洛陽欒川鉬業集團股份有限公司
China Molybdenum Co., Ltd. *

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

(Stock Code: 03993)

Annual Results Announcement For the Year Ended 31 December 2016

Dear shareholders:

2016 is a year of transformation for our company. If the acquisition of Northparkes copper/gold mine in Australia from Rio Tinto in 2013 marked the beginning of our overseas adventure, with the successful acquisitions in 2016 of the controlling interest in the world class Tenke Fungurume copper and cobalt facilities in the Democratic Republic of Congo ("DRC") from Freeport-McMoran Inc. and the niobium and phosphates businesses in Brazil from Anglo American plc, we have become a truly international mining group. Boasting assets operated in four continents, we are now a global leading producer of specialty metals of molybdenum, tungsten, cobalt and niobium, one of the lowest cost large-scale copper miner in the world and the second largest phosphates producer in Brazil.

REVIEW

"It was the worst of times, it was the best of times; it was the age of foolishness, it was the age of wisdom; it was the epoch of incredulity, it was the epoch of belief; it was the season of darkness, it was the season of light; it was the winter of despair, it was the spring of hope; we had nothing before us, we had everything before us …", this famous quote from Charles Dickens written almost 160 years ago still remains relevant, of which I only changed the order. That was the opening remarks I made at the Board meeting in April 2016, at which all directors of the Board voted unanimously to approve the two major acquisitions in Brazil and DRC. Since then we have experienced this extraordinary year of 2016.

Faith is the foundation

Our vision is to become a respected international mining company. This faith is guiding our development. "Respected" is a simple word, but it really means a lot – it is very hard to become and stay "respected". Resources are the key to the success of a mining company. First-tier resources make a first-tier mining company; and world-class resources make a world-class mining company. Without world-class assets, how can a mining company earn respect? In our opinion, mining is a quasi-financial and quasi-investment industry. With the commodity market undergoing cycles every couple of years, investing in mining sector is cyclical and needs a long-term vision and unrelenting persistence. For many years, we agonized over this strategic question: how do we utilize and structure our capital so that we can acquire and control first-tier or even world-class mining assets during different cycles? Four years ago, we predicted that the winter was coming for the mining industry. While other companies were splurging money to invest or chasing the market's popularity, we were busy shedding non-core assets and disposing of inefficient assets to withdraw cash, and using financial tools and capital market to accumulate funds. Investing in the mining sector also entails tolerance to loneliness and resistance to temptations. When opportunities come, one needs to act decisively. How can we win the respect of others without such a strategic vision and a speedy execution? It is our faith that underpins everything.

Timing is everything

It is still fresh in our memory that mining industry entered cold winter in the second half of 2015, and then hit its most freezing point in early 2016; all companies in the industry were struggling. Now it might be difficult for us to imagine that at the lowest point, the market cap of the fourth largest mining company in the world dropped to US$3.4 billion, and that of the largest listed copper producer was merely US$4.4 billion. However, it is only against this background that we can find opportunities and make a deal – having a buyer alone doesn't make a deal, one also needs a willing seller. We can't dream to buy "cheap" – quality assets never run short of buyers, even at the bottom of the cycle. All we need was PREPARATION, COURAGE, DECISIVENESS and SPEED, keys to our success in making deals. At present, commodity prices are rebounding vigorously and the stocks of mining companies have redoubled, indicating that the window in which majors dispose quality assets is closed. Looking back, how many opportunities in quality or world-class assets could one find in the mining industry last year? Now, I am proud to tell our dear shareholders that we seized the best two opportunities ever available on the market; those could be the opportunities of a lifetime! When we think of our Chinese peer who failed to acquire Noranda a decade ago, we are more than grateful to the exceptional era and the ever stronger motherland we live in.

Speedy Execution

In terms of execution, two major transactions with sophisticated structure were carried out simultaneously amid intense western world competition. These two transactions amounted to US$4.3 billion in total and were completed by two syndicated facilities amounting to US$2.49 billion in aggregate. The total amount financed, including other financing instruments, exceeded RMB20 billion, and the financing activities were completed in the shortest possible period of time. Meanwhile, pursuant to the listing rules in Mainland China and Hong Kong, these two transactions constituted "major asset restructurings" in Mainland China, and respectively a "major transaction" and a "very substantial acquisition" in Hong Kong and required a large amount of disclosure and were subject to the approval procedures at the shareholders' meeting. In the meantime, we also furthered a non-public equity issuance. Finally, we accomplished many "missions impossible": we completed the closing of these two transactions within 5 months and 6 months respectively, and obtained the approval from the Issuance Examination Committee of the China Securities Regulatory Commission ("CSRC") in January 2017 for the non-public equity issuance.

