

During the reporting period, the Company's net profit increased from approximately RMB2,479 million in 2020 to approximately RMB5,428 million in 2021, increased by approximately RMB2,949 million or 118.96%. Among them: net profit attributable to shareholders of the parent company amounted to approximately RMB5,106 million, representing an increase of approximately RMB2,777 million or 119.24% from approximately RMB2,329 million for the year 2020. This was mainly due to the increase in copper and cobalt market prices during the period, resulting in a significant increase in profits from the copper and cobalt operations.

Principal Businesses by Industry, Product and Region

Unit: Yuan Currency: RMB

By industry	Operating revenue	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 cost	Gross profit margin (%)			
Mineral exploration and processing	25,358,200,175.29	14,131,081,583.35	44.27	37.24	4.05	Increased by 17.18 percentage points
Mineral trading (Note)	147,993,095,536.58	142,969,071,879.80	3.39	57.32	57.78	Decreased by 0.28 percentage point
Others	103,948.23	95,822.23	7.82	-97.52	-97.72	Increased by 8.41 percentage points

Principal businesses by product

By industry	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	5,350,413,902.79	3,162,552,021.69	40.89	50.68	42.10	Increased by 3.57 percentage points
Copper and gold	1,652,687,869.50	1,111,003,201.84	32.78	15.08	9.36	Increased by 3.52 percentage points
Niobium and phosphate	5,086,841,778.80	3,615,904,038.10	28.92	-2.09	-2.21	Increased by 0.09 percentage points
Copper and cobalt	13,268,256,624.20	6,241,622,321.72	52.96	59.97	-6.04	Increased by 33.05 percentage points
Mineral trading						
<i>(Note)</i>						
Concentrate products	42,477,651,076.36	39,714,777,592.69	6.50	8.49	9.79	Decreased by 1.12 percentage points
Refined metal products	105,515,444,460.22	103,254,294,287.11	2.14	92.14	89.66	Increased by 1.28 percentage points
Others	103,948.23	95,822.23	7.82	-97.52	-97.72	Increased by 8.41 percentage points

Principal businesses by region						
By industry	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	5,350,413,902.79	3,162,552,021.69	40.89	50.68	42.10	Increased by 3.57 percentage points
Australia	1,652,687,869.50	1,111,003,201.84	32.78	15.08	9.36	Increased by 3.52 percentage points
Brazil	5,086,841,778.80	3,615,904,038.10	28.92	-2.09	-2.21	Increased by 0.09 percentage points
DRC	13,268,256,624.20	6,241,622,321.72	52.96	59.97	-6.04	Increased by 33.05 percentage points
Mineral trading (Note)						
China	46,302,023,727.12	44,364,865,987.75	4.18	263.77	238.94	Increased by 7.02 percentage points
Outside China	101,691,071,809.46	98,604,205,892.05	3.04	25.02	27.19	Decreased by 1.65 percentage points
Others						
China	103,948.23	95,822.23	7.82	-97.52	-97.72	Increased by 8.41 percentage points

Explanation to Principal Businesses by Industry, Product and Region

Note: IXM is engaged in the metal trading business which combines the futures and trading inventories of commodities. The Group only included the corresponding cost of the trading inventories of 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 reported in gains from changes in fair value. The gross profit margin for the period for mineral trading under International Accounting Standards was 1.22%.

Analysis of Production and Sales Volume of Principal Products

Principal products	Unit	Production volume	Sales volume	Inventory volume	YoY increase or decrease of production 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	16,385	16,562	1,481	18.90	21.41	-1.95
Tungsten	Tonnes	8,658	8,366	1,183	-0.25	-2.61	35.99
Niobium	Tonnes	8,586	8,489	610	-7.68	-12.25	-80.81
Phosphate fertilizer (HA+LA)	Tonnes	1,117,007	1,129,770	133,423	2.41	-0.96	-9.33
Copper (TFM)	Tonnes	209,120	205,081	57,190	14.53	10.45	51.70
Cobalt	Tonnes	18,501	17,085	9,048	19.86	-1.43	-22.30
Copper (80% equity interest of NPM)	Tonnes	23,534	23,557	100	-12.83	-13.26	-82.52
Gold (80% equity interest of NPM)	Ounces	19,948	19,650	N/A	-4.54	-8.83	N/A

					YoY increase or decrease of purchase 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 (%)
	Unit	Purchase volume	Sales volume	Inventory volume			
Mineral trading							
Concentrate products (Note 2)	Tonnes	2,791,904	2,884,191	334,445	-2.24	5.42	-9.74
Refined metal products (Note 3)	Tonnes	3,634,617	3,613,308	527,825	29.89	39.00	16.32

Explanation:

Note 1: Data relating to production volume, sales volume and inventory in the mining and processing sector of the mines is the self-production data of each mine, and the inventory volume of TFM copper and cobalt includes the inventory volume of self-production held by IXM.

Note 2: It represents the primary products of metal minerals, which are mainly the concentrates.

Note 3: Refined metals and chemical products.

Component of Cost of Principal Products

Unit: RMB'000

By industry	Component of cost	Amount for the current year	By Industry		Percentage over total cost for last year (%)	Percentage of changes in amount as compared to last year (%)	Explanation
			Percentage over total cost for the current year (%)	Amount for last year			
Mineral exploration and processing	Materials	6,081,319	41.46	5,735,124	40.84	6.04	
	Labour	1,558,382	10.62	1,544,223	11.00	0.92	
	Depreciation	3,926,159	26.76	3,748,701	26.69	4.73	
	Energy	767,905	5.23	690,865	4.92	11.15	
	Manufacturing fees	2,337,102	15.93	2,324,708	16.55	0.53	
Mineral trading	Purchase cost	157,835,380	100.00	99,793,383	100.00	58.16	Increase in size of business

By product	Component of cost	By Product				Percentage of changes in amount as compared to last year (%)	Explanation
		Amount for the current year	Percentage over total cost for the current year (%)	Amount for last year	Percentage over total cost for last year (%)		
Mineral exploration and processing							
Molybdenum and tungsten related products	Materials	1,180,659	44.70	856,265	41.87	37.88	Year-on-year increase in purchase prices
	Labour	356,798	13.51	330,645	16.17	7.91	
	Depreciation	169,443	6.41	155,575	7.61	8.91	
	Energy	274,996	10.41	237,552	11.62	15.76	
	Manufacturing fees	659,613	24.97	464,903	22.73	41.88	
Copper and gold related products	Materials	232,634	21.86	184,138	18.82	26.34	
	Labour	174,400	16.39	160,270	16.38	8.82	
	Depreciation	393,639	36.99	391,579	40.03	0.53	
	Energy	111,151	10.44	111,042	11.35	0.10	
	Manufacturing fees	152,406	14.32	131,150	13.42	16.21	
Niobium and phosphate related products	Materials	1,150,077	33.08	916,094	26.49	25.54	
	Labour	433,809	12.48	481,150	13.91	-9.84	
	Depreciation	692,459	19.92	728,618	21.07	-4.96	
	Energy	119,268	3.43	122,604	3.55	-2.72	
	Manufacturing fees	1,080,859	31.09	1,209,313	34.98	-10.62	

		By Product				Percentage of	
By product	Component of cost	Amount for the current year	Percentage over total cost for the current year (%)	Amount for last year	Percentage over total cost for last year (%)	changes in amount as compared to last year (%)	Explanation
Copper and cobalt related products	Materials	3,517,949	46.98	3,778,627	49.96	-6.90	
	Labour	593,375	7.92	572,159	7.57	3.71	
	Depreciation	2,670,618	35.66	2,472,930	32.70	7.99	
	Energy	262,490	3.51	219,666	2.90	19.49	
	Manufacturing fees	444,224	5.93	519,342	6.87	-14.46	
Mineral trading							
Concentrate products	Purchase cost	39,714,778	100.00	36,582,556	100.00	8.56	
Refined metal products	Purchase cost	118,120,602	100.00	63,210,827	100.00	86.87	Increase in size of business

Operating Revenue

For the year ended 31 December 2021, the operating revenue of the Group amounted to approximately RMB173,862.59 million, representing an increase of approximately RMB60,881.57 million or 53.89% from approximately RMB112,981.02 million for the same period in 2020, mainly driven by the increase in market prices for copper and cobalt and the growth in the size of the basic metals trading business during the period which led to a significant increase in the operating revenue.

Operating Costs

For the year ended 31 December 2021, the operating costs of the Group amounted to approximately RMB157,539.54 million, representing an increase of approximately RMB53,003.53 million or 50.70% from approximately RMB104,536.01 million for the same period in 2020, mainly driven by the growth in the size of the basic metal trading business during the period which led to a significant increase in the operating costs.

Research and Development Expenses

For the year ended 31 December 2021, research and development expenses of the Group amounted to approximately RMB272.38 million, representing an increase of approximately RMB98.8 million or 56.92% from approximately RMB173.58 million for the same period in 2020, mainly due to a year-on-year increase in research and development expenses during the period.

Taxes and levies

For the year ended 31 December 2021, the taxes and surcharges of the Group amounted to approximately RMB1,256.08 million, representing an increase of approximately RMB363.86 million or 40.78% from approximately RMB892.22 million for the same period in 2020, mainly due to the significant increase in the revenue of copper and cobalt business in current period, resulting in the year-on-year increase of relevant taxes.

Investment Income

For the year ended 31 December 2021, investment income of the Group amounted to approximately RMB110.30 million, representing a decrease of approximately RMB298.52 million or 73.02% from approximately RMB408.82 million for the same period in 2020, mainly due to a year-on-year decrease in holding and disposal gains on financial assets in the period.

