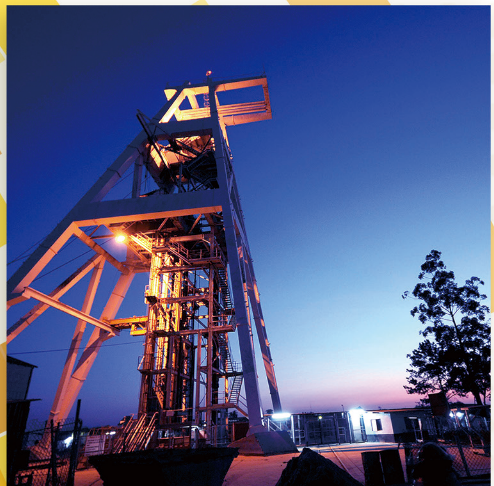
中國有色礦業有限公司
China Nonferrous Mining Corporation Limited

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

Stock Code: 1258

2017
INTERIM REPORT



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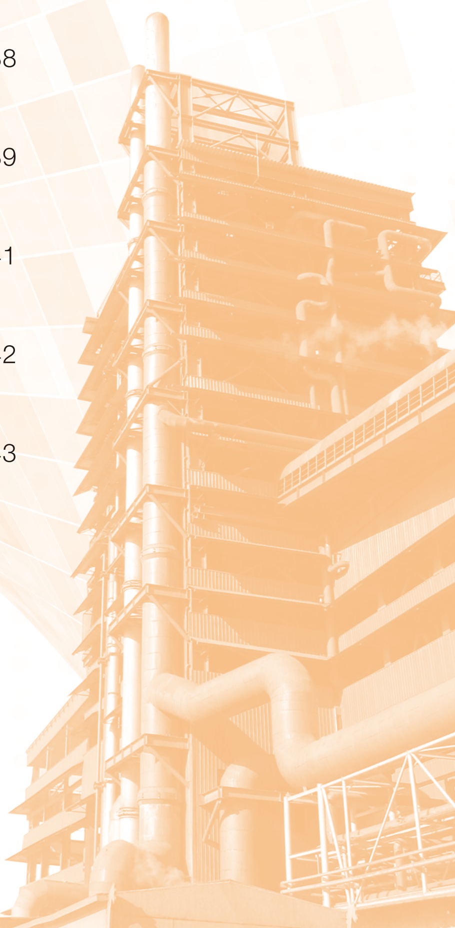

CORPORATE INFORMATION

REGISTERED OFFICE

Room 1201, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

32 Enos Chomba Road
Kitwe, Zambia

PRINCIPAL PLACE OF BUSINESS IN DRC

Lubumbashi,
Katanga Province,
Congo (DRC)

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

1258

DIRECTORS

Executive Directors

Mr. Xinghu Tao *(Chairman)*
Mr. Lin Zhang *(President) (appointed on 19 May 2017)*
Mr. Chunlai Wang *(Vice President)*
Mr. Wei Fan *(Vice President)*
Mr. Kaishou Xie *(Vice President)*

Non-Executive Director

Mr. Diyong Yan *(Vice Chairman)*

Independent Non-Executive Directors

Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan

THE COMMITTEES OF THE BOARD

Audit Committee
Mr. Jingwei Liu *(Chairman)*
Mr. Diyong Yan
Mr. Huanfei Guan

Nomination Committee
Mr. Chuanyao Sun *(Chairman)*
Mr. Diyong Yan
Mr. Jingwei Liu

Remuneration Committee
Mr. Huanfei Guan *(Chairman)*
Mr. Diyong Yan
Mr. Chuanyao Sun

Compliance Committee
Mr. Xinghu Tao *(Chairman)*
Mr. Chuanyao Sun
Mr. Huanfei Guan

JOINT COMPANY SECRETARIES
Mr. Aibin Hu
Mr. Tin Wai Lee *CPA*

LEGAL ADVISER
Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road
Hong Kong

ISA furnace of copper smelting company

CORPORATE INFORMATION (CONTINUED)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

CHAIRMAN'S STATEMENT

Chairman of the Board
Xinghu Tao

Dear Shareholders,

I would like to take this opportunity to extend my heartfelt gratitude to the Shareholders and all sectors of the society for their care, support and help to China Nonferrous Mining Corporation Limited, and to thank the management and staff for their contributions to the operation and management of the Group.

In the first half of 2017, in view of the slow growth and adjustment of the world economy, the Board, the management and the staff made concerted efforts to expand the external market, strengthen internal management, and vigorously tap potentials and improve efficiency. Accordingly, the Group recorded an increase of 8.2%, 22.2% and 18.7% in product output of blister copper, copper cathode and sulfuric acid respectively as compared with the same period last year. Meanwhile, due to effective control of production costs and increase in copper price by approximately 22% as compared with the same period last year, in the first half of 2017, the Group achieved gratifying results including revenue of US$873.7 million, representing an increase of 38.6% as compared with the same period last year, and profit attributable to the owners of US$65.7 million, representing an increase of 880.6% as compared with the same period last year.

Looking ahead, despite many challenges the world economy faces, the United States and China, the top two economies in the world, are expected to maintain stable economic improvement. In the long run, the bulk commodity market has experienced an in-depth adjustment for five years, and the prices of copper and other base metals started to pick up at the end of 2016. Due to the economic ascent and improvement of supply and demand, the copper prices are still promising in the long run.

For the purpose of strengthening its competitiveness in the market and enhancing the profits and market performance, the Group will continue to adhere to its own development strategies. Firstly, it will improve the existing business performance in terms of exploitation of Chambishi Main Mine, Chambishi West Mine and Mwambashi Strip Mine as well as the improvement of quality and efficiency for the CCS, Luanshya Muliashi, SML, Huachin Leach and CNMC Huachin Mabende; secondly, the Group will well proceed with the development of new projects including the development of Chambishi Southeast Mine which is expected to be put into production in the third quarter of 2018, the construction of Lualaba copper smelting project and the mining exploration of Kambove project, and enhance the production volume and technical and economic indicators of cobalt products. Further efforts will be exerted to optimise the product mix and industrial structure, improve the quality of operation and efficiency of the Group and fully exhibit the Group's advantages as a vertical copper producer integrating exploration, processing and smelting so as to generate better operating results; thirdly, the Group will continue to keep an eye on and seize market opportunities for merger, acquisition and reorganisation to further increase its copper and cobalt reserves and resources; fourthly, the Group will carry out project financing to further optimise the liability structure and improve the Group's performance in the market.

As a responsible enterprise-citizen, the Group will continue to implement the development concept of "innovation, coordination, green, opening-up and sharing". While developing resources in accordance with the requirements of the Environmental, Social and Governance Reporting Guide, the Group will attach great importance to environmental protection and the sustainable use of resources, strictly abide by various employment regulations and governance practices, improve the working environment of the staff, ensure the safety and efficiency of production and properly handle concerns of the stakeholders such as the suppliers and communities so as to realize the goal of win-win cooperation.

China Nonferrous Mining Corporation Limited
Chairman of the Board
Xinghu Tao

Hong Kong, 29 August 2017

RESULTS HIGHLIGHTS

OPERATING RESULTS

- In the first half of 2017, China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded revenue of US$873.7 million, representing an increase of 38.6% as compared with the first half of 2016.

- In the first half of 2017, the Group recorded profit attributable to owners of the Company of US$65.7 million, representing an increase of 880.6% as compared with the first half of 2016.

CHANGES IN PRODUCT OUTPUT

- In the first half of 2017, blister copper produced amounted to 114,012 tonnes, representing an increase of 8.2% as compared with the first half of 2016.

- In the first half of 2017, copper cathode produced amounted to 43,870 tonnes, representing an increase of 22.2% as compared with the first half of 2016.

- In the first half of 2017, sulfuric acid generated amounted to 309,618 tonnes, representing an increase of 18.7% as compared with the first half of 2016.

STEADY PROGRESS IN PROJECT DEVELOPMENTS

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine of NFC Africa Mining PLC ("NFCA") is under development. As at the end of June 2017, the aggregate project investments represented 49.3% of total project investments. The construction works are scheduled to be completed and put into production in the third quarter of 2018.

The Liquid Sulphur Dioxide Project of Chambishi Copper Smelter Limited ("CCS") is under preparation and the construction period is one year.