OUTLOOK

Although the successful closing of the transactions is certainly worth celebrating, "closing" does not mean the end. On the contrary, it has just begun. A smooth transition and an integration boosting the synergy are of greater importance, and are essential for us to determine the success or the failure of the acquisitions. Corporate management is an art that you can never finish learning. The East and the West have different strengths and limits. Every company embodies distinctive features and there is no panacea. In 2017, our priority will be the construction of an organizational structure and human resources, with an aim to getting well prepared for greater ambitions in the future.

From the macroeconomic point of view, the political instability will be the greatest uncertainty. Further observations are needed to determine whether the prices of commodities are experiencing just a rebound or a sustainable recovery. We will adopt a cautious approach to the overall trend of the macro economy and the industry. Nonetheless, we are fully confident in the rise of global new energy and new material industries as well as the upgrade of the domestic manufacturing industry. We believe that as a key supplier of raw materials, thanks to our unique product portfolio, we will continuously benefit from the rise of these sectors both in the domestic and international markets.

ACKNOWLEDGEMENT

I would like to express my gratitude to the shareholders, local governments and communities that we serve, clients and partners for their continued support to the Group. My special thanks go to the various financial institutions for the long-term partnership, especially for their valuable support to the transformational acquisitions of last year.

I would like to take this opportunity to extend my special appreciation to our principal shareholder, Cathay Fortune Corp for its wisdom and all-out support to the company in various aspects including the establishment of our vision, the development of strategies and the choice of timing.

I would like to express my sincere gratitude to all the Board members, our domestic and overseas management teams and all our employees for their diligence, efforts and contributions to the success of the Group. I would also like to extend my warmest greetings to all the staff of CMOC International, CMOC Brazil and CMOC DRC: Welcome to our big family!

Li Chaochun
Chairman

Beijing, the PRC
27 March 2017

I. FINANCIAL INFORMATION

The board (the "**Board**") of directors (the "**Directors**") of China Molybdenum Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016 together with the comparative figures for 2015 as follows:

Financial Information

CONSOLIDATED BALANCE SHEET

Items	**As at 31 December** **2016** *RMB*	2015 *RMB*	Increase (decrease)
Current assets:			
Bank balances and cash	**9,970,224,098.00**	10,414,479,302.30	-4.27%
Financial assets at fair value through profit or loss	**55,599,027.64**	4,838,045.50	1,049.20%
Note receivables	**950,861,625.20**	602,079,822.07	57.93%
Accounts receivable	**1,461,807,199.82**	744,253,181.48	96.41%
Prepayments	**295,572,093.16**	227,105,140.15	30.15%
Interests receivable	**40,492,844.02**	86,297,819.57	-53.08%
Other receivables	**1,147,039,318.23**	120,062,905.23	855.37%
Inventories	**5,082,767,464.99**	592,503,598.48	757.85%
Other current assets	**798,592,555.76**	2,940,139,813.99	-72.84%
Total current assets	**19,802,956,226.82**	15,731,759,628.77	25.88%