Gains from Changes in Fair Value

For the year ended 31 December 2021, gains from changes in fair value of the Group amounted to approximately RMB-3,367.75 million, representing a decrease of approximately RMB1,451.81 million or 75.78% from approximately RMB-1,915.94 million for the same period in 2020, mainly due to a year-on-year increase in changes in fair value of derivative financial instruments during the current period.

Impairment Gains on Assets

For the year ended 31 December 2021, the impairment gains on assets of the Group amounted to approximately RMB-60.73 million, representing an increase of approximately RMB186.08 million or 75.39% from approximately RMB-246.81 million for the same period in 2020, mainly due to the fact that impairment loss on goodwill was made in the same period of the previous year while there was no further impairment during the current period.

Income Tax Expenses

For the year ended 31 December 2021, the income tax expenses of the Group amounted to approximately RMB3,327.70 million, representing an increase of approximately RMB2,930.05 million or 736.84% from approximately RMB397.65 million for the same period in 2020, mainly due to a significant increase in profits from copper and cobalt operations during the period, resulting in a year-on-year increase in income tax expenses.

Financial Position

As at 31 December 2021, the total assets of the Group amounted to approximately RMB137,449.77 million, comprising non-current assets of approximately RMB66,493.89 million and current assets of approximately RMB70,955.88 million. Equity attributable to shareholders of the parent company increased by approximately RMB953.51 million or 2.45% from RMB38,891.78 million as at 31 December 2020 to approximately RMB39,845.29 million as at 31 December 2021.

Current Assets

As at 31 December 2021, the current assets of the Group increased by approximately RMB13,716.23 million or 23.96% to approximately RMB70,955.88 million as at 31 December 2021 from approximately RMB57,239.65 million as at 31 December 2020.

Non-current Assets

Non-current assets of the Group increased by approximately RMB1,292.29 million or 1.98% to approximately RMB66,493.89 million as at 31 December 2021 from approximately RMB65,201.60 million as at 31 December 2020.

Current Liabilities

The current liabilities of the Group increased by approximately RMB8,302.13 million or 19.60% to approximately RMB50,660.07 million as at 31 December 2021 from approximately RMB42,357.94 million as at 31 December 2020.

Non-current Liabilities

The non-current liabilities of the Group increased by approximately RMB5,777.03 million or 17.64% to approximately RMB38,525.49 million as at 31 December 2021 from approximately RMB32,748.46 million as at 31 December 2020.

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
Cash and cash equivalents	24,318,024,989.56	17.69	16,947,648,080.87	13.84	43.49	Increase in the operating cash inflow of the mining segments, and meanwhile the increase in the liquidity reserves for the current period
Other non-current assets	4,999,950,971.01	3.64	2,935,444,567.34	2.40	70.33	Increase in time deposits more than one year for the current period
Short-term borrowings	26,911,899,635.42	19.58	20,464,481,097.49	16.71	31.51	Increase in the borrowings for the current period
Derivative financial liabilities	2,636,505,095.30	1.92	5,021,779,572.93	4.10	-47.50	Increase in fair value and decrease in due settlement of derivative financial instruments for the current period
Notes payable	2,906,023,727.49	2.11	627,937,567.02	0.51	362.79	Increase in basic metal trading business, and increase in the payment via issuing bank notes during the period
Accounts payable	1,260,247,972.87	0.92	876,914,865.30	0.72	43.71	Increase in the accounts payable for mining segments 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
Taxes payable	2,704,678,920.67	1.97	845,217,960.37	0.69	220.00	Increase in enterprise income tax payable for copper and cobalt business for the current period
Other payables	2,918,190,968.03	2.12	1,599,240,517.18	1.31	82.47	Receipt of the performance bond related to part of the equity transfer of Kisanfu copper-cobalt business during the current period
Other current liabilities	429,943,105.54	0.31	2,159,431,822.36	1.76	-80.09	Repayment of ultra short-term financing bonds due during the current period
Bonds payable	1,150,000,000.00	0.84	3,631,225,000.00	2.97	-68.33	Transfer of US dollar bonds and medium-term notes due within one year to current liabilities for the current period
Other non-current liabilities	13,594,075,166.39	9.89	3,687,709,740.77	3.01	268.63	Increase in the long-term advance receipt for the current period
Other comprehensive income	-6,406,227,030.65	-4.66	-3,585,690,161.76	-2.93	-78.66	Changes in the cash flow hedging reserve and translation differences of financial statements denominated in foreign currencies

CONTINGENCIES

(1) Pending litigation

The Copper-Cobalt business in the DRC

The Group's Copper-Cobalt business in the DRC involves some lawsuits, claims and liability claims in the daily business activities. The management considers that the results of such contingencies will not have a material adverse effect on the financial position, operating performance or cash flows of the business based on the information currently available.

The Niobium and Phosphate business in Brazil

The Niobium and Phosphate business in Brazil might be involved into various litigation or lawsuits in its daily operations and business activities. The management team, based on legal advice from legal professionals, evaluates each of the cases. For those that might incur outflow of economic benefits with certainty on the amounts, the Company accrues estimated liabilities accordingly, and for those that only have fairly low possibility to incur outflow of economic benefits, no estimated liabilities accrues. The Company has disclosed the potential outflow of economic benefits in the Notes of Financial Report.

(2) Guarantees

As at 31 December 2021, the Group provides guarantees for the Australian Northparkes copper and gold mine business to New South Wales government of Australia, with guaranteed amount of AUD46,940,000 (equivalent to RMB217,140,000). The JV partners agreed to compulsory execution of the guarantee for any liability that may arise from the relevant business. As at 31 December 2021, no material guarantee liability has arisen.

During the year 2020, IXM, a subsidiary of the Group, provided a guarantee to a supplier in the PRC to assist it obtaining bank credit facility in the total amount of US\$50 million. The maximum amount of guarantee undertaken by IXM, a subsidiary of the Group, under the relevant guarantee arrangement was limited to 5.0% of the total outstanding principal and interest under the relevant credit facility without obligation for the remaining portion of the principal and interest under the credit facility. As at 31 December 2020, the amount corresponding to the guarantee obligations undertaken by the Group was US\$1.53 million (equivalent to RMB9.98 million) and corresponding interest. As at 31 December 2021, the guarantee obligation had expired.

(3) Issue relating to additional royalties for the reserve increase of TFM copper and cobalt business in the DRC

The Group calculated and paid the additional royalties for the reserve increase to minority shareholder, Gecamines, in accordance with the the first addendum to the amended and restated shareholders' agreement signed by the then shareholders and TFM in 2010 (the "**2010 First Addendum to the Shareholders' Agreement**"). Since the fourth quarter of 2021, the Group and the management team of TFM kept ongoing communications via conferences with the Special Committee formed by the DRC President's Office on the issues involving the relationship between the two shareholders of TFM, which include the ore reserves of TFM and the corresponding additional royalties paid and payable to non-controlling shareholder, Gecamines, based on the reserves.

Taking into account the interpretation of the 2010 Shareholders' Agreement, all available evidences and the professional opinions of external legal advisers, the management of the Group believes that its previous operation and the payment of the royalties for the reserve increase are in compliance with the 2010 Shareholders' Agreement. As of 31 December 2021 and the date of this announcement, the communications between the Group and the Special Committee of DRC President's Office did not result in the Group having any significant current obligations at the end of the year apart from the relevant additional royalties accrued or paid recorded in the financial statements.

This communication process was complex and dynamic. Gecamines pursued its claims through various means including legal approaches, and the Group also defended its interests in the TFM copper cobalt business in the DRC through various means including multi-level communications with the DRC government and Gecamines. At present, consensus has not been achieved in terms of some details between the Group and the non-controlling shareholder, and in the future the two shareholders will jointly engage an international independent third party to verify the reserve increase and resolve the differences through fair and impartial negotiation.

The Group is currently unable to accurately predict or estimate the impact of this event on the financial statements (timing and amount incurred). As of the date of this announcement, TFM copper cobalt business operated normally.

Gearing Ratio

The gearing ratio (total liabilities divided by total assets) of the Group increased to 64.89% as at 31 December 2021 from 61.34% as at 31 December 2020.

CASH FLOW

As at 31 December 2021, cash and cash equivalents of the Group increased by approximately RMB8,943.74 million or 78.12% to approximately RMB20,392.69 million from approximately RMB11,448.95 million as at 31 December 2020. For the year ended 31 December 2021, net cash inflow generated from operating activities of the Group was approximately RMB6,190.65 million; net cash outflow from investment activities was approximately RMB4,891.80 million; and net cash inflow generated from financing activities was approximately RMB7,888.64 million.