The Tailings Pond Project Phase II of CCS is one of the planned projects under the Preliminary Design for the Expansion Construction Phase II of the Company. As at 30 June 2017, the surface cleaning of the pond area and base excavation of the eastern dam were completed. The project is expected to be completed in August 2018.

The Mwambashi Strip Mine Project of Sino-Metals Leach Zambia Limited ("SML") formally commenced production at the end of June 2016. The expansion of the processing plant commenced construction in April 2016 and was scheduled to be completed and come into operation in August 2017.

The Processing Capacity of 400,000 (Dry) Metric Tonnes Per Annum Project of Blister Copper Smelted from Copper Concentrate of Lualaba Copper Smelter SAS ("Lualaba Copper Smelter") with a planned investment amount totaling US$420 million is currently under preparation and is scheduled to commence construction in the second half of 2017.

The Project of Mining Exploration in Kambove area of Kambove Mining SAS ("Kambove Mining") relates to the proposed mining exploration at three blocks within the Kambove mining area in DRC. The aforesaid company is currently going through with the exploration right transfer formalities and will commence exploration after working out a detailed exploration plan.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2017, capitalizing on opportunitites arising from the rebound of copper prices, the Group held to the principle of "standardized management and innovative operation" to carry out work with steadfast determination and persistent diligence. As a result, production volume of main products increased, the operating results substantially improved and various tasks progressed smoothly.

During the reporting period, the production volume of blister copper, copper cathode and sulfuric acid, the main products of the Group, all increased substantially. The revenue increased by 38.6% to US$873.7 million over the same period last year. Profit attributable to owners of the Company amounted to US$65.7 million, representing an increase of 880.6% over the same period last year, which was mainly attributable to the substantial increase in the price and sales volume of copper as compared with the same period last year and better control of production costs.

At the same time, with the rapid advancement of the Integrating Exploration and Construction Project of the Chambishi Southeast Mine and Lualaba copper smelting project, a solid foundation will be laid for the Group's further development of business.

BUSINESS REVIEW

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

The businesses of the Group are carried out mainly through the following companies: NFCA, CNMC Luanshya Copper Mines PLC ("Luanshya"), CCS and SML located in Zambia, as well as through Huachin Metal Leach SA ("Huachin Leach") and CNMC Huachin Mabende Mining SA ("CNMC Huachin Mabende") located in DRC.

From January to June 2017, blister copper accumulatively produced by the Group amounted to 114,012 tonnes, representing an increase of 8.2% over the same period last year; copper cathode amounted to 43,870 tonnes, representing an increase of 22.2% over the same period last year; and sulfuric acid amounted to 309,618 tonnes, representing an increase of 18.7% over the same period last year. Revenue of the Group increased by 38.6% from US$630.3 million for the first half of 2016 to US$873.7 million for the first half of 2017.

BUSINESS REVIEW (CONTINUED)

Production overview

NFCA

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

In the first half of 2017, copper contained in concentrate accumulatively produced by the Chambishi Main Mine and Chambishi West Mine amounted to 14,079 tonnes, representing an increase of 13.6% over the same period last year. This was primarily due to the increase in the volume of ore processed, ore grade and recovery in ore processing in the same period of this year.

Luanshya

Luanshya operates Baluba Center Mine, Muliashi North Mine and Muliashi South Mine, three copper mines, as well as the Muliashi Leach Plant.

Baluba Center Mine continued to be under maintenance and production was suspended in the first half of 2017.

The Muliashi Project produced 20,064 tonnes of copper cathode in the first half of 2017, representing an increase of 20.3% over the same period last year. The increase was mainly attributable to the increasing scale of heap leaching, leading to continuous improvement in the output capacity of the system. Production of slag copper recovery has resumed with accumulative production of 517 tonnes of copper concentrate since April 2017.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2017, blister copper and sulfuric acid accumulatively produced by CCS amounted to 114,012 tonnes and 309,618 tonnes, respectively, representing an increase of 8.2% and 18.7%, respectively, over the same period last year. It was mainly attributable to the abundant supply of raw materials, a higher loading rate of production and an increase in production over the same period last year.

SML

SML mainly operates the Mwambashi Mine and the Chambishi Leach Plant.

Copper cathode accumulatively produced by SML in the first half of 2017 increased by 10.8% to 2,531 tonnes as compared with the same period last year. Processing plants under SML produced 928 tonnes of copper contained in copper concentrate in the first half of 2017, representing an increase of 83.4% over the same period last year, mainly attributable to the abundant supply of raw materials as a result of the sustained supply of ores provided by Mwambashi Mine.

BUSINESS REVIEW (CONTINUED)

Production overview (Continued)

CNMHK

China Nonferrous Mining Hong Kong Holdings Limited ("CNMHK") completed acquisitions of equity interests of Huachin Leach and CNMC Huachin Mabende in DRC held by SML on 30 June 2016. Since 1 July 2016, Huachin Leach and CNMC Huachin Mabende in DRC became the subsidiaries of CNMHK.

Copper cathode accumulatively produced by CNMC Huachin Mabende in the first half of 2017 increased by 36.0% to 14,828 tonnes as compared with the same period last year. Copper cathode produced by Huachin Leach increased by 7.0% to 6,448 tonnes as compared with the same period last year. In particular, the increase in production of CNMC Huachin Mabende was due to the sustained release of production capacity as a result of the stable supply of electricity and the increase in production of Huachin Leach was mainly due to the increase in the volume of ore processed and ore grade this year.

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

	Production volume for the first half of 2017 ***(Tonnes)***	Production volume for the first half of 2016 *(Tonnes)*	Period-to-period growth *(%)*
Copper concentrate	**15,524**	12,904	20.3%
Blister copper	**114,012**	105,391	8.2%
Copper cathode	**43,870**	35,888	22.2%
Sulfuric acid	**309,618**	260,848	18.7%

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

Smelting

Leaching

BUSINESS REVIEW (CONTINUED)

Exploration, development and mining cost of the Group

Expenses of exploration, development and mining activities of the Group for the six months ended 30 June 2017 are set out below:

	NFCA				Luanshya				
Unit: Million US dollars	Chambishi Main Mine	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Muliashi South Mine	Baluba East Mine	SML Mwambashi Mine	Total
Exploration activities									
Including:									
– Others	0.30	0.86	–	–	–	–	–	–	**1.16**
Sub-total	**0.30**	**0.86**	**–**	**–**	**–**	**–**	**–**	**–**	**1.16**
Development activities (including mine construction)									
Including:									
– Purchases of assets and equipment	–	0.43	13.27	–	–	–	–	–	**13.70**
– Civil work for construction of tunnels and roads	–	–	32.93	–	1.83	–	–	–	**34.76**
– Staff cost	–	–	–	–	–	–	–	–	**–**
– Others	–	–	15.56	–	–	0.16	1.39	–	**17.11**
Sub-total	**–**	**0.43**	**61.76**	**–**	**1.83**	**0.16**	**1.39**	**–**	**65.57**
Mining activities (excluding ore processing)									
Including:									
– Staff cost	1.51	1.17	–	–	0.11	–	–	0.07	**2.86**
– Consumables	0.82	2.04	–	–	0.59	0.07	–	–	**3.52**
– Fuel, electricity, water and other services	2.80	2.65	–	–	–	–	–	0.11	**5.56**
– Non-income taxes, royalties and other government expenses	–	–	–	–	4.75	0.97	–	–	**5.72**
– Depreciation	1.18	2.68	–	–	19.33	1.32	–	0.14	**24.65**
– Sub-contracting charges	7.03	23.51	–	–	6.15	1.86	–	1.45	**40.00**
– Others	0.08	0.23	–	–	–	–	–	1.49	**1.80**
Sub-total	**13.42**	**32.28**	**–**	**–**	**30.93**	**4.22**	**–**	**3.26**	**84.11**

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities

Mining Exploration

During the reporting period, NFCA and Luanshya, subsidiaries of the Company, conducted mining exploration for production and exploration purposes, respectively. In particular:

In the Chambishi West Mine of NFCA, 46 pit drilling holes (with a 75mm-diameter end-hole) for production purposes were completed with 8,130 m drilled. In the Chambishi Southeast Mine, 72 pit drilling holes (with a 75mm-diameter end-hole) were completed for infrastructure and exploration purposes with 6,535.64 m drilled.