Items	As at 31 December 2016 RMB	2015 RMB	Increase (decrease)
Non-current assets:			
Available-for-sale financial assets	**3,000,602,505.46**	2,373,165,292.11	26.44%
Long-term equity investment	**1,191,499,274.81**	1,260,507,394.45	-5.47%
Fixed assets	**27,272,921,262.94**	4,495,248,544.61	506.71%
Construction in progress	**695,359,036.41**	478,679,498.42	45.27%
Inventories	**4,269,617,873.56**	275,057,127.19	1,452.27%
Intangible assets	**24,501,313,984.47**	3,836,026,995.53	538.72%
Goodwill	**1,114,803,648.00**	–	–
Long-term deferred expenses	**115,247,374.61**	124,474,656.00	-7.41%
Deferred tax assets	**432,121,448.24**	412,936,675.15	4.65%
Other non-current assets	**5,750,395,963.14**	1,892,672,672.91	203.82%
Total non-current assets	**68,343,882,371.64**	15,148,768,856.37	351.15%
Total assets	**88,146,838,598.46**	30,880,528,485.14	185.44%
Current liabilities:			
Short-term borrowings	**4,372,433,477.73**	2,906,199,075.88	50.45%
Financial liabilities measured at fair value through profit or loss	**2,821,441,764.40**	1,505,910,504.53	87.36%
Note payable	**660,000,000.00**	782,730,000.00	-15.68%
Accounts payable	**741,508,273.30**	237,376,385.26	212.38%
Receipts in advance	**51,867,495.95**	37,781,869.32	37.28%
Employee benefits payable	**354,822,152.84**	113,520,910.57	212.56%
Taxes payable	**57,861,242.29**	-123,612,410.35	146.81%
Interests payable	**183,684,249.15**	53,942,855.95	240.52%
Dividends payable	**27,885,796.67**	27,885,796.67	0.00%
Other payables	**1,416,775,815.12**	208,404,265.84	579.82%
Non-current liabilities due within one year	**2,584,497,370.05**	2,494,899,714.54	3.59%
Other current liabilities	**2,708,897,188.46**	523,896,357.63	417.07%
Total current liabilities	**15,981,674,825.96**	8,768,935,325.84	82.25%

Items	As at 31 December 2016 *RMB*	2015 *RMB*	Increase (decrease)
Non-current liabilities:			
Long-term loan	**23,376,879,939.49**	1,941,586,400.00	1,104.01%
Bonds payable	**2,000,000,000.00**	2,000,000,000.00	0.00%
Provision	**1,757,793,672.39**	290,908,169.51	504.24%
Deferred tax liabilities	**10,055,127,906.20**	–	–
Other non-current liabilities	**638,435,287.05**	62,407,518.53	923.01%
Total non-current liabilities	**37,828,236,805.13**	4,294,902,088.04	780.77%
Total liabilities	**53,809,911,631.09**	13,063,837,413.88	311.90%
Shareholders' equity:			
Share capital	**3,377,439,739.80**	3,377,439,739.80	0.00%
Capital reserve	**10,720,306,602.38**	10,720,306,602.38	0.00%
Other comprehensive income	**282,854,287.93**	-632,492,717.76	144.72%
Special reserve	**8,570,089.43**	115,200,675.56	-92.56%
Surplus reserve	**840,098,875.14**	786,050,081.94	6.88%
Retained profits	**3,508,788,628.94**	2,986,976,808.88	17.47%
Total equity attributable to the shareholders of the parent company	**18,738,058,223.62**	17,353,481,190.80	7.98%
Minority interests	**15,598,868,743.75**	463,209,880.46	3,267.56%
Total shareholders' equity	**34,336,926,967.37**	17,816,691,071.26	92.72%
Total liabilities and shareholders' equity	**88,146,838,598.46**	30,880,528,485.14	185.44%

CONSOLIDATED INCOME STATEMENT

Items	For the year ended 31 December **2016** *RMB*	2015 *RMB*	Increase (decrease)
I. Total operating revenue	**6,949,571,006.97**	4,196,839,621.19	65.59%
Including: Operating Revenue	**6,949,571,006.97**	4,196,839,621.19	65.59%
Less: Operating costs	**4,623,818,131.37**	2,622,448,241.43	76.32%
Taxes and levies	**230,309,410.01**	242,473,353.45	-5.02%
Selling expenses	**90,619,385.55**	84,672,795.26	7.02%
Administrative expenses	**714,734,732.89**	357,173,860.29	100.11%
Financial expenses	**407,668,376.31**	46,182,116.53	782.74%
Impairment losses of assets	**351,855,260.03**	230,442,603.42	52.69%
Add: Gains (losses) from changes in fair values (loss is filled in column with”-”)	**46,420,313.67**	-2,773,209.03	1,773.88%
Investment income (loss is filled in column with “-”)	**174,182,583.74**	116,593,344.54	49.39%
Including: Income from investments in associates and joint ventures	**7,210,716.74**	-9,858,527.33	173.14%
II. Operating profit (loss is filled in column with “-”)	**751,168,608.22**	727,266,786.32	3.29%
Add: Non-operating income	**467,018,238.01**	50,152,647.68	831.19%
Including: Income from disposal of non-current assets	**6,586,429.98**	4,079,367.52	61.46%
Less: Non-operating expenses	**28,045,556.73**	94,601,056.79	-70.35%
Including: Losses from disposal of non-current assets	**815,811.89**	42,120,590.15	-98.06%
III. Total profit (the total loss is filled in column with “-”)	**1,190,141,289.50**	682,818,377.21	74.30%
Less: Income tax expenses	**170,902,855.30**	-20,289,977.76	942.30%
IV. Net profit (the total loss is filled in column with “-”)	**1,019,238,434.20**	703,108,354.97	44.96%
Net profit attributable to owners of the parent company	**998,040,580.75**	761,160,070.18	31.12%
Profit or loss attributable to minority interests	**21,197,853.45**	-58,051,715.21	136.52%