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

Unit: Yuan Currency: RMB

Item	Amount of the current year	Amount of last year	Percentage of Change (%)	Explanation
Cash received from sales of goods and rendering services	178,911,705,871.18	124,430,020,607.24	43.79	Year-on-year increase in the sales and collection of the basic metal trading business for the current period
Cash received related to other operating activities	755,068,590.12	4,433,968,969.06	-82.97	Advance receipts from metal flow business received in the same period of last year
Cash paid for purchasing goods and receiving labour services	164,689,040,889.30	112,356,590,717.10	46.58	Year-on-year increase in the payment of the basic metal trading business for the current period
Cash received from recovery of investment	9,357,480,545.74	14,828,067,938.53	-36.89	Year-on-year decrease in the recovery of the structured deposits due at maturing and wealth management products
Cash paid for acquiring or construction of fixed assets, intangible assets and other long-term assets	4,281,675,570.51	7,621,789,128.23	-43.82	Year-on-year decrease in the payment for the purchase and construction of long-term assets for the current period

Item	Amount of the current year	Amount of last year	Percentage of Change (%)	Explanation
Cash payments to acquire investments	9,239,478,169.67	16,139,927,989.55	-42.75	Year-on-year decrease in purchase of structured deposit and wealth management products
Cash received from investment contribution	1,004,559,574.00	0.00	100.00	Receipt of the performance bond related to part of the equity transfer of Kisanfu copper-cobalt business during the current period
Other cash receipts relating to financing activities	11,762,118,200.00	3,715,446,908.04	216.57	Year-on-year increase in advance receipt in the current period
Other cash payments relating to financing activities	2,480,683,943.05	4,718,269,511.52	-47.42	Year-on-year decrease in the repayment of gold leases for the current period

CAPITAL STRUCTURE

The Group maintains sound capital structure and credit rating by equity and debt financing to ensure normal production and operating activities. The Group might make adjustments to the capital structure in due course in light of changes in the economic environment by way of borrowing new debts or issuing new shares.

As at 31 December 2021, the equity interests of shareholders of the Company amounted to approximately RMB48.264 billion, among which the equity attributable to shareholders of the parent company was approximately RMB39.845 billion. There was no change in the capital of the Company during 2021.

As at 31 December 2021, 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. As the spreading of the pandemic reaches peak level and the variants of the virus continues to spread, global economic recovery will face uncertainties, which may further lead to exposures to financial and economic risks. The Company continues to pay close attention to the spreading of the pandemic level, and paying more efforts in pandemic prevention and control to ensure the safety and health of all employees and stability of production and operation.
2. The Company has multiple overseas investment projects, which are mainly locating in the DRC, Brazil, Australia and Switzerland. As the political and economic levels vary considerably from country to country, it may lead to risk exposures on policy and political change of different countries.
3. The Company engages in mineral mining and processing, and mineral trading business, and its primary risk exposure are decrease in the grade of mine resources, production safety, price fluctuation in spot products and futures, and natural disasters.
4. The estimated results of mine resources and reserves are determined by many factors, including the complexity of geological characteristic of orebody, the degree of ore body control, the selection of technical indicators, the selection of rules and standards in different areas, concentration recovery. and the risk of deviation from the original predictions exists.

For other details of the Company's "Risk Warning", please refer to the contents of the relevant sections disclosed in the previous periodic reports of the Company.

EMPLOYEES AND PENSION PLAN

As at 31 December 2021, the Group had approximately 11,472 full-time employees, classified as follows:

Category of professional composition	Number of professionals
Production staff	7,204
Sales and other supporting staff	1,768
Technical staff	910
Finance staff	285
Administration staff	1,305
	<hr/>
Total	<u><u>11,472</u></u>

The remuneration policy for the employees of the Company principally consists of a base salary and performance remuneration system, based on employees' positions and responsibilities and their quantified performance evaluation. 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, 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%, 0.4% to 1.90% (health insurance for the whole year of 2021 was levied 1% lower) and 12% of his or her total basic monthly salary respectively.

The overseas employees of the Company participate in pension and healthcare plans under the requirement of the laws in the countries where they reside. In the DRC, the Company pays a monthly social insurance contribution of 13%, and undertakes all medical treatment for employees and their families. At the same time, in line with the local situation in the DRC, a loyalty award has been set up in order to stabilise the workforce in the DRC, such as a loyalty bonus for employees who have worked for five years, construction materials for building their own houses after 10 years of service, a school subsidy for employees' children to help their children's education, and a retirement subsidy for employees upon retirement.

ANALYSIS ON MAJOR SUBSIDIARIES

Basic information of major subsidiaries

Company name	Principal business	Shareholding method	Shareholding proportion
CMOC Mining Pty Limited	Copper and gold mine assets/ business	Indirect	80%
TF Holdings Limited.	Copper and cobalt mine assets/ business	Indirect	80%
CMOC Brasil	Niobium and phosphates mine assets/business	Indirect	100%
IXM	Trading business	Indirect	100%

FINANCIAL INDICATORS OF MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD

Unit: Yuan Currency: RMB

Company name	Operating revenue	Operating profit	Net profit attributable to shareholders of the parent company	Total assets	Net assets
CMOC Mining Pty Limited	1,692,383	434,123	294,705	5,285,766	2,662,749
TF Holdings Limited	16,584,080	8,157,536	4,466,914	47,883,349	36,155,609
CMOC Brasil	5,086,842	1,110,672	581,205	11,398,326	5,526,614
IXM	163,401,494	1,046,564	865,085	42,028,507	5,751,420

Resources and Reserve

1 BASIC INFORMATION OF PROPRIETARY MINES

As at 31 December 2021, the information about the Company's ore resources and ore reserves is as follows:

Name of mine	Main category	Resources			Reserves			Throughput	Remaining years of mining life for the resources	Validity period of the exploration right/License		
		Ore	Grade	Metal	Ore	Grade	Metal					
		(mt)	(%)	(kt)	(mt)	(%)	(kt)	(mt)	(years)	(years)		
TFM copper and cobalt mine in the DRC	Copper	845.2	2.9	24,510.8	170.1	2.06	3,504.1	6.67	25.5	4-13		
	Cobalt	845.2	0.29	2,451.1	170.1	0.29	493.3					
KFM copper and cobalt mine in the DRC	Copper	365	1.72	6,278.0	-	-	-	-	-	25		
	Cobalt	365	0.85	3,102.5	-	-	-	-	-			
Brazil Mine area I	Niobium	137.41	1.05	1,442.8	42.92	0.96	412.0	2.17	19.8	According to the Brazilian mining law, mining concessions have no expiration date.		
Brazil Mine area II	Niobium	429.22	0.23	987.2	176.75	0.23	406.5				5.26	33.6
Brazil Mine area II	Phosphate	429.22	11.6	49,789.5	176.75	12.65	22,358.9					
Shangfanggou Molybdenum Mine	Molybdenum	451.39	0.139	627.4	32.96	0.191	63.0	4.5	7.3	12		
	Iron	22.75	19.01	4,324.8	1.345	30.01	403.6					
Xinjiang Molybdenum Mine	Molybdenum	441	0.115	507.1	141.58	0.139	196.8	-	38	23		

Basic information about NPM copper and gold mine

Category	Resource (<i>mt</i>)	Copper (%)	Grade		Annual production (<i>mt</i>)	Remaining years of mining life for the resources	Validity period of the exploration right/license
			Gold (<i>g/t</i>)	Silver (<i>g/t</i>)			
Measured	249.4	0.55	0.24	2.01			
Indicated	300.5	0.54	0.19	1.86			
Inferred	57.5	0.57	0.19	1.70			
Category	Reserve (<i>mt</i>)	Copper (%)	Grade		6.84	18.4 years	7-15 years
			Gold (<i>g/t</i>)	Silver (<i>g/t</i>)			
Proven	31.5	0.48	0.28	1.56			
Probable	94.5	0.56	0.23	2.02			
Proven and probable	126.0	0.54	0.24	1.90			

Notes:

- (1) The Company obtained the renewal of the mining license of Sandaozhuang Molybdenum and Tungsten Mine on 18 November 2021, with a mining area of 2.0031 square kilometers and a throughput capacity of 9.9 million tons/year. According to the requirements of the Ministry of Natural Resources, the Company is carrying out the verification of resources and reserves in the mining area and will verify the relevant reserve information after the completion of the above work.
- (2) Calculation of remaining years of mining life for resources: calculated by dividing the recoverable reserve in the mine under exploration at the end of 2021 by the actual annual throughput in 2021. Update on the reserves and changes in the actual throughput (due to technology, equipment, etc.) of the Company will affect the changes in the remaining exploitable years of resources of the Company. Of which, the remaining exploitable years of resources of Xinjiang Molybdenum Mine is based on design life of mine.

- (3) The Shangfanggou Molybdenum Mine is owned by Luoyang Fuchuan Mining Company Limited, 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 operation was entrusted to CMOC.
- (4) Overseas mines are prepared in accordance with JORC Code (The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) which is produced by the Australasian Joint Ore Reserves Committee, and domestic mines are prepared in accordance with the recommended guidelines of the PRC standard. The above mineral resources, including ore reserves, have been confirmed by internal expert of the Company.
- (5) The throughput is the actual ore consumption during the reporting period. The niobium in Brazil Mine area II came from the utilization of tailings of phosphate in Brazil Mine area II, and other mines did not include the comprehensive utilization of tailings.
- (6) The amount of metal was calculated by multiplying the corresponding ore grade and the ore amount of resources and reserves. According to the JORC Code, the recovery rate shall be considered in calculating the recoverable proven and probable metal reserves. Taking into account the copper recovery rate in 2021, TFM's recoverable proven and probable copper reserves were 3.13 million tonnes.
- (7) The feasibility study report of TFM mixed ore development project has been completed, based on which part of the amount of resources will be categorized as reserves. The verification of incremental reserves is in progress, upon completion of which, the relevant reserves information will be updated.

2 EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(1) Exploration

① *TFM copper and cobalt mine in the DRC:* During the reporting period, exploration activities were mainly carried out around the copper and cobalt and limestone deposit. During the reporting period, total drill was 50,569.93 meters and geological exploration activities were mainly carried out in DDPN, Pumpi west, Kamalondo south, Fungurume Hill, Kansalawile south, Mambilima and Mofya.

KFM copper and cobalt mine in the DRC: Exploration work during the reporting period was mainly around the industrial plant in the east, geological characteristics and resources distribution characteristics of the ore body in the northwest of the mining area, verification of the authenticity and reliability of the historical analysis results of main ore body from previous drilling holes and samples in the first mining area. A total of 14 drilling holes were completed with a total drilling footage of 4,937.5 meters.