Luanshya conducted trenches in Muliashi North Open-pit Mine (North Mine) and Muliashi South Open-pit Mine (South Mine) for production purposes. In particular, at Muliashi North Open-pit Mine, 12 platform trenches for production and exploration purposes were completed with a total length of 1,008 m; at Muliashi South Open-pit Mine, 9 platform trenches for production and exploration purposes were completed with a total length of 412 m. At Baluba West Mine and Muliashi South and West Mines, 29 drilling holes (with a 75 mm-diameter end-hole) were completed with 1,862.71 meters drilled.

No exploration activities were carried out in the Mwambashi Mine of SML in the first half of 2017.

Mining Development

The integrating Exploration and Construction Project of the Chambishi Southeast Mine: the shaft was drilled to the deepest with the total depth of 1,251 m; the auxiliary shaft had been accumulatively drilled for 1,155 m; the south wind shaft and north wind shaft were drilled to the deepest with the total depth of 678 m and 958 m, respectively. The drilling in the vertical shaft of Southeast Mine was completed in May 2016 with 4,042 m drilled and the shaft capacity of 190,000 m^3. As at the end of June 2017, the auxiliary shaft has been connected with wind shafts at three mid-segments at the levels of 680 m, 800 m and 980 m. The horizontal tunnel and slope ramp as well as other development projects have been accumulatively drilled for 22,000 m. Most of the construction has been completed for the support of ore pass fragmenting system and equipment foundation.

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities (Continued)

Mining Development (Continued)

Ground surface project of the Integrating Exploration and Construction Project of the Chambishi Southeast Mine: Concrete pouring was completed for the foundation of flotation machine, ball mill and semi-autogenous mill. Steel columns, oblique beam of steel frame and other steel members of plant have been transported to the site and the hoisting thereof has commenced. The foundation of screening plant's concentrate storage was completed and the construction of storage wall was completed by 60%. In addition, the Group completed the hoisting of plant's steel columns and installation of column bracings and tie bars as well as crane beams. The hosting of all the roof beams other than the two steel girders on the east side was completed. The crude ore pile, belt veranda 3, ore dressing office, service shop and other sub-projects were proceeded as scheduled. For the tailings impoundment warehouse, the construction of impervious blanket and surface cleaning was completed; the excavation of dam foundation has been basically finished, and the main cofferdam at the upstream has been heightened. The construction of outdoor engineering of comprehensive office building, the roads in the plants of Southeast Mine have commenced and been propelled as scheduled. Surface cleaning has commenced for the living quarters of Southeast Mine and is expected to be completed in the first quarter of 2018.

Ore Mining

For details of ore mining activities, please refer to "Production overview" on pages 9 to 10.

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities (Continued)

Infrastructure projects, subcontracting arrangements and procurement of equipment

The major contracts entered into during the reporting period are as follows:

- Construction contracts on backfill drilling, hoist engine houses for main and auxiliary shafts, installation of equipment in main shaft, ore pass fragmenting system, etc., tailings impoundment warehouse project, and living quarters of Chambishi Southeast Mine.

- Contracts on purchase of pick-up trucks, commencement of exploration of Baluba West Mine and Muliashi South and West Mines, purchase of drop-leaching system and purchase of compressor parts and agreement on purchase of extraction agents.

- Construction contracts on main plant of technical transformation, crushing and grinding system, civil engineering of power substation, equipment, process piping, etc., contract on purchase of loaders, and agreement on lease of trucks of Chambishi wet dressing plant.

- Contracts on purchase of dumpers and purchase of anode plate of Huachin Mabende.

For the six months ended 30 June 2017, the aggregate value of contracts newly entered into relating to infrastructure and procurement of the Group amounted to US$53,210,000, of which the capital commitment was US$40,314,000.

There was no subcontracting arrangement* during the period.

* *Subcontracting arrangement refers to an arrangement made between one party to a contract and a third party, pursuant to which the third party shall fulfill all or part of the obligation of that party under the said contract. For example, it refers to the circumstance where the Group wins a project as a contractor and then transfers the entire project or subcontracts part of the project to a third party.*

Panorama of the ore processing plant of Chambishi Copper Mine

BUSINESS REVIEW (CONTINUED)

Projects in Progress

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project under development is one of the key development mine projects of the Company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in copper concentrate of approximately 63,000 tonnes per annum. The total investment in the project amounts to US$830 million. As at the end of June 2017, the aggregate shaft work of 26,336.4 m/548,122.1 m^3 with underground drilling depth of 16,767.4 m was completed, the aggregate project investments amounted to US$410.27 million, representing 49.3% of total project investments. The construction works are scheduled to be completed and put into production in the third quarter of 2018.

CCS

The Liquid Sulphur Dioxide Project

This project produces liquid sulphur dioxide with smelting by-products and existing public facilities. It has a scale of an annual output of 16,500 tonnes of liquid sulphur dioxide with an aggregate investment of US$9.58 million and a construction period of one year. The project is currently under preparation.

Tailings Pond Project Phase II

The project is one of the planned projects under the Preliminary Design for the Expansion Construction Phase II of the Company. The tailings pond is a compacted earth-rock dam with three sides of dam being constructed at the same time. The highest elevation of the dam is 1,250 m, the height of the largest dam is 20 m with a site area of approximately 350,000 m^2.The foundation cleaning and excavated volume amounts to 35,000 m^3, the work of dam construction is 540,000 m^3, and the storage capacity is approximately 3 million m^3, which can satisfy the storage requirement of tailing for ten years. The aggregate project investment amounts to US$10 million with a construction period of two years, and an investment of US$5 million is scheduled to be contributed in 2017.

As at 30 June 2017, the surface cleaning of the pond area and base excavation of the eastern dam were completed and the completed part reached a height of 1,239 m, with invested amount of US$2,306,700. The project is expected to be completed in August 2018.

BUSINESS REVIEW (CONTINUED)

Projects in Progress (CONTINUED)

SML

Mwambashi Strip Mine project

The project comprises a strip mine with designed capacity of 600,000 tonnes of ores per annum and a processing plant with a capacity of 2,000 tonnes per day. The construction commenced in September 2013 with total investment of US$71.57 million. Since May 2015, production of the strip mine was transformed to parallel arrangement of stripping and mining which was completed and formally commenced production at the end of June 2016. The total stripping capacity amounted to 5,473,600 m^3 as at the end of June 2017. Upon approval by the Board in April 2016, the proposal of construction of a processing plant with a capacity of 2,000 tonnes per day was changed to expansion of the current processing plant from the then capacity of 1,000 tonnes per day to a capacity of 2,000 tonnes per day, the total investment was adjusted to US$57.39 million accordingly. The expansion of the processing plant commenced construction in April 2016 and was scheduled to be completed and come into operation in August 2017. The total amount invested by the end of June 2017 amounted to US$41.688 million, representing 72.64% of the total investment.

FINANCIAL REVIEW

Results of Operations

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

	For the six months ended 30 June							
	2017				2016			
	Sales Volume Note (Tonnes)	Average Selling Price (US$ per tonne)	Revenue (US$'000)	% of Total Revenue (%)	Sales Volume Note (Tonnes)	Average Selling Price (US$ per tonne)	Revenue (US$'000)	% of Total Revenue (%)
Blister copper	**113,991**	**5,433**	**619,325**	**70.9**	105,026	4,355	457,408	72.6
Copper cathode	**43,316**	**5,250**	**227,407**	**26.0**	37,478	4,206	157,617	25.0
Sulfuric acid	**221,135**	**122**	**26,955**	**3.1**	135,009	113	15,295	2.4
Total	**378,442**		**873,687**	**100.0**	277,513		630,320	100.0

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

FINANCIAL REVIEW (CONTINUED)

Revenue

The revenue of the Group increased by 38.6% from US$630.3 million in the first half of 2016 to US$873.7 million in the first half of 2017, primarily attributable to the substantial increase in global copper prices and the sales volume of blister copper, copper cathode and sulfuric acid as compared with the same period last year.

The revenue of blister copper increased by 35.4% from US$457.4 million in the first half of 2016 to US$619.3 million in the first half of 2017, primarily due to the increase in copper price and sales volume.