Items	For the year ended 31 December 2016 RMB	2015 RMB	Increase (decrease)
V. Other comprehensive income, net of tax	**1,060,633,211.86**	-423,942,733.35	350.18%
Other comprehensive income attributable to owners of the parent company, net of tax	**915,347,005.69**	-423,942,733.35	315.91%
(1) Other comprehensive income not to be reclassified subsequently to profit or loss	**–**	–	
(2) Other comprehensive income to be reclassified subsequently to profit or loss	**915,347,005.69**	-423,942,733.35	315.91%
Including: 1. Exchange differences arising from translation of financial statements denominated in foreign currencies	**650,071,081.23**	-154,955,081.45	519.52%
2. Gains or losses from changes in the fair value of available-for-sale financial assets	**265,275,924.46**	-268,987,651.90	198.62%
Other comprehensive income attributable to minority interests, net of tax	**145,286,206.17**	–	
VI. Total comprehensive income	**2,079,871,646.06**	279,165,621.62	645.03%
Total comprehensive income attributable to owners of the parent company	**1,913,387,586.44**	337,217,336.83	467.40%
Total comprehensive income attributable to minority interests	**166,484,059.62**	-58,051,715.21	386.79%
VII. Earnings per share:			
(1) Basic earnings per share	**0.06**	0.05	20.00%
(2) Diluted earnings per share	**0.06**	0.05	20.00%

CONSOLIDATED CASH FLOW STATEMENT

Items	For the year ended 31 December 2016 *RMB*	2015 *RMB*	Increase (decrease)
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services	**7,644,877,598.25**	4,627,214,360.67	65.22%
Other cash receipts relating to operating activities	**424,655,803.23**	488,703,678.64	-13.11%
Sub-total of cash inflows from operating activities	**8,069,533,401.48**	5,115,918,039.31	57.73%
Cash payments for goods purchased and services received	**3,270,936,032.65**	1,887,827,372.50	73.26%
Cash payments to and on behalf of employees	**807,877,516.60**	639,924,248.75	26.25%
Payments of various types of taxes	**679,114,545.34**	909,091,638.20	-25.30%
Other cash payments relating to operating activities	**396,778,870.84**	320,302,856.46	23.88%
Sub-total of cash outflows from operating activities	**5,154,706,965.43**	3,757,146,115.91	37.20%
Net cash flow from operating activities	**2,914,826,436.05**	1,358,771,923.40	114.52%
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments	**3,335,928,536.55**	12,223,309,959.59	-72.71%
Cash receipts from investment income	**270,861,902.66**	250,866,836.77	7.97%
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**29,299,477.76**	12,518,392.27	134.05%
Cash receipts from acquisitions or disposals of subsidiaries and other business units	**–**	4,282.41	–
Other cash receipts relating to investing activities	**–**	163,708,746.00	–
Sub-total of cash inflows from investing activities	**3,636,089,916.97**	12,650,408,217.04	-71.26%
Cash payments for acquisitions or disposals of subsidiaries and other business units	**28,104,661,705.58**	86,272.98	32,576,335.53%
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**854,261,494.40**	592,982,562.47	44.06%
Cash payments to acquire investments	**1,416,192,938.05**	12,122,847,408.83	-88.32%
Other cash payments relating to investing activities	**908,964,508.15**	100,000,000.00	808.96%
Sub-total of cash outflows from investing activities	**31,284,080,646.18**	12,815,916,244.28	144.10%
Net cash flow from investing activities	**-27,647,990,729.21**	-165,508,027.24	-16,604.92%