② *Niobium and Phosphate Mine in Brazil*

Niobium: During the reporting period, medium- and long-term geological drilling was conducted in the Boa Vista Mine for the purpose of improving geological and geotechnical understanding, transforming the inferred mineral resources to indicated mineral resources, and improving the continuity of mineralization in the northeastern part of the mining area. A total of 13 drilling holes were completed, with a total drilling footage of 4,004 meters. In the short-term drilling work of Boa Vista Mine, the mining plan was implemented and grade control was carried out. A total of 909 reverse circulation (RC) drills totaling drilling footage of 23,618 meters were completed, and seven holes totaling drilling footage of 2,315 meters were implemented in the eastern part of the niobium mine to verify the historical drilling database in this area.

Phosphate: During the reporting period, all work related to short and medium-term drill plans were carried out, including geological description and technical characteristics description, aiming at improving the credibility of the geological model and transforming mineral resources from inferred value to indicated and measured value. 60 drilling holes were investigated, totaling 2,764.35 meters.

③ *Mines in the PRC*

Sandaozhuang Molybdenum: During the reporting period, production exploration of mines were conducted in the northern area, with drilling work conducted on the surface of the open pit mine. The Company drilled 30 holes with core drilling rigs for a total footage of 3,095.5 meters. In order to prevent geological disasters and ensure the safety of open-pit mining, mined-out exploration of mines were carried out in the northern and southern area, with drilling on the surface of the open pit mine. A total of 61 drilling holes were completed with reverse circulation drill rigs, with a total footage of 3,475.5 meters.

Shangfanggou Molybdenum Mine: During the reporting period, facing the complicated lithology and uneven mineralization of the Shangfanggou Molybdenum Mine of our joint venture Fuchuan Mining, and in order to improve the degree of exploration and ensure stability of the ore supply, production exploration has been carried out in key production area, dug drilling on the surface of the opencast mine. The Company completed 65 drilling holes with core drill rigs, with a total footage of 15,078.7 meters; In order to ensure the production safety, mined-out area exploration were carried out in the horizontal mined-out areas 1,202 meters deep and 1,180 meters deep, using the reverses circulation drill rigs to dig 39 exploration holes for mined-out area, with a total footage of 3,462.8 meters.

Xinjiang Molybdenum Mine: During the reporting period, no exploration activities were carried out.

- ④ *NPM Copper and Gold Mine in Australia:* During the reporting period, a total of 27 drilling holes were completed within the area under NPM mining rights and in EL5801, with a drilling footage of 9,656.0 meters. The underground resources drill of E26 and E22 deposits within the area under ML1247 mining rights were drilled. On E26, in order to further evaluate the resources of MJH and Lift2NN, infill drilling was completed. Two holes were drilled in E22 to provide additional metallurgical test samples for its upper resources. The exploration of the target area of near-surface mineralization has been completed in White Rock Quarry exploration area within the area under ML1247 mining right and the Roselands area under ML1367 mining right. Two holes were drilled in the RDMT3-15 exploration area on the EL5801 mining right to test the deep part of the target area. In addition, another phase of surface geophysical survey (10100 gravity stations) was completed within the area under the EL5323 and EL5801 mining rights.

(2) Development

① *TFM Mine in the DRC:* During the reporting period, stripping and preparation for exploration were completed at pits KANZ, SHINK1, SHINK3, PUMP3, FWAL4, Kato2, KASA3 for development and expansion, and the external roadway construction at Mudi, Zoro and SHINK have been completed; the surface extension and stripping at Mofya, Mamb, Pump, KASA have been completed, and the earthworks for railway relocation were completed. Infrastructure works are underway for mixed ore development. 23 dewatering wells have been completed during the year, totaling 2,954 meters. The management of surface water was carried out in the vicinity of the mining area, the dumps and the communities in the mining area. A total of 5,123 meters of protective embankment controlling surface water, and 562 meters of roads and drainage culverts were installed to effectively resolve the impact of water environment and the problem of puddle on roads in the mining area.

KFM Mine in the DRC: During the reporting period, the Company started the surface stripping for infrastructure; the preliminary exploration and detailed exploration of tailing storage geotechnical engineering have been completed; the preliminary preparation work for the construction of industrial plant area and living area were in progress; the feasibility study report on high voltage power supply in industrial plant area was completed, and the power supply contract was entered into with SNEL, and the relevant preliminary preparation work is progressing steadily.

② *Niobium and Phosphate Mine in Brazil*

Niobium: During the reporting period, the waste rock was disposed of in the northwest dump of Boa Vista Mine, which ensured the implementation of work plan and optimized the transportation distance. According to the provisions of environmental legislation in Brazil, hydrogeological instrument testing and planting with hydraulic spraying were carried out in the waste rock site.

Phosphate: During the reporting period, the secondary crushing project was completed in order to improve particle size control and improve the ore performance at concentration plant. The Chinese team also tested new reagents in the second half of the year. According to the provisions of environmental legislation in Brazil, hydrogeological instrument testing and planting with hydraulic spraying were carried out in the waste rock site.

③ *Mines in the PRC:*

Sandaozhuang Molybdenum: During the reporting period, in order to optimize the transportation distance and reduce the transportation cost, a new crushing station was built ; the ecological restoration work was further strengthened with the area of greening restoration up to 381,000 square meters. Besides, we have reclaimed the land on the Guanlitai slope and Bijiajian slope with a total area of 16,200 square meters; hardened road of 1,686 meters; repaired harden road for one-side drainage ditch and Bijiajian interception ditches, with an area of 6,223 meters.

Shangfanggou Molybdenum Mine: During the reporting period, our joint venture company Fuchuan Mining completed the land reclamation and ecological restoration in areas covering greening area of the mine dump of Xiaosiyuangou, greening area of No. 1 industrial plant and both sides of slag discharge roads, with an area of 152,000 square meters. We also completed road hardening with an area of 220 meters, and repaired and constructed interception ditches with an area of 680 meters.

Xinjiang Molybdenum Mine: No development activities were conducted during the reporting period.

④ *NPM Copper and Gold Mine in Australia:* The E26L1N project will be completed three months ahead of schedule, including a 11,736-meter drilling footage, ore crushing and material handling system, which will be commissioned in the beginning of 2022. At present, the No. 3 tailing storage facility has been in use with certain closeout works yet to be done.

(3) Mining Activities

Unit: 0'000 tonnes

Domestic mining activities	
Production volume of Sandaozhuang Molybdenum and Tungsten Mine	1,975.23
Production volume of Shangfanggou Molybdenum Mine	454.59
Overseas mining activities	
Production volume of TFM Copper and Cobalt Mine in the DRC	1,660
Production volume of KFM Copper and Cobalt Mine in the DRC	6.6
Production volume of Niobium Mine in Brazil	329.52
Production volume of Phosphate Mine in Brazil	527.40
Production volume of NPM Copper and Gold Mine in Australia	536.5

(4) Costs of Exploration, Development and Mining

Projects	Mining costs	Exploration costs	Development costs
Domestic mines (RMB0'000)			
Sandaozhuang Molybdenum and Tungsten Mine	55,818.71	178.09	9,151.52
Shangfanggou Molybdenum Mine	17,592.42	694.8	744.49
Overseas mines (USD million)			
TFM Copper and Cobalt Mine in the DRC	242.85	11.39	32.25
KFM Copper and Cobalt Mine in the DRC	48.79	0.61	–
Niobium Mine in Brazil	27.04	0.77	1.22
Phosphate Mine in Brazil	24.58	0.24	1.51
NPM Copper and Gold Mine in Australia	28.92	4.82	56.84

III. MARKET REVIEW

Market Price of Major Products

Products		Domestic market price of the relevant products of the Company		
		2021	2020	Increase/ decrease on a year-on- year basis (%)
Molybdenum	Molybdenum concentrates (RMB/metric tonne unit)	2,023	1,453	39.23
	Ferromolybdenum (RMB'000/ tonne)	13.67	9.99	36.84
Tungsten	Wolframite concentrates (RMB/ metric tonne unit)	1,557	1,290	20.70
	APT (RMB0'000/tonne)	15.38	12.76	20.53

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-0).

Products		International market price of relevant products of the Company		
		2021	2020	Increase/ decrease on a year-on- year basis (%)
Copper	Copper cathode (USD/tonne)	9,317	6,186	50.61
Cobalt	Cobalt metal (USD/lb)	23.98	15.37	56.02
Molybdenum	Molybdenum oxide (USD/lb of molybdenum)	15.9	8.7	82.76
Tungsten	APT (USD/metric tonne unit)	290.85	225.35	29.07
Niobium	Ferroniobium (USD/kg of niobium)	42.54	24.79	71.60
Phosphate	MAP (USD/tonne)	694	337	105.93
Lead	Lead metal (USD/tonne)	2,206	1,825	20.88
Zinc	Zinc metal (USD/tonne)	3,007	2,269	32.53
Aluminum	Aluminum metal (USD/tonne)	2,480	1,704	45.54
Nickel	Nickel metal (USD/tonne)	18,487	13,789	34.07

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 2021

(1) Copper market

The Company mainly sells copper cathode and copper concentrate to the international markets. In 2021, the annual average LME copper spot settlement price was USD9,317 per tonne, representing a year-on-year increase of 50.61%. In the first quarter, the production and transportation of copper in South America were impacted by COVID-19 pandemic and global supply chain disruption. On the other hand, overseas economy gradually recovered from pandemic, and stimulus policies were introduced in many countries to promote economic recovery. LME inventory fell to the historic low, and the price showed a significant upward shift. In the second quarter, the production and transportation of copper in South America resumed gradually but risks remained. With the acceleration of overseas vaccination and economic revival, the USD index was relatively weak with ample liquidity. LME spot settlement price peaked to the highest point throughout the year of USD10,724.5 per tonne in mid-May. In the third quarter, with eased supply chain, the TC/RC of copper concentrate rebounded significantly. The National Food and Strategic Reserve Administration released 110,000 tonnes of copper reserve in four batches to stabilize market amid surging metal prices. With higher expectation in inflation overseas, the USD index rebounded and the copper price oscillated at high levels. In the fourth quarter, the domestic consumption resumed under the circumstance of ensured supply and stable price, the copper scrap supply tightened up, and the consumption of refined copper increased, while the rapid decline in inventories supported copper prices in spite of the macro weakness overseas. Impacted by global supply chain disruptions, premium of LME spot copper touched its high over USD1,000 per tonne, pushing LME spot settlement price to reach the second highest point throughout the year at USD10,652 per tonne in mid-October.