The revenue of copper cathode increased by 44.3% from US$157.6 million in the first half of 2016 to US$227.4 million in the first half of 2017, mainly attributable to the substantial increase in copper price and sales volume as compared with the same period last year.

The revenue of sulfuric acid increased by 76.5% from US$15.3 million in the first half of 2016 to US$27.0 million in first half of 2017, primarily attributable to the substantial increase in demands for sulfuric acid from leaching in DRC.

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

	For the six months ended 30 June							
	2017				2016			
	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin
	(US$'000)	*(US$ per tonne)*	*(US$'000)*	*(%)*	*(US$'000)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper	**538,493**	**4,724**	**80,832**	**13.1**	427,449	4,070	29,959	6.6
Copper cathode	**127,788**	**2,950**	**99,619**	**43.8**	131,668	3,513	25,949	16.5
Sulfuric acid	**5,673**	**26**	**21,282**	**79.0**	6,454	48	8,841	57.8
Total	**671,954**		**201,733**	**23.1**	565,571		64,749	10.3

Panorama of the plant of copper smelting company

FINANCIAL REVIEW (CONTINUED)

Cost of sales

The cost of sales of the Group in the first half of 2017 increased by 18.8% to US$672.0 million from US$565.6 million in the first half of 2016, primarily due to the increase in global copper prices and sales volume of products.

The cost of sales of blister copper increased by 26.0% from US$427.4 million in the first half of 2016 to US$538.5 million in the first half of 2017, primarily due to the increase in the costs of copper concentrates resulting from the increase in global copper prices.

The cost of sales of copper cathode decreased by 3.0% from US$131.7 million in the first half of 2016 to US$127.8 million in the first half of 2017, primarily due to a combination of the decrease in unit production cost and the increase in sales volume of copper cathode.

The cost of sales of sulfuric acid decreased by 12.3% from US$6.5 million in the first half of 2016 to US$5.7 million in the first half of 2017, primarily due to a combination of the decrease in unit production cost and the increase in sales volume of sulfuric acid.

Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US$201.7 million in the first half of 2017, representing an increase of 211.7% from US$64.7 million in the same period of 2016. The gross profit margin increased from 10.3% in the first half of 2016 to 23.1% in the first half of 2017.

Distribution and selling expenses

The distribution and selling expenses of the Group increased by 84.7% from US$12.4 million in the first half of 2016 to US$22.9 million in the first half of 2017, primarily due to the substantial increase in freight caused by larger volume of sulfuric acid sold to DRC in the current period.

Finance costs

The finance costs of the Group increased by 13.0% from US$10.8 million in the first half of 2016 to US$12.2 million in the first half of 2017, primarily due to the expansion of the financing scale in the current period.

Other gains and losses

Other gains and losses of the Group changed from net gains of US$7.2 million in the first half of 2016 to net gains of US$8.1 million in the first half of 2017, primarily due to the appreciation of Zambia Kwacha, or ZMK in the current period, resulting in a significant fluctuation in the amount of refundable value-added tax and monetary assets denominated in ZMK.

FINANCIAL REVIEW (CONTINUED)

Income tax expense

The income tax expense of the Group increased by 588.5% from US$5.2 million in the first half of 2016 to US$35.8 million in the first half of 2017. Effective tax rate increased from 23.1% in the first half of 2016 to 24.6% in the first half of 2017, primarily due to the increase in the proportion of assessable income of subsidiaries with higher effective tax rate in DRC.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company significantly increased by 880.6% from US$6.7 million in the first half of 2016 to US$65.7 million in the first half of 2017.

Liquidity and Capital Resources

Cash flows

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

	For the six months ended 30 June	
	2017	2016
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**210,758**	116,742
Net cash (used in) generated from investing activities	**(50,279)**	14,979
Net cash generated from financing activities	**29,505**	34,335
Net increase in cash and cash equivalents	**189,984**	166,056
Cash and cash equivalents at beginning of the period	**685,327**	560,246
Effect of foreign exchange rate changes	**789**	439
Cash and cash equivalents at the end of the period represented by:		
Bank balances and cash	**876,100**	727,300
Bank overdrafts	**–**	(559)
	876,100	726,741

FINANCIAL REVIEW (CONTINUED)

Liquidity and Capital Resources (Continued)

Net cash flows generated from operating activities

Net cash flows generated from the operating activities of the Group increased by US$94.1 million from US$116.7 million in the first half of 2016 to US$210.8 million in the first half of 2017, primarily attributable to the significant increase in net profit during the period as compared with the same period last year.

Net cash flows (used in) generated from investing activities

The net cash outflow used in investing activities of the Group was US$50.3 million in the first half of 2017, representing an increase of US$65.3 million as compared to the net cash inflow generated from investing activities of US$15.0 million in the same period of 2016, mainly attributable to the increase in investment in fixed assets, the decrease in bank time deposits available and the increase in restricted bank deposits.

Net cash flows generated from financing activities

The net cash flow generated from financing activities of the Group was US$29.5 million in the first half of 2017, representing a decrease of US$4.8 million as compared to the net cash flow generated from financing activities of US$34.3 million in the same period of 2016, mainly attributable to the decrease in new bank borrowings for the period.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US$190.8 million from US$685.3 million as at 31 December 2016 to US$876.1 million as at 30 June 2017.

Trade receivables

Trade receivables of the Group decreased by US$62.7 million from US$224.2 million as at 31 December 2016 to US$161.5 million as at 30 June 2017, primarily attributable to the relatively high recovery ratio of accounts receivable of blister copper.

Inventories

Inventories held by the Group decreased by US$51.9 million from US$316.8 million as at 31 December 2016 to US$264.9 million as at 30 June 2017, primarily due to the decrease in stocks of copper concentrate.

Trade payables

Trade payables of the Group decreased by US$79.4 million from US$276.0 million as at 31 December 2016 to US$196.6 million as at 30 June 2017, primarily due to the decrease in balance of the copper concentrates purchase payables.

FINANCIAL REVIEW (CONTINUED)

Liquidity and Capital Resources (Continued)

Bank loans and other borrowings

As of 30 June 2017, the Group's balance of bank loans and other borrowings amounted to US$1,206,487,000.

Among which:

(1) Balance of bank loans due within one year amounted to US$151,020,000.

(2) Balance of bank loans and other borrowings due more than one year but not exceeding two years amounted to US$469,618,000.

(3) Balance of bank loans due more than two years but not exceeding five years amounted to US$585,849,000.

As of 30 June 2017, the borrowings with fixed interest rate amounted to US$255,000,000.

As of 30 June 2017, the Group's bank loans and other borrowings were denominated in US$ and RMB and had no seasonal features.

A bird view of heap leaching at Luanshya

FINANCIAL REVIEW (CONTINUED)

Liquidity and Capital Resources (Continued)

Capital expenditure

	For the six months ended 30 June	
	2017	2016
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Southeast Mine of NFCA	**68,824**	24,945
Other mining and ore processing facilities at NFCA	**10,387**	10,946
Mining and ore processing facilities at Luanshya (Baluba East Mine)	**1,390**	–
Mining and leaching facilities at Luanshya (Muliashi Project)	**1,931**	11,278
Smelting facilities at CCS	**7,277**	4,890
Leaching facilities at Chambishi Leach Plant	**2,069**	3,685
Leaching facilities at CNMC Huachin Leach Project	**933**	291
Leaching facilities at Mabende Project	**1,512**	3,825
Total	**94,323**	59,860

The total capital expenditure of the Group increased by US$34.4 million from US$59.9 million in the first half of 2016 to US$94.3 million in the first half of 2017, primarily due to the increase in investments in the mining and ore processing facilities at the Southeast Mine of NFCA and the smelting facilities at CCS.

Financial Policies

As of 30 June 2017, the Group formulated the Financial Budget Management System, the Funds Management System, the Inventories Management System, the Fixed Assets Management System, the Financial Information Disclosure Management System, Management Measures on Approval Procedures and Permissions of Financial Income and Expenses of the Central Office and other financial policies, which aim to regulate and enhance internal control of relevant activities of the Group to ensure the safety of the Group's assets, protect investors' interests and improve operation and management level for compliance with relevant laws and regulations of Hong Kong as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

FINANCIAL REVIEW (CONTINUED)

Market Risk Disclosure

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

Commodity price risk

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

Foreign currency exchange risk

The Group operates its business in Zambia and DRC and most of its businesses in the past were settled in US dollar, its functional currency, while certain businesses were settled in currencies other than its functional currency (mainly Zambia Kwacha, or ZMK, CDF, currency of DRC and Reminbi, or RMB), which exposed the Group to foreign currency risk. To mitigate such risk, the Group engaged in foreign currency exchange hedging activities through various methods including locking the signing and settlement currency and speeding up tax rebates.