Items	For the year ended 31 December 2016 RMB	2015 RMB	Increase (decrease)
III. Cash flows from financing activities:			
Cash receipts from borrowings	**29,429,208,701.12**	7,289,549,745.87	303.72%
Other Cash receipts relating to financing activities	**3,027,283,088.84**	1,482,568,890.00	104.19%
Sub-total of cash inflows from financing activities	**32,456,491,789.96**	8,772,118,635.87	270.00%
Cash repayments of indebtedness	**5,186,639,691.64**	4,285,424,431.32	21.03%
Cash payments for distribution of dividends or profits and settlement of interests	**1,108,374,156.14**	1,333,347,656.71	-16.87%
Other cash payments relating to financing activities	**2,170,787,930.78**	1,079,148,360.53	101.16%
Including: Dividends paid to minority interests by subsidiaries	**161,570,118.00**	–	
Sub-total of cash outflows from financing activities	**8,465,801,778.56**	6,697,920,448.56	26.39%
Net cash flow from financing activities	**23,990,690,011.40**	2,074,198,187.31	1,056.62%
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**180,520,047.75**	89,119,174.12	102.56%
V. Increase(decrease) in cash and cash equivalents	**-561,954,234.01**	3,356,581,257.59	-116.74%
Add: Opening balance of cash and cash equivalents	**8,982,162,302.30**	5,625,581,044.71	59.67%
VI. Closing balance of cash and cash equivalents	**8,420,208,068.29**	8,982,162,302.30	-6.26%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTS RECEIVABLE

(1) Accounts receivable disclosed by category as follows:

RMB

	As at 31 December 2016				As at 31 December 2015			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
Category	Amount	Ratio (%)	Amount	Ratio of provision (%)	Amount	Ratio (%)	Amount	Ratio of provision (%)
Individually significant amount and subject to individually provision for bad debts	522,692,748.88	34.64	33,180,005.20	6.35	693,278,126.99	88.71	18,704,815.89	2.70
Subject to provision for bad debts based on the characteristics of credit risk as a portfolio	66,660,098.05	4.42	13,897,318.33	20.85	88,213,873.03	11.29	18,534,002.65	21.01
Subject to provision for bad debts using individual identification method	919,531,676.42	60.94	–	–	–	–	–	–
Total	1,508,884,523.35	100.00	47,077,323.53	3.12	781,492,000.02	100.00	37,238,818.54	4.77

The Group recognises the accounts receivable with a book value of over RMB5,000,000.00 of subsidiaries located in the PRC and Australia as accounts receivable that are individually significant and subject to individually provision for bad debts. For accounts receivable of the PRC and Australian subsidiaries that are individually insignificant, provision for bad debts is made based on the characteristics of credit risk as a portfolio. For accounts receivable of subsidiaries located in Brazil and DRC, provision for bad debts is made by individual identification method.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

Accounts receivable of individual amount is significant and subject to individually provision for bad debts at the end of the year:

RMB

Accounts receivable (Based on company)	Closing amount Accounts receivable	Provision for bad debts	Ratio of provision (%)	Reason for provision
Company A	8,459,253.13	4,229,626.57	50.00	Bad debt risk
Company B	24,649,201.84	24,649,201.84	100.00	Bad debt risk
Company C	19,550,366.04	4,301,176.79	22.00	Bad debt risk
Total	52,658,821.01	33,180,005.20		

Accounts receivable for bad debt provision of portfolio using aging analysis:

RMB

Aging	Closing amount Accounts receivable	Provision for bad debts	Ratio of provision (%)
Within 2 years	52,762,779.72	–	0.00
Over 2 years	13,897,318.33	13,897,318.33	100.00
Total	66,660,098.05	13,897,318.33	20.85

(2) Bad debt allowance/provision for the current year amounts to RMB12,526,089.94 and the collected or reversed bad debts allowance/provision totals RMB2,687,584.95.

(3) No accounts receivable was actually written off during the year.

(4) The top 5 accounts receivable balances based on debtors

RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable *(%)*	Balance of bad debts provision at the end of the year
Company D	Third party	380,724,142.12	25.23	–
Company E	Third party	132,998,000.94	8.81	–
Company F	Third party	88,127,845.99	5.84	–
Company G	Third party	60,710,939.42	4.02	–
Company H	Third party	38,254,588.04	2.55	–
Total		700,815,516.51	46.45	–

(5) The selling prices of cathode copper and cobalt hydroxide, the principal products of the Group's subsidiaries, were provisionally priced based on the market prices upon delivery. The provisional prices are finalised in generally one month from the delivery date based on the quoted monthly average spot prices of copper and cobalt on LME. As at 31 December 2016, the fair value of embedded derivative financial instruments included in accounts receivable was RMB137,859,000 (2015: RMB35,871,000).