(2) Cobalt market

The Company sells intermediate products of cobalt hydroxide to the international markets. In 2021, the annual average MB metal cobalt price was USD23.98 per tonne, representing a year-on-year increase of 56.02%. In the first quarter, African cobalt raw material exports were restricted, resulting in a tightening of supply, while domestic demand was strong. Cobalt price showed a significant increase, and low-range quote for MB standard grade cobalt reached the high point of USD25.3/lb in the first half in early March. In the second quarter, supply was increased with relief in African logistics. Followed with off-season demand, cobalt price went downward. Subsequently, the price stabilised with the coming of summer holiday overseas and recovery of stock demand. In the third quarter, under the demand increase from aviation and military industry overseas, electric cobalt was in tight supply and the price oscillated at high levels. In the fourth quarter, the pandemic in South Africa triggered market concerns over the supply of raw materials again, meanwhile, buyers' concerns over tight spot supply in the subsequent market made them lock the volume in advance during the offtake negotiation process, resulting in the continuous increase in cobalt price. The low range quote for MB standard grade cobalt reached a high point of the year at USD33.5/lb by the end of the year.

(3) Molybdenum market

The major molybdenum product of the Company is ferromolybdenum, which is sold mainly in China. In 2021, the annual average ferromolybdenum price was RMB136,700 per tonne, representing a year-on-year increase of 36.84%. In the first quarter, the recovery of overseas economy combined with supply chain disruption stimulated significant upwards in international molybdenum oxide and domestic molybdenum concentrate prices. In the second quarter, a significant increase in demand for ferromolybdenum purchases from domestic steel manufacturers, coupled with weakening overseas supply trend, promoted a significant increase in global molybdenum prices. In the third quarter, domestic supply declined due to severe weather and tightening environmental regulations, but steel manufacturers' procurement demands remained strong over the same period, stimulating ferromolybdenum prices to a ten-year high of around RMB165,000 per tonne. In the fourth quarter, prosperity index of the steel industry declined as a result of the controls on energy consumption and intensity, leading to a significant drop in demand of molybdenum products and a rapid fall of molybdenum price to RMB125,000 per tonne. Later driven by the anticipation of a rebound in steel manufacturer output, molybdenum price gradually returned to the level of RMB155,000 per tonne.

(4) Tungsten market

The major tungsten products of the Company are ammonium paratungstate (APT), which are sold in the domestic market in China. In 2021, the annual average APT price was RMB153,800 per tonne, representing a year-on-year increase of 20.53%. In the first quarter, the domestic tungsten market was affected by the Spring Festival holiday and the Two Sessions, demonstrating price trend of a high level followed by a lower one. In the second quarter, the domestic APT price stabilised due to the rebound in international demand. In the third quarter, APT price increased rapidly to around RMB170,000 per tonne, driven by stronger downstream demands, coupled with tighter supply and new highs being hit by international bulk metals. In the fourth quarter, electricity restriction and increase in auxiliary material price led to higher processing cost, and APT price increased to the highest point of the year at around RMB174,000 per tonne.

(5) Niobium market

The major niobium product of the Company is ferroniobium, which is sold to the international market and domestic market. In 2021, the annual average ferroniobium price was RMB201,500 per tonne, basically flat year on year. In the first quarter, the global economy recovered rapidly and crude steel production and its demand for ferroniobium increased significantly, resulting in a slight upward trend in ferroniobium price. In the second quarter, ferroniobium iron price experienced a slight retreat due to the global chip shortage and the poor performance of the real estate sector in China. In the third quarter, the impact of the global logistics disruption began to be felt in the niobium market, particularly in the European market where there was an extreme shortage of spot ferroniobium, which prompted domestic and international ferroniobium prices increasing to all-year highs of RMB210,000/tonne and USD47/kg respectively in August. Subsequently, ferroniobium prices gradually retreated against the backdrop of production restriction of steel manufacturers in China and poor international demand. In the fourth quarter, the resurgence of the international pandemic led to a slight downward trend in domestic and overseas ferroniobium prices.

(6) Phosphate market

The major phosphate products of the Company are phosphate fertilizer (MAP, DAP), phosphoric acid and DCP, which are sold in the Brazilian market. In 2021, MAP CFR Brazil (Brazilian delivered price) was USD694/tonne, representing a year-on-year increase of 105.93%. In the first quarter, global crop prices experienced a sharp increase against the backdrop of the economic recovery, coupled by strong downstream operating margins, the headroom for phosphate price increase is sufficient. MAP price reached USD600/tonne. In the second quarter, in terms of the supply side, with the end of spring planting season in China, and driven by high international phosphate fertilizer price, Chinese suppliers had sufficient momentum to export large quantities of phosphate fertilizer into Brazilian market, resulting in a slight decrease in MAP price. In the third quarter, under the peak demand season in Brazil and the possibility that China may introduce policies to restrict phosphate fertilizer exports, concerns over tight spot supply drove prices further up to more than USD760/tonne. In the fourth quarter, with the implementation of Chinese phosphate fertilizer export restriction policies, coupled with Russian announcement of a cap on phosphate fertilizer exports and strong demand from India, MAP price was up further to more than USD850/tonne.

(7) Mineral trading market

IXM is the third largest trader of base metals in the world, which mainly deals with copper, lead and zinc concentrate and refined metals including copper, aluminium, zinc and nickel as well as battery material metals and special metals such as cobalt and niobium. Overview for 2021: In the lead and zinc markets, lead and zinc concentrates were in short supply and spot processing fees were relatively stable throughout the year. Zinc concentrate processing fee ranged from USD70 to USD90 per dry tonne and lead concentrate varied from USD50 to USD60 per dry tonne. Given that some zinc smelters shut down under the European energy crisis, the short supply pushing up zinc price to record high. Lead ore processing fee varied considerably among different quality products, the high silver and high lead ore processing fees were as low as USD20 to 50 per dry tonne while low silver and low lead ore processing fees increased to USD100 to 110 per dry tonne.

In the aluminum market, price of LME aluminum registered strong increase on the back of continued global supply chain disruptions and tight aluminum supply in 2021. Recurring global pandemic, turbulences in the real estate market in China, European energy crisis and other factors drove volatility of aluminum price.

In the early first quarter, driven by strong consumption of new energy and stainless steel, the nickel market steadily went upward. In early March, the market expected that the supply of nickel sulfate would continue to be guaranteed, and nickel prices plummeted. In the second quarter, domestic and overseas stainless steel consumption was strong, Indonesia's NPI (nickel pig iron) supply was lower than expected, and nickel prices fluctuated at high level. In the fourth quarter, stainless steel exports were strong, accompanied by the disruption on the supply side, and nickel prices continued to rise.

IV. BUSINESS REVIEW

BUSINESS REVIEW ON EACH METAL SEGMENT IN 2021

	Production volume of 2021	Production volume of 2020
TFM copper metal (<i>tonne</i>)	209,120	182,597
Cobalt metal (<i>tonne</i>)	18,501	15,436
Molybdenum metal (<i>tonne</i>)	16,385	13,780
Tungsten metal (excluding Yulu Mining) (<i>tonne</i>)	8,658	8,680
Niobium metal (<i>tonne</i>)	8,586	9,300
Phosphate fertilizer (HA+LA) (<i>0'000 tonne</i>)	112	109
NPM copper metal (80% equity interest of NPM) (<i>tonne</i>)	23,534	26,997
NPM gold (80% equity interest of NPM) (<i>ounce</i>)	19,948	20,897
Concentrate products (<i>0'000 tonne</i>) (<i>trade volume</i>)	288.4	274
Refined metal products (<i>0'000 tonne</i>) (<i>trade volume</i>)	361.3	260

OPERATION REVIEW FOR THE YEAR OF 2021

1. Steady improvement in production and operation

During the reporting period, the outbreak of the COVID-19 pandemic in China was effectively controlled, but the situation outside China remained relatively serious. Adhering to the concept of “safety of life outweighs all else”, the Company continued to increase its efforts in pandemic prevention and control through strengthening protection and control, and ensured the orderly operation of all business segments, thereby leading to a significant growth in operating results and record production of many products. A number of products recorded high levels, including a four-year high in TFM Copper output, a three-year high in cobalt, the highest production of phosphate fertilizer since commissioning of the production facility and a record physical trading volume by IXM.

The Company has set up a safety production committee and established a sound safety and environmental management system, achieving zero safety fatalities and zero major environmental incidents, with the best HSE level in history.