Interest rate risk

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

Changes in the Group's performance

From 1 January 2017 to 30 June 2017, save as disclosed in this interim report, there are no material changes which will result in any conflict with the Group's performance as disclosed in the annual report for 2016.

EMPLOYEE AND REMUNERATION POLICIES

Remuneration of employees (including the Directors) was determined based on their work nature, experience and contributions to the Group. Employees were also entitled to bonus as an incentive subject to their performance.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

Save for those disclosed in this interim report, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the period for the six months ended 30 June 2017. Apart from those disclosed in this interim report, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this interim report.

CHARGES ON ASSETS

As at 30 June 2017, no assets of the Group was being charged (as at 31 December 2016: Nil).

GEARING RATIO

As at 30 June 2017, the gearing ratio was 43.3% (as at 31 December 2016: 66.4%) which is calculated by the net debts (being bank and other borrowings minus bank balances and cash, and restricted bank balances) divided by the total equity attributable to owners of the Company.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group was the defendant for various claims involving alleged unfair/unlawful termination or breach of employment contracts, wrongful calculation of wages/benefits and compensation for injuries.

As at 30 June 2017, the Group has made relevant provision for the potential liabilities of US$300,000 (as at 31 December 2016: US$300,000) which the Directors opined is adequate based on the present assessments by the Group's legal advisers.

NO MATERIAL CHANGES

Saved as disclosed in this interim report, from 1 January 2017 to 30 June 2017, there are no material changes affecting the Company's performance that needs to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this interim report, there were no other significant events affecting the Company nor any of its subsidiaries after the reporting period as at 30 June 2017 requiring disclosure in this interim report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 June 2012. Net proceeds from the Global Offering have been and will continue to be used by the Group for the operations in Zambia, such as exploration and development of mines, construction of smelting plants, repayment of bank loans and replenishment of working capital, which are in compliance with the intended use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 20 June 2012 (the "Prospectus").

According to the intended usages as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the application of such proceeds up to 30 June 2017 was as follows:

	Net Proceeds *(US$'000)*		
Items	**Available**	**Utilised**	**Unutilised**
Exploration and development of the Chambishi Southeast Mine	72,000	72,000	–
Expansion of the Chambishi Copper Smelter	48,000	48,000	–
The Muliashi Project	12,000	12,000	–
Development of the Mwambashi Project	12,000	12,000	–
Acquisitions of Companies with existing exploration rights and additional mining assets	37,000	–	37,000
Repayment of certain existing loans	36,000	36,000	–
Working Capital and other general corporate purposes	30,770	30,770	–
Total	247,770	210,770	37,000

The remaining balance of the net proceeds has been placed in interest bearing deposit accounts with banks.

Muliashi Strip Mine

NUMBER OF SHARES

For the six months ended 30 June 2017, the Company has issued 3,489,036,000 ordinary shares (the "Shares").

PARTICULARS OF SHAREHOLDERS

Substantial Shareholders and Other Persons' Interest and Short Positions in the Shares and Underlying Shares

As at 30 June 2017, to the best knowledge of the Directors and chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Section 336 of the Securities and Futures Ordinance (the "SFO"):

Substantial Shareholder	Capacity/ Nature of interest	Long/short position	Number of Shares	Approximate percentage of shareholdings
CNMD *(Note)*	Registered owner	Long position	2,600,000,000	74.52%
CNMC	Interest in a controlled corporation	Long position	2,600,000,000	74.52%

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

Save as disclosed above, as at 30 June 2017, no other person had any interests or short positions in the Shares or underlying Shares of the Company which was required to be recorded in the register to Section 336 of the SFO.

* *Translation of English terms for reference purposes only*

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

As at 30 June 2017, each of the following entities was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of the Group	**Entity with 10% or more interest (other than member of the Group)**	**Percentage of that entity's interest**
NFCA	Zambia Consolidated Copper Mines Investments Holdings Plc ("ZCCM-IH")	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司)	40%
SML	Hong Kong Zhongfei Mining Investment Limited ("Hong Kong Zhongfei")	30%
Huachin Leach	Huachin SARL	32.5%
CNMC Huachin Mabende	Huachin SARL	35%
CNMHK	Hong Kong Zhongfei	30%
Kambove Mining	La Generale Des Carrieres Et Des Mines SA	45%
Lualaba Copper Smelter	Yunnan & Hongkong Metal Company Limited	40%

Save as disclosed above, as at 30 June 2017, no other entities were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

* *Translation of English terms for reference purpose only*

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company.

During the reporting period, in order to further optimise and strengthen better corporate governance practices and procedures, the Group further optimised the internal control system and made full use of monthly compliance report to effectively monitor on significant issues including legal cases, connected transactions and inside information, etc.

During the reporting period, the Board and the committees of the Board of the Company complied with laws in performing their duties and operated in accordance with standards. The Group fulfilled relevant procedures and made disclosure in respect of the use of raised proceeds, material investment and connected transactions and so forth.

To provide further understanding of operation mode, business activities and development conditions for independent Directors, the management provided the Directors with a monthly summary of the major information about the operational development and compliance of the Company.

Mr. Xinghu Tao serves as the Chairman and President of the Company with effect from 20 April 2015. This is at variance with code provision A.2.1 of the CG Code (as hereafter defined), which provides that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing.

The Board had been searching for a suitable candidate to act as the President of the Company. Mr. Xinghu Tao ceased to be the President of the Company and Mr. Lin Zhang was appointed as executive Director and President of the Company during the period under review, since then, the roles of Chairman and President of the Company are not performed by the same individual. The Company had complied with code provision A.2.1 of the CG Code as at 30 June 2017.

Save as disclosed above, the Company had complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017.

HUMAN RESOURCES

EMPLOYEE INFORMATION

As of 30 June 2017, the Group employed a total of 5,598 employees (as at 30 June 2016: 6,009), which comprised 503 foreign employees and 5,095 local employees in Zambia and DRC. The total cost of employees reflected in the condensed consolidated statement of profit or loss and other comprehensive income amounted to approximately US$37.3 million (30 June 2016: US$34.0 million). The year-on-year increase in the total cost of employees was primarily attributable to the appreciation of ZMK and the increase of production volume, which led to the increase of performance-based salaries of employees.

NFCA office area

Mines Rescue Team

CORPORATE SOCIAL RESPONSIBILITY

The Group always adheres to its the operating mission of "delivering returns to Shareholders, employees and the society through corporate development", and seriously performs environmental and social responsibility in accordance with the industry that the enterprise belongs to as well as operational features.

WORKING ENVIRONMENT

The Group highly embraces the corporate governance concept of being "people oriented", upholds a fair and normative labour policy, pays great respect to the cultural background of employees, protects employees' interests and strictly implements labour policies in relation to social security, working hours and holidays where the enterprises are located. By regularly organizing collective negotiations to determine welfare including remuneration, transportation, housing and medical allowance, and striving to offer a market-competitive remuneration system, the Group provides employees with a healthy and harmonious working and living environment; for the employment and promotion of employees, the Group handles the business in strict compliance with employment management system. Discriminations based on race, religion, skin colour and gender are prohibited; breach of rules will be handled by the commission comprising representatives of human resources and labour union in accordance with the employees' rules on penalty; and procedures for complaints are set up. The Group attaches great importance to enhance quality and ability of staff. Every subsidiary has its special training institution and staff, which carries out comprehensive and multi-level trainings for our employees such as vocational skills training and health and safety training, and provides quality environment for their growth, thus achieves a joint development of employees and enterprise.