(6) There is no accounts receivable that has been derecognised during the reporting period.

2. PREPAYMENTS

(1) Aging analysis of prepayments is as follows

RMB

Aging	Closing balance Amount	Closing balance Proportion (%)	Opening balance Amount	Opening balance Proportion (%)
Within 1 year	294,627,676.19	99.68	224,257,788.38	98.75
1 to 2 years	388,601.18	0.13	405,793.08	0.18
2 to 3 years	122,066.94	0.04	2,355,249.09	1.04
Above 3 years	433,748.85	0.15	86,309.60	0.03
Total	295,572,093.16	100.00	227,105,140.15	100.00

(2) Top five of prepayments balances based on debtors

RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the Total prepayments (%)
Company E	Third Party	170,877,342.04	57.81
Company I	Third Party	17,878,638.53	6.05
Company J	Third Party	11,075,564.44	3.75
Company K	Third Party	9,911,540.58	3.35
Company L	Third Party	9,596,553.00	3.25
Total		219,339,638.59	74.21

3. ENTRUSTED WEALTH MANAGEMENT

Trustee	Entrusted financial product types	The amount for the entrusted financial management	Opening Date of entrusted financial management	Closing Date of entrusted financial management	Payment methods	Actual amount of principal collected	Actual income	Whether it is through the legal procedure	Amount of provision for impairment	Related transaction or not	Involved in appeal or not	Relationship
Shenwan Hongyuan Securities	break-even floating proceeds	200,000,000.00	6/6/2015	6/5/2018	payment quarterly	–	20,077,777.77	Y	–	N	N	
Ping An Hui Tong	break-even floating proceeds	350,000,000.00	18/5/2015	18/5/2018	payment quarterly	–	33,101,444.46	Y	–	N	N	
Ping An Hui Tong	break-even floating proceeds	250,000,000.00	29/7/2015	29/7/2018	payment quarterly	–	18,594,722.23	Y	–	N	N	
CITIC Securities	break-even floating proceeds	100,000,000.00	23/12/2016	23/2/2017	payment in due course			Y	–	N	N	
NEW CHINA ASSET MANAGEMENT	asset management plan	1,763,468,867.81	8/5/2015	7/5/2017	payment in due course			Y	–	N	N	
Total	/	2,663,468,867.81	/	/	/		71,773,944.46	/	/	/	/	/

Accumulative principal and income overdue but outstanding *(RMB)*

Description of entrusted wealth management

4. UNDISTRIBUTED PROFITS

RMB

Items	2016	2015
Undistributed profits at the beginning of the year	2,986,976,808.88	3,320,200,571.47
Add: Net profit attributable to shareholders of the parent company for the year	998,040,580.75	761,160,070.18
Less: Appropriation of statutory surplus reserve	54,048,793.20	81,151,910.83
Dividends payable for ordinary shares *(Note 1)*	422,179,967.49	1,013,231,921.94
Undistributed profits at the end of the year	3,508,788,628.94	2,986,976,808.88

Note 1: Cash dividends approved at the general meeting of the year.

Based on the resolution passed at the Company's 2015 AGM on 29 June 2016, the Company distributed to all shareholders cash dividends of RMB0.025 per share, totaling RMB422,179,967.49 (31 December 2015: RMB1,013,231,921.94).

Note 2: Profit distribution decided after the balance sheet date.

The Board proposed to distribute a cash dividend of RMB0.035 (2015: RMB0.025) for each shares to all shareholders for the year 2016, based on the total of 16,887,198,699 issued shares with a par value of RMB0.2.

5. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue

RMB

	Amount recognised in the current year		Amount recognised in the prior year	
Items	**Income**	**Costs**	Income	Costs
Principle activities	**6,797,289,351.39**	**4,504,295,025.22**	4,044,138,198.75	2,505,563,447.76
Other activities	**152,281,655.58**	**119,523,106.15**	152,701,422.44	116,884,793.67
Total	**6,949,571,006.97**	**4,623,818,131.37**	4,196,839,621.19	2,622,448,241.43

(2) Principal businesses (by product)