2. Further breakthroughs in cost reduction and efficiency

Following the completion of the target of three-year cost reduction of US\$500 million in 2020 ahead of schedule, the Company continued to carry out cost reduction and efficiency activities in all operating units to consolidate its low-cost operating advantage and improve profitability. In 2021, the Company's mineral exploration and processing achieved a year-on-year reduction in production and operating costs of over RMB1.6 billion.

TFM is committed to capacity upgrading and further exploring measures for cost reduction and efficiency. In 2021, total savings and benefits from cost and efficiency programs is about US\$188 million. Brazil introduced bold and decisive management changes, reducing production and operating costs by BRL177 million for the year. China continued to promote firm-wide centralized procurement, further reduced procurement costs, implemented technical upgrade and debottlenecking initiatives, reduced material consumption and implemented efficiency improvement programs and achieved reduction in production and operation costs of RMB95.61 million for the year.

3. Remarkable team building

A global management team has been established with the CEO as the core, with a clear management structure and accurate authority and responsibilities. The Company continued to empower its overseas operating unit by delegating core Chinese personnel to the DRC, Australia, Brazil and IXM, so as to upgrade management levels. During the reporting period, the KFM management team was established with core management staff in place to provide management support for the project, and the management team in Brazil was reorganised to promote management improvement that made an initial achievement. Meanwhile, we implemented the concept of shared outcome and constructed an annual performance management plan of "one company, one policy" for our operating units, and stimulate the passion of our employees with economic leverage.

Based on the needs of organisational upgrade, we have rolled out a talent pool plan that organised the development of a talent map, took various measures to build staff growth paths in each unit and optimised the cadre management system, representing a solid groundwork on talent team for the Company's development boom.

4. Careful planning when reviewing M&A opportunities

In line with the carbon peaking and carbon neutrality policy and our global layout, the Company formulated new strategic objectives and visions. Focusing on new energy metals, the mining and trading business segments centered around the short-to medium-term strategic goals the Company, accelerated market research in key regions such as Africa, South America, and Southeast Asia, and promoted market research and review of key projects to gain an advantage in the new energy sector by identifying any possible M&A opportunities.

5. Highly-effective promotion for project construction

In order to seize the market cycle, the Company strengthened the supervision and guidance of key projects according to the Company's strategic objectives, and all operating units worked hard to overcome the impact of the pandemic to accelerate the pace of construction of key projects, confronted the impossible and carefully organized operation. During the reporting period, while the 10K project and the potential enhancement project reached full production and the TFM mixed ore project progressed rapidly, the first line of the nickel and cobalt project in Indonesia was successfully commissioned, with significant progress made in the Company's presence in nickel metal and a new energy metal added to Company's portfolio.

6. Substantial growth enabled by a new business model

During the reporting period, the Company's determination in taking the "mining + trading" road to modern mining was incredibly stronger as IXM achieved a profit before tax of US\$160 million, with all product lines performing ahead of expectations. At the same time, the Company has taken advantage of IXM trading to secure sales of its own products. TFM copper and cobalt, Niobium in Brazil and some copper in Australia have already achieved IXM sales, leveraging the IXM international market to grow outwards and gain more market revenue.

7. Strategic lines of defense reinforced

Liquidity management provides the impetus for the two-wheel drive, and the Company dynamically managed its balance sheet to enhance financing for major projects. As at the end of 2021, the total balance of cash and cash equivalents was RMB24.3 billion. The total credit facility reached RMB140.9 billion from a total of 72 state-owned banks, large joint-stock commercial banks, and large foreign banks.

Ongoing commitment to ESG underpinned the quality of development. Each unit continued to fulfil its social responsibility by further strengthening its energy transformation, embracing green development and providing protection for biodiversity. Our two mines in China were awarded the as National Green Mines, and the third generation of unmanned intelligent equipment was put into operation. The Company's MSCI ESG Rating was upgraded from BBB to A, the same level as Rio Tinto, BHP Billiton and Anglo America, leading the domestic and international mining industry.

Information technology for efficient working. In September 2021, the Company launched the corporate SAP project to build a unified global platform for "production + procurement + sales". Direct connection between the domestic and overseas treasury system was enabled, adding visibility to and stronger control over the Company's global funding flows. While the expenses control system was successfully launched, a unified platform for expenses approval was built.

The Company has taken internal control and internal audit as the starting point, initiated the construction of a comprehensive risk prevention and control system, launched various types of audits and internal control self-assessments. In addition, with legal compliance as a pillar, the Company strengthened in-house legal expertise, relied on international legal resources and strives to safeguard its strategic investments and financing and property rights compliance of mines in and outside China.

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MATERIAL EVENTS

I. MATERIAL EVENTS

1. Successful acquisition of 95% equity of the Kisanfu copper cobalt mine in the 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 the 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 US\$550 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 and has high average grade of copper and cobalt, having a potential to become a world-class cobalt ore in the future. The acquisition will be highly coordinated with the existing business in the DRC, and further consolidate the Company’s position in the field of electric vehicles and battery metals.

2. Signing of a Strategic Cooperation Agreement with Brunp CATL

In order to establish a close relationship with downstream customers, on 11 April 2021, the Company entered into a Strategic Cooperation Agreement with Brunp CATL, a company indirectly controlled by Contemporary Amperex Technology Co., Limited. Brunp CATL plans to acquire 23.75% equity interests of the Kisanfu copper cobalt mine from the Company through its wholly owned subsidiary Hong Kong Brunp CATL New Energy Co., Ltd. for a total consideration of US\$137.5 million, and will cooperate on product purchase and sale and establish a comprehensive strategic partnership for the development of new energy metal resources. Through the signing of such cooperation agreement, not only that the Company will become the long-term cobalt product supplier of the world’s largest power battery manufacturer, but also it will strengthen the Company’s long-term strategic synergy with world-class battery raw material procurement customers. The strong cooperation between the Company and its partners will boost the future development and construction of KFM project, and therefore contribute to all stakeholders and the new energy industry.

At present, the equity interests transfer is being steadily promoted.

3. *Successful launch of the first phase of 2021 employee stock incentive plan*

On 5 May 2021, the “Resolution on the First Phase of Employee Stock Incentive Plan of China Molybdenum Co., Ltd. in 2021 (Draft)” was considered and approved at the seventeenth extraordinary meeting of the fifth session of the Board. The aim was to further improve the corporate governance structure, fully mobilize the enthusiasm of the Company’s management and core employees, and promote the long-term, sustainable and healthy development of the Company. The source of shares under the Employee Share Incentive Plan is ordinary A Shares of China Molybdenum repurchased through the Company’s special account for repurchase. The size is 48,513,287 shares, and the price of the shares to be obtained by the holders is RMB2 per share, no less than 50% of the actual cost of the Company’s repurchase. The launch of the plan will further improve the level of corporate governance and fully integrate the long-term development of the Company with the interests of employees.

4. *TFM mixed ore project in the DRC is being steadily promoted*

On 6 August 2021, the “Resolution on the Mixed Mining Development Project in relation to TFM Copper/Cobalt Mixed Mine in the DRC” was approved at the second extraordinary general meeting of the sixth session of the Board. To further enhance the core competitiveness of the Company in the international copper and cobalt industry, increase the revenue structure of copper and cobalt and efficiently recover the cobalt resources in copper and cobalt mines, the Board agreed to implement the mining development project in TFM Copper/Cobalt Mixed Mine within the total investment amount not more than US\$2.51 billion. The project was a key project of the Company in DRC to increase production and improve efficiency. The purpose was to enhance internal potential of the Company and turn our resource advantage into productivity advantage. This is an important measure to enhance the Company’s profitability and core competitiveness.

5. *Successful completion of A Share Repurchase (phase II)*

On 13 July 2021, the Company convened the first extraordinary meeting of the sixth session of the Board to consider and approve the resolution in relation to termination of the repurchase of A shares of the Company through centralized price bidding (phase I), agreeing to terminate the Implementation of A Share Repurchase Plan (Phase I). On the same day, the meeting considered and approved the resolution in relation to the repurchase of A shares of the Company through centralized price bidding (phase II), agreeing that the Company uses self-owned funds of no more than RMB800 million to repurchase A shares of the Company at the price of no more than RMB8 per share, which will be subsequently used to implement share incentive

plan or employee stock ownership plan. The total amount of the shares to be repurchased will be no less than 50 million and no more than 100 million, accounting for approximately 0.23% to 0.46% of total share capital of the Company prior to the repurchase.

In the announcement published by the Company on 17 December 2021, the Company has completed A Share Repurchase Plan (Phase II) with an aggregate of 99,999,964 shares through centralized price bidding, representing 0.46% of the current total share capital of the Company. The highest transaction price was RMB7.28 per share and the lowest transaction price was RMB5.67 per share, with an average repurchase price of RMB6.84 per share and a total transaction amount of RMB684,117,491.95.

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

II. HONOURS

During the reporting period:

The Company was awarded "Industry-University-Research Collaboration Innovation and Promotion of China" (中國產學研合作創新成果獎) with its "5G-based Key Technology and Equipment for Unmanned and Efficient Green Mining in Metal Open Pit Mine" (基於5G的金屬露天礦無人高效綠色開採關鍵技術與裝備);

"A method to reduce soluble WO_3 in leaching slag of white tungsten ore" (一種降低白鎢礦浸出渣中可溶 WO_3 的方法) innovated by the Company was honored Second Prize for the third session of "Henan Provincial Patent Awards" (第三屆河南省專利二等獎);

The Company's "Key Technology and Engineering Demonstration of Low-Grade Complex White Tungsten Concentration Associated with Floating Molybdenum Tailings" (浮鉬尾礦伴生低品位複雜白鎢選冶關鍵技術及工程示範) was awarded Second Prize for Henan Provincial Science And Technology Progress (河南省科技進步二等獎);

"A highly-efficient method for recycling of rhenium from molybdenum smelting waste acids" (一種從鉬冶煉廢酸中高效回收銻的方法) won excellence award for China Patent Invention (中國專利發明優秀獎);

The Company was honored as the "2021 Head of Manufacturing Enterprise in Henan Province" (二零二一年河南省製造業頭雁企業).