HEALTH AND SAFETY

The Group strictly complies with relevant laws and regulations concerning safety production and labour protection where the enterprises are located, and always adheres to the safety production principle of "safety first, prevention foremost". The safety production concept of "respect for life, prevention first" was upheld from the Group to all the subsidiaries. The standards for safety production management have been effectively improved through the implementation of an accountability mechanism of the entities responsible for safety production, specification of the scope of safety production responsibility, enhancement of education of safety production and risk prevention and control, development of overall safety inspection and latent defect investigation and governance, constant improvement and optimisation of the contingency plan and reinforcement of emergency rescue team building. The Group has attached great importance to the investment and construction of safety environmental facilities as well as the equipment and the management regarding the use of labour protection equipment for staff. In every mine and factory, fully-equipped first aid team was developed, and first aid stations were also established. In the first half of 2017, the Group maintains the stable situation of safety production.

Donation of food to the infants of the local area by Luanshya

Voluntary Chinese teaching in Luanshya trust school

ENVIRONMENTAL PROTECTION

The Group aims at establishing an environmentally friendly enterprise, actively carries out energy conservation and emission reduction and strengthens the testing and monitoring of pollutants emission to ensure clean production. The Group attaches great importance to the recycling and sustainable use of resources. The Group pays attention to using environmental-friendly equipment and advanced technology for production, endeavors to promote the establishment of an environmental management system, so as to improve the resources recycling and reuse as well as environmental protection level. Currently, the Group has basically achieved the selection of mines and reuse of industrial water under the wells.

COMMUNITY PARTICIPATION AND OPERATING PRACTICE

Based on copper and cobalt resources development, with the self-development and growth of the Group, it follows the cooperation concept of “mutual benefit and win-win”, attaches great importance to the concern of the Company’s shareholders (“Shareholders”), employees, suppliers and communities, actively cultivates the local market, supports local enterprises, shares benefits with suppliers, contributes to the local economy and social development and progress where the enterprises are located through the creation of taxation income, provision of jobs and development of related industries, and provides employees with vocational development and protection to create value for Shareholders.

In the first half of 2017, the Group continued to actively participate in local social welfare undertakings where the enterprises were located in cash and in kind. It supported social welfare undertakings including urban construction, AIDS and malaria prevention and cure and public sports facilities construction, which were highly appreciated by the local government and local residents and further established a good corporate-citizenship image as a listed company.

FUTURE PROSPECTS

In the first half of 2017, the US and China, the world's top two economies, maintained their economic growth trends in a steady manner, despite a plenty of challenges faced by the global economy. After a five-year-long period of profound adjustments in the bulk commodity market, the prices of base metals such as copper started to pick up at the end of 2016. With an upward trend in the economy and a more balanced supply-demand, the prospect for copper price remains promising in the long-term.

In the second half of 2017, the Group will continue to follow its own development strategy. It will keep increasing investments in geological exploration and development, pay high attention to and more efforts in expanding the exploration areas, as well as exploring the surrounding areas and in the depth of the existing mines, notably in the region of Kambove, DRC. Meanwhile, the Group will continue to identify suitable acquisition targets in regions with rich copper resources such as Zambia and DRC, with an aim to increase the Group's resources.

The Group will continue to improve the operation efficiency of its existing mines and smelters through optimizing the internal value chain management, boosting the integration construction of production-supply-marketing in the same region, intensifying cost control and other modern management methods, so as to continuously enhance its profitability. The Group will continue to pay due efforts in its mining activities in underground mines (including Chambishi Main Mine and Chambishi West Mine in Zambia) and the Muliashi Open-pit Mine and Mwambashi Strip Mine Project in Zambia and Silver Back Resources (SBR) Open-pit Mine in DRC, so as to increase the production volume of copper concentrate and oxide ore from its own mines. Great efforts will be put in the management of the technology of CCS, Muliashi Leaching and Smelting and SML in Zambia and Huachin Leach and CNMC Huachin Mabende in DRC so as to promote the standardised production and improve the output and quality of blister copper, copper cathode and sulphuric acid, with a view to further increasing the operating efficiency and profit from existing production capacity.

The Group will keep its emphasis on the construction of key projects. It will continue to expedite the exploitation in Chambishi Southeast Mine with a view to ensuring the commencement of operation in the third quarter of 2018; and concentrate on the blister copper smelting project in DRC, in hope of enhancing efficiency and providing new production sources for the Company.

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

Installation of main shaft at Southeast Mine

OTHER INFORMATION

GENERAL INFORMATION

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

The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal places of business are located at 32 Enos Chomba Road, Kitwe, Zambia and Lubumbashi, Katanga Province, Congo (DRC), respectively.

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

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

As at 30 June 2017, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interests and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as stipulated in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had engaged in any business which competes or may compete directly or indirectly with the business of the Group for the six months ended 30 June 2017.

CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE THE DATE OF THE 2016 ANNUAL REPORT

Since 26 April 2017 (the date of publication of the 2016 Annual Report of the Company), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph C3 of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. Members of the Audit Committee are Mr. Diyong Yan, a non-executive Director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non-executive Directors. The Group's unaudited condensed financial statements for the six months ended 30 June 2017 have been reviewed by the Audit Committee, and were of the opinion that such unaudited condensed financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"). The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code throughout the six months ended 30 June 2017.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of its listed securities throughout the six months ended 30 June 2017.

Monument for the discovery of the copper mine at Luanshya

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CHINA NONFERROUS MINING CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company (the "Directors") are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 US$'000 (Unaudited)	2016 US$'000 (Unaudited)
Revenue	3	**873,687**	630,320
Cost of sales		**(671,954)**	(565,571)
Gross profit		**201,733**	64,749
Other income		**3,665**	3,466
Distribution and selling expenses		**(22,874)**	(12,432)
Administrative expenses		**(23,016)**	(22,110)
Finance costs	5	**(12,229)**	(10,765)
Other expenses	6	**(10,202)**	(7,469)
Other gains and losses	7	**8,140**	7,234
Profit before tax		**145,217**	22,673
Income tax expense	8	**(35,760)**	(5,247)
Profit and total comprehensive income for the period	9	**109,457**	17,426
Profit and total comprehensive income attributable to:			
Owners of the Company		**65,658**	6,711
Non-controlling interests		**43,799**	10,715
		109,457	17,426
Earnings per share	11		
– Basic *(US cent per share)*		**1.88**	0.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 US$'000 (Unaudited)	At 31 December 2016 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**946,837**	905,087
Mining right		**6,667**	10,366
Interest in an associate		**2,143**	2,143
Finance lease receivables		**728**	1,089
Other assets		**19,584**	13,826
Restricted bank balances		**21,777**	6,027
Deferred tax assets		**55,357**	59,702
		1,053,093	998,240
CURRENT ASSETS			
Inventories	13	**264,910**	316,824
Finance lease receivables		**1,099**	2,447
Trade receivables	14	**161,450**	224,225
Prepayments and other receivables	15	**182,096**	163,578
Restricted bank balances		**805**	1,100
Bank deposits		**–**	38,000
Bank balances and cash		**876,100**	685,327
		1,486,460	1,431,501
CURRENT LIABILITIES			
Trade payables	16	**196,564**	275,985
Other payables and accrued expenses	17	**56,404**	33,885
Income tax payable		**42,021**	27,325
Bank and other borrowings			
– due within one year	18	**151,020**	58,000
Derivative, at fair value		**1,740**	8,233
		447,749	403,428
NET CURRENT ASSETS		**1,038,711**	1,028,073
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,091,804**	2,026,313

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2017

	Notes	At 30 June 2017 US$'000 (Unaudited)	At 31 December 2016 US$'000 (Audited)
CAPITAL AND RESERVES			
Share capital		**613,233**	613,233
Retained profits		**97,072**	31,414
Equity attributable to owners of the Company		**710,305**	644,647
Non-controlling interests		**240,753**	198,999
TOTAL EQUITY		**951,058**	843,646
NON-CURRENT LIABILITIES			
Bank and other borrowings			
– due after one year	18	**1,055,467**	1,100,487
Deferred income		**15,479**	15,818
Provision for restoration, rehabilitation and environmental costs		**19,728**	19,863
Deferred tax liabilities		**50,072**	46,499
		1,140,746	1,182,667
		2,091,804	2,026,313