RMB

Product name	Amount recognised in the current year Operating revenue	Amount recognised in the current year Operating costs	Amount recognised in the prior year Operating revenue	Amount recognised in the prior year Operating costs
Molybdenum, tungsten and related products	**2,815,657,614.65**	**1,511,570,037.60**	2,421,140,447.03	1,483,174,288.51
Niobium and related products	**410,653,115.36**	**306,579,395.96**	–	–
Phosphorus and related products	**729,610,629.70**	**584,775,039.30**	–	–
Copper, cobalt and related products	**1,296,146,914.20**	**996,305,846.03**	–	–
Copper, gold and related products	**1,381,203,392.40**	**1,013,663,409.49**	1,442,799,406.13	931,261,148.57
Others	**164,017,685.08**	**91,401,296.84**	180,198,345.59	91,128,010.68
Total	**6,797,289,351.39**	**4,504,295,025.22**	4,044,138,198.75	2,505,563,447.76

6. FINANCE EXPENSES

RMB

Items	Amount recognised in the current year	Amount recognised in the prior year
Interest expenses on bonds	**203,559,581.20**	260,689,500.10
Discount interest of notes receivables	**30,381,678.47**	43,689,546.04
Bank loans interest expenses	**430,798,066.67**	190,743,721.74
Including: the interest expense of bank loans due within 5 years	**246,705,118.74**	182,752,868.66
Total interest expenses:	**664,739,326.34**	495,122,767.88
Less: Capitalised interest expenses	**–**	–
Less: Interest income	**452,742,920.56**	532,139,155.03
Exchange differences	**19,329,692.30**	(20,451,513.79)
Less: Capitalised exchange differences	**–**	–
Others	**176,342,278.23**	103,650,017.47
Total	**407,668,376.31**	46,182,116.53

7. INVESTMENT INCOME

(1) Breakdown of investment income

RMB

Items	**Amount recognised in the current year**	Amount recognised in the prior year
Income (loss) from long-term equity investments under equity method	**7,210,716.74**	(9,858,527.33)
Investment income from bonds and wealth investment products	**94,793,860.23**	174,876,549.09
Investment income (loss) on disposal of available-for-sale financial assets	**92,667,004.11**	(31,768,850.88)
Investment loss from disposal of held-for-trading equity instruments	**(3,736,797.34)**	(2,499,998.75)
Derivatives not designated as a hedge relationship	**(16,752,200.00)**	(14,160,110.00)
– losses from settlement of commodity futures contracts	**(16,752,200.00)**	(14,160,110.00)
Investment income from disposal of subsidiaries	**–**	4,282.41
Total	**174,182,583.74**	116,593,344.54

(2) Income (loss) from long-term equity investments under equity method:

RMB

Unit under investment	**Amount recognised in the current year**	Amount recognised in the prior year	**Reasons for changes between this year and last year**
Yulu Mining	**70,969,591.46**	90,759,506.61	Change in net profits of the investee
Luoyang Shenyu	**(185,887.81)**	–	Change in net profits of the investee
High-Tech	**(13,655,705.25)**	(14,878,498.40)	Change in net profits of the investee
Fuchuan	**(49,917,281.66)**	(85,739,535.54)	Change in net profits of the investee
Total	**7,210,716.74**	(9,858,527.33)	Change in net profits of the investee

There is no significant restriction on remittance of investment income.

Investment income for both current and prior years is generated from the unlisted entities.

8. GROSS PROFIT

The profit for the year has been arrived at after charging:

RMB

	Amount recognised in the current year	Amount recognised in the prior year
Depreciation	**849,669,426.59**	558,429,296.21
Amortisation	**322,603,470.30**	197,685,270.21

9. INCOME TAX EXPENSES

RMB

Items	**Amount recognised in the current year**	Amount recognised in the prior year
Current income tax calculated according to tax laws and relevant regulators	**214,865,562.05**	114,041,949.38
Settlement difference in income tax for the previous year	**(35,000,951.71)**	(39,714,902.44)
Deferred income tax adjustment	**(8,961,755.04)**	(94,617,024.70)
Total	**170,902,855.30**	(20,289,977.76)