III. DOMESTIC AND OVERSEAS INDUSTRY POLICIES

1. *Within the PRC*

(1) *Energy and mineral security*

On 18 November 2021, the Political Bureau of the Central Committee of the CPC put forward “ensuring the energy and mineral security” when holding a conference to deliberate the National Security Strategy (2021 to 2025). This was the first time in top meetings to align mineral security with energy security, raising mineral safety to a national strategic level.

(2) *Indicators for controlling the aggregate mining volume of tungsten mines*

On 22 March 2021, the Natural Resources Bureau of Luanchuan County issued the total Amount Control Indicators of Tungsten Mining for the Year 2021 (First Batch), and the Company’s production control target was 5,900 tonnes; on 14 December 2021, the Natural Resources Bureau of Luanchuan County issued total Amount Control Indicators of Tungsten Mining for the Year 2021 (Second Batch), and the Company’s production control target was 4,700 tonnes.

(3) *Resource tax*

On 31 July 2020, the Standing Committee of the People’s Congress of Henan Province considered and approved the decision on Applicable Tax Rate and Other Matters of Resource Tax in Henan Province, which came into force on 1 September 2020. The Resource Tax Law stipulates that a range of tax rates, with specific applicable rates of 8% for molybdenum (beneficiation) and 6.5% for tungsten (beneficiation); where the taxpayer mines associated ore, the associated ore is exempt from resource tax if the sales of the associated ore and the main ore product are accounted for separately; the recycling of the tailings in the tailings pond is exempt from resource tax.

2. *Overseas*

(1) *Copper and cobalt business in the DRC*

During the reporting period, there were no significant amendments or additions to the laws, regulations and policies governing the DRC. Details of the DRC mining policy and its amendments can be referred to the relevant sections disclosed at the Company's previous periodic reports. With the rise in commodity prices, people from all walks of life in DRC had some discussion on mining policy, hoping to better promote economy development, create more jobs and realize the re-balance of their interests. During the reporting period, the Company kept ongoing communication with relevant parties in the (DRC) on the issue of royalties for the reserve increase of TFM, and discussed the reserve increase of TFM and corresponding additional royalties for the reserve increase that should be paid to non-controlling shareholder, Gecamines, based on the reserves increase. This communication process was complex and dynamic, and TFM copper cobalt business operated normally. At present, consensus has not been achieved in terms of some details between the Company and the non-controlling shareholder, and in the future the two shareholders will jointly engage an international independent third party to verify the reserve increase and resolve the differences through fair and impartial negotiation. The Company will pay close attention to updates on circumstances for mining industry development in the DRC, strengthen communicate with the DRC government, and actively protect its legitimate and reasonable interests.

(2) *Niobium and phosphates in Brazil*

In Brazil, the operations (mines and plants) are regulated by the National Mining Agency in Brazil ("Agência Nacional de Mineração"/"ANM") together with labour, environmental and other agencies. The municipal, state and federal governments and the public prosecutor's office and other administrative departments and judicial authorities at all levels are responsible for the enforcement of the relevant laws and regulations.

In terms of labour law, Brazil adopted several labour-related laws and regulations in November 2021 to streamline the legal process to improve efficiency in the relevant areas. These legal reforms have improved the certainty of labour-related laws and regulations and provided greater flexibility for companies to deal with labour disputes, which will help reduce the impact of employee abuse on the normal operations of companies. Therefore, it is a good news for companies operating in Brazil.

As for the legislation of the mineral sector, after the dam accidents in Mariana/MG and Brumandinho/MG, Brazilian government and relevant agencies have given much more attention to the legislation of the mineral sector. In 2021, one of the key objectives of the Brazilian National Mining Agency (ANAM) is to re-examine the existing mining laws and regulations, including optimisation of safety performance indicators for tailings dams, a greater focus on social and environmental responsibility, and establishment of standards that are clearer and in line with advanced international practice. The State Mining Administration is expected to issue new safety standards for tailings dams in 2022 and propose regulations that will make the approval criteria for the construction of new tailings dams or the expansion of existing tailings dams more stringent. At the same time, public prosecutor's office is focusing on the minerals sector and has filed numerous public interest lawsuits against companies in the minerals sector, increasing the pressure on the minerals companies. At present, the Company has put all relevant controls in place and been fully compliant with the limitation requirements of relevant laws and regulations.

V. OUTLOOK

1. Copper market

On the supply side, there will be a certain amount of incremental production from copper mines, but geopolitical and community risks have left uncertainty over the progress of new projects put into production. While smelting capacity has also increased, however at a slower rate than the mining side. On the demand side, copper demand for renewable energy and new energy vehicles is expected to grow optimistically as carbon neutral carbon peaks are reached. Given the uncertainty of the COVID-19 pandemic, the global supply chain bottleneck is expected to ease in the second half of 2022 and global copper inventories will remain low overall, supporting copper prices.

2. Cobalt market

On the supply side, there will be incremental production of DRC cobalt raw material and the HPAL nickel project in Indonesia will also bring certain amounts of incremental cobalt. On the demand side, new energy vehicles will remain the main source of incremental cobalt demand. Although the growth rate of LFP batteries was faster than that of ternary batteries during the reporting period, the significant increase in new energy vehicle production will continue to expand demand for cobalt. The pandemic in South Africa is expected to continue to have a negative impact on cobalt raw material shipments from Africa, supporting cobalt prices.

3. Molybdenum market

On the supply side, major international producers in South America are expected to reduce production, and domestic copper and molybdenum-associated mines will bring a certain amount of incremental production. On the demand side, demand for speciality steel containing molybdenum is expected to remain strong, despite the cap on steel production capacity against the backdrop of carbon neutral and carbon peaking.

4. Tungsten market

On the supply side, there will be no incremental production from overseas mines as international supply is particularly low in proportion and the pandemic is recurring; domestic environmental protection policies are tightening and some mines are limiting supply due to the experience of declining grades. On the demand side, the automotive segment is expected to recover as the chip shortage eases; the machine segment is expected to see a 10-year replacement peak between 2021 and 2025, and demand for carbide tipped tools is expected to increase, which will support tungsten prices.

5. Niobium market

On the supply side of the niobium industry, the global market concentration continues to be high, with incremental production being kept within a moderate range. On the demand side, the steel industry is expected to restructure against the backdrop of carbon neutral and carbon peaking, and the proportion of alloyed structural steel in infrastructure is expected to increase; demand from the automotive sector is also expected to improve. Niobium prices are expected to maintain a stable trend.

6. Phosphates market

On the supply side, exports will resume by mid-year in line with the export restrictions policies of China and Russia, which could lead to a correction in phosphate fertiliser prices. On the demand side, crop prices have moderated somewhat but are still at historically high levels, and crop acreage in Brazil is growing at a more stable and moderate rate. Phosphorus prices are expected to oscillate in the high range.

7. Mineral trading

In the lead market, lead concentrate will remain scarce and domestic preference for high lead and high silver concentrates is likely to continue, refined lead is relatively balanced on the globe and domestic exports are expected to remain unchanged.

In the zinc market, zinc concentrate is expected to be in surplus with some downstream smelters shutting down due to the European energy crisis, while stronger domestic demand for refined zinc and tight global container shipping are likely to continue, keeping spot in tight.

In the aluminium market, on the supply side, the overseas energy crisis in Europe has led to the possibility of further production cuts in Europe, while domestic carbon neutral carbon peaking has limited electrolytic aluminium production capacity. On the demand side, the chip shortage will be eased at the margin, supporting the demand of the automotive segment. Global supply chain bottlenecks may continue to create market dislocations.

In the nickel market, on the supply side, Indonesia's low-cost nickel production capacity is gradually being released, but uncertainty remains over ESG issues in the thermal process, declining nickel ore grades and possible trade barriers. On the demand side, stainless steel production growth is expected to slow down, but the battery segment will support nickel demand with the expected significant growth in new energy vehicle production and the trend towards higher nickel for ternary batteries.

2022 BUSINESS PROSPECT

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

Major products	Production guidance for 2022 <i>(0'000 tonnes)</i>
TFM copper metal	22.7-26.7
Cobalt metal	1.75-2.05
Molybdenum metal	1.28-1.51
Tungsten metal (excluding Yulu Mining)	0.61-0.72
Niobium metal	0.82-0.95
Phosphate fertilizer (HA+LA)	104-122
NPM copper metal (80% equity interest)	2.25-2.62
NPM gold (80% equity interest)	17,300-20,200 ounces
Physical trade volume	770-910

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

2. **Priorities of the Company for 2022:**

(1) Prevent and control pandemic, strengthen management foundation, maintain stable production and operation, to ensure completion of annual targets

In the face of the normalisation of the global pandemic, the Company will continue to intensify the deployment of pandemic prevention and control, coordinate global resources to ensure on-site protection and vaccination of business segments, ensure the safety of employees worldwide and maintain stable business operations. We will continue to improve our “5233” management structure, take active action to explore the effective integration of the Chinese management model with overseas practices, and consolidate our cost reduction and efficiency improvement targets through process re-engineering.