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company				
	Share capital *US$'000*	**Retained profits** *US$'000*	**Total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
Six months ended 30 June 2017					
At 1 January 2017 (Audited)	**613,233**	**31,414**	**644,647**	**198,999**	**843,646**
Profit and total comprehensive income for the period	**–**	**65,658**	**65,658**	**43,799**	**109,457**
Dividend declared by a subsidiary	**–**	**–**	**–**	**(2,045)**	**(2,045)**
At 30 June 2017 (Unaudited)	**613,233**	**97,072**	**710,305**	**240,753**	**951,058**
Six months ended 30 June 2016					
At 1 January 2016 (Audited)	613,233	19,582	632,815	154,656	787,471
Profit and total comprehensive income for the period	–	6,711	6,711	10,715	17,426
At 30 June 2016 (Unaudited)	613,233	26,293	639,526	165,371	804,897

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Net cash generated from operating activities	**210,758**	116,742
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(78,248)**	(58,584)
Proceeds from disposal of property, plant and equipment	**1,297**	29
Placement of restricted bank balances	**(16,095)**	(1,286)
Proceeds from release of restricted bank balances	**640**	964
Repayment of finance lease receivables from fellow subsidiaries	**1,709**	4,619
Finance income under finance leases to a fellow subsidiary received	**116**	191
Placement of bank deposits	**–**	(1,508)
Proceeds from release of bank deposits	**38,000**	69,357
Interest received	**2,302**	1,197
Net cash (used in) generated from investing activities	**(50,279)**	14,979
FINANCING ACTIVITIES		
New bank and other borrowings raised	**98,000**	375,000
Repayments of bank and other borrowings	**(50,000)**	(305,505)
Dividend paid to a shareholder	**–**	(7,358)
Dividend paid to a non-controlling shareholder	**–**	(12,000)
Interest paid	**(18,495)**	(15,802)
Net cash generated from financing activities	**29,505**	34,335
Net increase in cash and cash equivalents	**189,984**	166,056
Cash and cash equivalents at beginning of the period	**685,327**	560,246
Effect of foreign exchange rate changes	**789**	439
Cash and cash equivalents at the end of the period represented by:		
Bank balances and cash	**876,100**	727,300
Bank overdrafts	**–**	(559)
	876,100	726,741

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2016 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

3. REVENUE

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

	Six months ended	
	30 June 2017	30 June 2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Blister copper	**619,325**	457,408
Copper cathodes	**227,407**	157,617
Sulfuric acid	**26,955**	15,295
	873,687	630,320

4. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Operating Management Committee (the "CODM"), in order to allocate resources to the segments and to assess their performance.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods produced. The Group's operating and reportable segments in current period under HKFRS 8 Operating Segments are as follows:

- Leaching – Production and sale of copper cathodes (including exploration and mining of oxide copper mines) which are produced using the solvent extraction-electrowinning technology; and
- Smelting – Production and sale of blister copper (including exploration and mining of sulfuric copper mines), bismuth and sulfuric acid which are produced using ISA smelting technology. Bismuth and sulfuric acid are by-products in the production of blister copper.

No operating segments have been aggregated to be derived from the reportable segments of the Group.

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

	Leaching *US$'000* (Unaudited)	Smelting *US$'000* (Unaudited)	Consolidated *US$'000* (Unaudited)
Six months ended 30 June 2017			
Revenue from external customers	**227,407**	**646,280**	**873,687**
Inter-segment sales	**3,179**	**9,206**	**12,385**
Total segment revenue	**230,586**	**655,486**	**886,072**
Elimination			**(12,385)**
Revenue for the period			**873,687**
Segment profit	**57,353**	**53,770**	**111,123**
Unallocated income*			**1,517**
Unallocated expenses#			**(3,183)**
Profit for the period			**109,457**

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

* The unallocated income mainly represents the interest income arising from the bank deposits and bank balances of the Company, China Nonferrous Mining Holdings Limited ("CNMH"), a directly wholly-owned subsidiary of the Company which directly holds the Group's shareholdings in the subsidiaries in Zambia, CNMHK and China Nonferrous Mining Hong Kong Investment Limited ("CNMHKI"), directly controlling subsidiaries of the Company which directly hold the Group's shareholdings in the subsidiaries in DRC (collectively referred to as the "Holding Companies").

The unallocated expenses mainly represent the administrative expenses, interest expenses and income tax expenses of the Holding Companies.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit for the period earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Segment assets		
– Leaching	**780,293**	767,561
– Smelting	**1,498,726**	1,403,571
Total segment assets	**2,279,019**	2,171,132
Unallocated assets*	**282,613**	267,824
Elimination	**(22,079)**	(9,215)
Consolidated total assets	**2,539,553**	2,429,741
Segment liabilities		
– Leaching	**592,499**	659,697
– Smelting	**890,071**	806,129
Total segment liabilities	**1,482,570**	1,465,826
Unallocated liabilities*	**128,004**	129,484
Elimination	**(22,079)**	(9,215)
Consolidated total liabilities	**1,588,495**	1,586,095

* The unallocated assets and liabilities mainly represent those of the Holding Companies.

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities, except for certain assets and liabilities of the Holding Companies, are allocated to reportable and operating segments.

Geographical information

The Group's operations are mainly in Zambia and DRC and US$875,632,000 (31 December 2016: US$822,436,000) and US$99,599,000 (31 December 2016: US$108,986,000) of its non-current assets other than financial instruments and deferred tax assets are located in Zambia and DRC, respectively.

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

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
PRC	**626,401**	516,209
Switzerland	**117,872**	62,734
Africa	**27,941**	11,636
Singapore	**60,161**	7,481
Luxemburg	**41,312**	32,260
	873,687	630,320

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**22,109**	15,731
Unwinding of discount	**166**	212
	22,275	15,943
Less: Amount capitalised in the cost of qualifying assets	**(10,046)**	(5,178)
	12,229	10,765

6. OTHER EXPENSES

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss on suspension of production *(Note)*	**7,659**	7,469
Others	**2,543**	–
	10,202	7,469

Note: The amount represented the operating expenses, incurred during the period in relation to the Baluba Center Mine of Luanshya, which has been suspended since 8 September 2015 as a result of the force majeure event that Zambia has reduced the power supply.

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Foreign exchange gain, net	**6,881**	6,082
Gain/(loss) on disposal of property, plant and equipment, net	**192**	(9)
Gain arising on change in fair value of derivatives	**1,067**	1,335
Reversal of impairment losses on trade receivables	**–**	461
Others	**–**	(635)
	8,140	7,234

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income Tax in Zambia	**14,943**	3,375
Income Tax in DRC	**12,899**	6,820
Income Tax in Ireland	**–**	20
	27,842	10,215
Deferred tax	**7,918**	(4,968)
Total income tax expense	**35,760**	5,247

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**45,326**	45,182
Amortisation of mining right	**3,699**	–
Total depreciation and amortisation	**49,025**	45,182
Less: Capitalised in inventories	**(42,626)**	(38,850)
Capitalised in construction in progress	**–**	(646)
	6,399	5,686
Staff costs (including Directors' remuneration as disclosed in Note 21):		
Salaries, wages and welfare	**34,529**	30,580
Retirement benefit schemes contributions	**2,809**	3,390
Total staff costs	**37,338**	33,970
Less: Capitalised in inventories	**(24,204)**	(20,067)
Capitalised in construction in progress	**(1,266)**	(1,177)
	11,868	12,726
Cost of inventories recognised as an expense	**671,954**	565,571
Minimum lease payments in respect of land and buildings	**3,030**	3,099

10. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the current period (six months ended 30 June 2016: Nil).

11. EARNINGS PER SHARE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**65,658**	6,711
Number of shares for the purpose of basic earnings per share *(in '000)*	**3,489,036**	3,489,036

During the six month periods ended 30 June 2017 and 2016, there was no potential ordinary share outstanding.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US$78,519,000 (six months ended 30 June 2016: US$51,962,000 (unaudited)).

13. INVENTORIES

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Raw materials	**140,336**	200,182
Spare parts and consumables	**75,264**	76,019
Work in progress	**36,949**	32,504
Finished goods	**12,361**	8,119
	264,910	316,824

14. TRADE RECEIVABLES

	At 30 June 2017 US$'000 (Unaudited)	At 31 December 2016 US$'000 (Audited)
Trade receivables	164,371	227,146
Less: Allowance for doubtful debts	(2,921)	(2,921)
	161,450	224,225

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

	At 30 June 2017 US$'000 (Unaudited)	At 31 December 2016 US$'000 (Audited)
0 to 30 days	144,453	183,925
31 to 90 days	13,030	29,160
91 to 180 days	2,358	6,726
181 to 365 days	1,537	3,410
1–2 years	72	1,004
	161,450	224,225

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

Revenue on provisionally priced sales resulted in the revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative which included in the Group's trade receivables amounting to US$3,568,000 (an asset) as at 30 June 2017 (31 December 2016: US$27,024,000 (an asset)).

14. TRADE RECEIVABLES (CONTINUED)

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

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**102,943**	141,494
Subsidiaries of a non-controlling shareholder of a subsidiary	**39,636**	49,690
	142,579	191,184

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

15. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Prepayments for inventories and others	**19,774**	18,331
VAT receivables	**136,206**	108,685
Deposits for futures margin accounts	**20,109**	29,915
Other receivables	**6,007**	6,647
	182,096	163,578

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

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
CNMC	**41**	41
Fellow subsidiaries	**2,437**	6,510
A subsidiary of a non-controlling shareholder of a subsidiary	**5,638**	6,898
	8,116	13,449

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

16. TRADE PAYABLES

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

	At 30 June 2017 *US$'000* **(Unaudited)**	At 31 December 2016 *US$'000* (Audited)
0 to 30 days	**69,226**	51,855
31 to 90 days	**30,058**	58,740
91 to 180 days	**31,779**	79,213
181 to 365 days	**25,870**	53,360
1–2 years	**20,938**	21,263
2–3 years	**14,682**	11,554
3–4 years	**4,011**	–
	196,564	275,985

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

The Group purchases copper concentrates under provisional pricing arrangements where final grades of copper, gold and silver in copper products are agreed based on third-party examination and final prices are set at the quotation period based on prevailing spot prices. According to industry practice, the purchase terms of metal in these contracts contain provisional pricing arrangements pursuant to which the purchase prices for metal in concentrate are based on prevailing spot prices at a specified future period after shipment by suppliers (the "quotation period"). Adjustments to the purchase price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is within three months. Accordingly, for accounting purposes, the provisional price arrangement is required to be separated from the host contract for purchase of metal in concentrate once the significant risks and rewards of ownership has been transferred to the Group. The host contract is the purchase of metal in concentrate and the embedded derivative is the forward contract for which the provisional price is subsequently adjusted. The adjustment is re-estimated in trade payables on the consolidated financial position and changes in fair value are recognised in profit or loss. In all cases, fair value is estimated by reference to forward market price.

Provisionally priced purchase arrangements have the character of commodity derivatives which are included in the Group's trade payables amounting to US$2,985,000 (a liability) as at 30 June 2017 (31 December 2016: US$21,261,000 (a liability)) and changes in fair value are recognised in profit or loss.

16. TRADE PAYABLES (CONTINUED)

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

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**52,195**	63,453

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

17. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Receipts in advance from customers	**6,288**	2,276
Payables for property, plant and equipment	**10,853**	4,470
Dividend payable to non-controlling shareholders	**2,045**	–
Other tax payables	**6,655**	1,981
Accrued and other payables	**30,563**	25,158
	56,404	33,885

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

	At 30 June 2017	At 31 December 2016
	US$'000	*US$'000*
	(Unaudited)	(Audited)
CNMC	**1,841**	1,600
Fellow subsidiaries	**5,226**	3,610
A non-controlling shareholder of a subsidiary	**56**	1,729
Dividend payable to non-controlling shareholder of a subsidiary	**1,772**	–
An associate	**2,143**	2,143
	11,038	9,082

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

18. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to approximately US$98,000,000 (six months ended 30 June 2016: US$375,000,000), and repaid bank and other borrowings amounting to approximately US$50,000,000 (six months ended 30 June 2016: US$305,505,000).

The Group's borrowings included a loan from CNMC of US$1,077,000 (31 December 2016: US$1,077,000), which is unsecured and bears interest at rate varies based on benchmark interest rate published by the People's Bank of China of 3.3% per annum (six months ended 30 June 2016: 3.3%), and loans of US$255,000,000 (31 December 2016: US$300,000,000) from a fellow subsidiary, which are unsecured and bear interest at a rate of 4% per annum.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1 *US$'000*	Level 2 *US$'000*	Level 3 *US$'000*	Total *US$'000*
30 June 2017				
Copper future contracts *(Note)*	**–**	**(1,740)**	**–**	**(1,740)**
Embedded derivatives arising from sales under provisional pricing arrangement *(Note)*	**–**	**3,568**	**–**	**3,568**
Embedded derivatives arising from purchases under provisional pricing arrangement *(Note)*	**–**	**(2,985)**	**–**	**(2,985)**
31 December 2016				
Copper future contracts *(Note)*	–	(8,233)	–	(8,233)
Embedded derivatives arising from sales under provisional pricing arrangement *(Note)*	–	27,024	–	27,024
Embedded derivatives arising from purchases under provisional pricing arrangement *(Note)*	–	(21,261)	–	(21,261)

Note: Calculated using quoted prices in an active market.

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

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

20. CAPITAL COMMITMENTS

	At 30 June 2017 ***US$'000*** **(Unaudited)**	At 31 December 2016 *US$'000* (Audited)
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**225,708**	251,091

21. RELATED PARTY TRANSACTIONS

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

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

(1) Transactions with government-related entities

(a) Transactions with CNMC and its subsidiaries

	Notes	**Related parties**	**Six months ended 30 June 2017 US$'000 (Unaudited)**	Six months ended 30 June 2016 US$'000 (Unaudited)
Sales of:				
– Blister copper	(i)	Fellow subsidiaries	**330,050**	341,854
– Copper cathodes	(i)	Fellow subsidiaries	**140,608**	104,818
– Other materials	(i)	Fellow subsidiaries	**483**	54
Loss on change in fair value of embedded derivatives arising from sales under provisional pricing arrangements	(i)	Fellow subsidiaries	**(3,724)**	–
Finance income earned under finance leases	(i)(ii)	Fellow subsidiaries	**116**	191
Purchases of:				
– Plant and equipment	(i)	Fellow subsidiaries	**(16,146)**	(2,645)
– Materials	(i)	Fellow subsidiaries	**(118,406)**	(7,982)
– Services	(i)	Fellow subsidiaries	**(29,356)**	(23,516)
– Electricity	(i)	Fellow subsidiary	**(8,617)**	(7,261)
– Freight and transportation	(i)	Fellow subsidiaries	**(9,127)**	(326)
Loss on change in fair value of embedded derivatives arising from purchase under provisional pricing arrangements	(i)	Fellow subsidiary	**(96)**	–
Rental expenses	(i)	Fellow subsidiaries	**(2,965)**	(2,976)
Guarantee fees	(i)	CNMC	**(928)**	(819)
Interest expenses	(i)	CNMC and fellow subsidiaries	**(5,914)**	(927)

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Transactions with government-related entities (Continued)

(a) Transactions with CNMC and its subsidiaries (Continued)

Notes:

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

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

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

- CNMC provided guarantees to banks for granting unsecured loans to the Group without receiving any consideration.

(b) Transactions with other government-related entities

	Notes	**Related parties**	**Six months ended 30 June 2017 *US$'000* (Unaudited)**	Six months ended 30 June 2016 *US$'000* (Unaudited)
Sales of:				
– Blister copper	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**151,119**	69,537
Loss on change in fair value of embedded derivatives arising from sales under provisional pricing agreements	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**(2,581)**	–
Interest expense	(ii)	A non-controlling shareholder of a subsidiary	**–**	(417)

Notes:

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

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

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Transactions with government-related entities (Continued)

(b) Transactions with other government-related entities (Continued)

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

(2) Transactions with a non-controlling shareholder of a subsidiary

	Notes	**Related parties**	**Six months ended 30 June** **2017** ***US$'000*** **(Unaudited)**	 2016 *US$'000* (Unaudited)
Purchases of:				
– Materials	(i)	Subsidiary of a non-controlling shareholder of a subsidiary of the Group	**(10,665)**	(6,342)

Notes:

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

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

	Six months ended 30 June **2017** ***US$'000*** **(Unaudited)**	 2016 *US$'000* (Unaudited)
Salary, bonus and other allowance	**477**	379
Retirement benefit schemes contributions	**24**	26
	501	405


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