(2) *Turn resource advantages into capacity advantages, significantly enhancing profitability and cash flow generation*

We will accelerate the construction and production of major projects, consolidate the advantageous resource layout of DRC, push forward the milestone plan of KFM and TFM mixed ore, strengthen the resource sharing between KFM and TFM production and construction, and strive to significantly increase the annual production capacity of copper and cobalt through two years. The molybdenum and tungsten segment will focus on the stabilisation of targets and the improvement of comprehensive recovery, promoting the technical development to overcome difficult ore in Shangfanggou and Sandaozhuang, the industrial production of comprehensive fluorspar recovery and new breakthroughs in revenue generation. In terms of niobium-phosphorus, we will focus on the planning of tailings ponds and large-scale production expansion, and the long-term development of the entire industrial chain. In terms of copper and gold segment, we will focus on optimising mine supply and long-term planning, improving the planning of each ore body, accelerating putting into full production of E26L1N, so as to ensure production capacity and improve the feed grade. All business segments are working in tandem to capture the market cycle and bring the Company's overall profitability and operating cash flow levels to a new level.

(3) *Deepen the integration and coordination of mining and trading, and give full play to IXM's competitiveness in the field of global trade*

The Company will continue to deepen the integration of the mining and processing sector and the mineral trading sector, and promote the production and sales coordination between IXM and various operating units, business coordination with various departments in the Group headquarters, investment and financing coordination with financial institutions, resource coordination with upstream and downstream customers. At the same time, the Company will further promote the logistics cooperation in key regions such as Africa, improve the sourcing and procurement integration of bulk raw materials, and give full play to IXM's advantages in international logistics, warehousing, quality inspection, risk control and so on. To build IXM into a new profit growth point of the Company and enhance the industry and market influence of the Company, the Company will continue to give IXM strong support to broaden its product line and expand its global market share, especially focus on the metal and commodity fields related to the new energy industry.

(4) Increase and speed up the layout in key regions and key varieties, and cultivate new business and profit growth points in the future

Relying on the Company's existing layout in Africa, South America and Southeast Asia, and with the help of IXM's global network, the Company will focus on resources related to the new energy industry and domestic shortages. In addition, the Company will actively search, screen and investigate high-quality projects at different stages, and increase investment and mergers & acquisitions. Drawing on the experience of IXM trade finance, the Company will try different models of investment methods and structures. While maintaining prudence and self-discipline, the Company will focus on the long-term changes in the industry's supply and demand structure and the Company's long-term development and to cultivate new business and profit growth points in the future as soon as possible.

(5) Further consolidate our leading position in ESG in the global industry and continuously improve our sustainable development governance model

According to the latest environmental, social and governance disclosure requirements of the the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company will further improve its strategic planning in sustainable development and consolidate its leading position in the industry. At the same time, the Company will continue to promote sustainable development risk governance and focus on continuously strengthening the responsible supply chain for minerals, especially by continuing to promote the benchmarking of its DRC operations against advanced international responsible supply chain standards and enhancing the transparency of the minerals supply chain through collaboration with industry partners to develop new technologies such as blockchain. In addition, the Company will further play a leading role in ESG in the global mining industry by strengthening dialogue with various stakeholders and promoting best practices in ESG.

(6) Dynamically manage the balance sheet around the development strategy and speed up the construction of information system

Liquidity management and a healthy balance sheet are the basis of realizing the Company's long-term development strategy. The Company will continue to strengthen cooperation with financial institutions, broaden financing channels, and ensure the financial support required for various strategic projects while considering liquidity and ensuring a stable asset balance sheet.

In 2022, the Company will continue to further promote the construction of integrated information network, promote the completion of SAP phase I project, and realize the opening of 8 professional modules in the headquarters and China; At the same time, the Company will start the construction of SAP phase II to efficiently promote the integration of all SAP modules in DRC, Australia and IXM. Moreover, the Company will take SAP as the unified enterprise management language to realize the standardization and unification of various data, and achieve the landing of vertical control and horizontal business collaboration. The global business segments will be controlled through information tools.

(7) Accelerate the construction of incentive system and strengthen the strategic reserve of talents

The Company is committed to establishing an effective, three-dimensional and multi-level salary incentive system, and will continue to improve various effective mechanism, including business incentive, equity incentive, immediate incentive, long-term incentive and so on. Each business segment has formed a relatively mature salary system and long-term and short-term incentive policies in line with local laws and regulations and trade union policies.

In order to cover more key employees in management, business and technology and establish a long-term mechanism of risk sharing and benefit sharing, the Company has completed the second phase of repurchase plan and will launch follow-up employee stock ownership plans and other stock ownership and incentive plans in due time.

According to the rapid development needs of the Company's global business, at the headquarters level, the Company will continue to promote organizational upgrade, adjust the structure, optimize the talent team, build and cultivate the Group talent pool, implement the "5233" management concept, and strive to build three key talent teams: a team of managers with international vision and modern enterprise management ability; a team of technical experts who master the core technology of the industry and have strong R&D and innovation ability; a team of highly skilled talents who are proficient in specialized knowledge, technology and exquisite operation skills.

(8) Strengthen corporate culture construction and internal and external communication to enhance global brand influence

Cultural construction is the cornerstone to ensure the long-term and stable development of the Company. With the deepening of global layout, the Company clearly puts forward the new mission of becoming a “highly respected, modern and world-class resource company”, and initially forms the corporate culture with excellent tradition and international development requirements of the melting, which reflects the characteristics of CMOC and mining industry. With the new corporate culture as the soul, the Company will continue to promote brand upgrading and enhance the Company’s global brand image and influence around the four dimensions of “more responsible”, “full of vitality”, “internationalization” and “modernization”.

Based on the principle of “being factual, open and transparent”, the Company will further strengthen investor communication and continuously broaden investor communication channels. Moreover, to create a good external environment for the development of the Company, the Company will be more proactive in information release and interpretation, and deepen investors’ recognition, understanding and support for the Company.

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 2021.

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

On 13 July 2021, the Company convened the first extraordinary meeting of the sixth session of the Board, at which the Resolution on Termination of Repurchase of the A Shares of the Company through Centralized Price Bidding (Phase I) was considered and approved, agreeing to terminate the repurchase of the A shares of the Company (Phase I). On the same date, the Board considered and approved the Resolution on Repurchase of the A Shares of the Company through Centralized Price Bidding (Phase II), agreeing the Company to use self-owned funds of no more than RMB800 million to repurchase A shares of the Company at the price of no more than RMB8 per share for the purpose of subsequent implementation of share incentive plans or employee stock ownership plans. The amount of the shares to be repurchased will be no less than 50 million and no more than 100 million, accounting for approximately 0.23% to 0.46% of total share capital of the Company before repurchase.

During the year ended 31 December 2021, the Company has repurchased 99,999,964 A shares through centralized price bidding, accounting for 0.46% of the current total issued share capital of the Company. The highest transaction price was RMB7.28 per share and the lowest transaction price was RMB5.67 per share, with an average repurchase price of RMB6.84 per share, and the total transaction amount was RMB684,117,491.95. The A shares repurchased by the Company will be used for the purpose of subsequent implementation of equity incentive plans or employee stock ownership plans, and details of the repurchase are as follows:

Month	Repurchased A shares volume	Purchase price per share		Total consideration (RMB)
		The highest repurchase price (RMB)	The lowest repurchase price (RMB)	
1 September 2021	66,017,964 shares	7.28/share	7.09/share	478,429,115.22
30 September 2021	20,126,100 shares	7.28/share	5.77/share	124,964,930
29 October 2021	6,255,000 shares	6/share	5.91/share	37,486,166
16 December 2021	7,600,900 shares	5.69/share	5.67/share	43,141,003

Reference is made to the announcement of the Company dated 29 January 2019 in relation to the issuance of USD300,000,000 guaranteed bonds (“**US Bonds**”) due 2022 at an interest rate of 5.48% by CMOC Capital Limited (“**CMOC Capital**”), an indirect subsidiary of the Company, the notice of the Company dated 1 February 2019 in relation to the listing of US Bonds on the Hong Kong Stock Exchange and the announcement of the Company dated 21 July 2020 in relation to the partial repurchase and cancellation of the US Bonds.

On 13 July 2020, CMOC Capital repurchased a total of USD50,000,000 of US Bonds (“**Repurchased Bonds**”) in the public market, accounting for 16.67% of outstanding amount of USD300,000,000. The Repurchased Bonds had been cancelled on 21 July 2020. Upon the cancellation of the Repurchased Bonds, there was a total of USD250,000,000 of outstanding US Bonds, accounting for 83.33% of the initial US Bonds.

The US Bonds were due on 1 February 2022, and CMOC Capital had deposited a total amount of USD256.85 million in the trustee’s designated bank account in full, including outstanding principle amount of the notes of USD250,000,000 together with outstanding interests as at the maturity date and paid as schedule. The USD Bonds were cancelled and delisted from the Hong Kong Stock Exchange on 4 February 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

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 2021.

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 2021, 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 2021.

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 RMB0.7125 (tax inclusive) per 10 shares to all shareholders of the Company, with an expected total cash dividend distribution of RMB1,531,820,894.10 (tax inclusive), accounting for approximately 30% of the net profit attributable to shareholders of the parent company. 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 per share distribution proportion unchanged, while adjusting the distribution amount accordingly.

The proposal has been considered and approved at the fourth meeting of the sixth session of the Board, 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 2021 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and an auditor's report for 2021 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 2021.

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 2021 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, 18 March 2022

As at the date of this announcement, the executive Directors are Mr. Sun Ruiwen and Mr. Li Chaochun; 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*