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

RMB

	Amount recognised in the current year	Amount recognised in the prior year
Accounting profit	**1,190,141,289.50**	682,818,377.21
Income tax expenses calculated at 15% (2015: 15%)	**178,521,193.43**	102,422,756.58
Tax impact of non-deductible expense	**71,694,808.42**	25,874,270.66
Tax impact of tax free income/extra deductible expense	**(30,576,347.31)**	(10,930,148.53)
Tax impact of negative goodwill generated from business combination not under the common control	**(63,203,099.46)**	–
Tax impact of non-monetary items	**(8,508,680.12)**	–
Tax impact of utilising deductible loss and deductible temporary difference previously not recognized	**–**	(141,899,902.37)
Tax impact of unrecognised deductible loss and deductible temporary difference	**6,112,982.94**	37,050,202.82
Capital interest permitted to be disbursed before tax *(Note 1)*	**(8,431,651.68)**	–
Impact of different tax rate in subsidiaries in other jurisdictions	**60,294,600.79**	6,907,745.52
Difference arising on settlement of income tax for the previous years	**(35,000,951.71)**	(39,714,902.44)
Total	**170,902,855.30**	(20,289,977.76)

Note 1: Pursuant to the regulations of local tax laws in Brazil, an enterprise may pay capital interest to its shareholders annually, the amount of which may be presented as expense before tax and calculated based on the local long-term deposit rate in Brazil. The subsidiaries of the Group located in Brazil are applicable to such preferential tax.

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

Net profit for the current period attributable to ordinary shareholders used for calculating basic earnings per share is as follows:

RMB

	Amount recognised in the current year	Amount recognised in the prior year
Net profit attributable to ordinary shareholders for the current period	**998,040,580.75**	761,160,070.18

The denominator used for calculating the basic earnings per share, being the weighted average number of outstanding ordinary shares, is calculated as follows:

RMB

	Amount recognised in the current year	Amount recognised in the prior year
Number of outstanding ordinary shares at the beginning of the year	**16,887,198,699.00**	15,228,511,575.00
Add: Weighted number of ordinary shares issued during the year	**–**	777,370,896.50
Weighted number of outstanding ordinary shares at the end of the year	**16,887,198,699.00**	16,005,882,471.50

Earnings per share

RMB

	Amount recognised in the current year	Amount recognised in the prior year *(Note 1)*
Based on the net profit attributable to shareholders of the parent company:		
Basic earnings per share	**0.06**	0.05
Diluted earnings per share *(Note)*	**0.06**	0.05

Note: As at the end of the year, the Company had no outstanding dilutive ordinary shares. (As at the end of last year: the Company's outstanding potential ordinary shares did not have dilutive effect).

II. FINANCIAL REVIEW

OVERVIEW

For the year ended 31 December 2016, the net profit of the Group increased from RMB703.1 million for the year ended 31 December 2015 to RMB1,019.2 million, representing an increase of RMB316.1 million or 45.0%, in which the net profit attributable to the owners of the parent company was RMB998.0 million, representing an increase of RMB236.9 million or 31.1% from RMB761.2 million for the year ended 31 December 2015. The increase was mainly attributable to the increase in the Group's profit arising from greater efforts in selling molybdenum and tungsten-related products and the completion of acquisitions of overseas niobium-phosphates and copper-cobalt businesses in the current period.

OPERATING RESULTS

For the year ended 31 December 2016, the Group recorded an operating revenue of RMB6,949.6 million, representing an increase of RMB2,752.8 million or 65.6% from RMB4,196.8 million for the year ended 31 December 2015. For the year ended 31 December 2016, the gross profit of the Group was RMB2,325.8 million, representing an increase of RMB751.4 million or 47.7% from RMB1,574.4 million from the same period last year.

The table below sets out the turnover, operating cost, gross profit and gross profit margin of our products in 2016 and 2015:

Principal operating businesses by industry, product and region

Principal operating businesses by product

Unit: Yuan Currency: RMB

By product	Operating revenue	Operating cost	Gross profit margin (%)	Increase or decrease in operating revenue as compared to last year (%)	Increase or decrease in operating cost as compared to last year (%)	Increase or decrease in gross profit margin as compared to last year (%)
Molybdenum and tungsten-related products	2,815,657,614.65	1,511,570,037.60	46.32	16.29%	1.91%	Increase by 7.57 percentage points
Copper and gold-related products	1,381,203,392.40	1,013,663,409.49	26.61	–4.27%	8.85%	Decrease by 8.84 percentage points
Niobium-related products	410,653,115.36	306,579,395.96	25.34	N/A	N/A	N/A
Phosphates-related products	729,610,629.70	584,775,039.30	19.85	N/A	N/A	N/A
Copper and cobalt-related products	1,296,146,914.20	996,305,846.03	23.13	N/A	N/A	N/A
Others	164,017,685.08	91,401,296.84	44.27	–8.98%	0.30%	Decrease by 5.16 percentage points
Total	6,797,289,351.39	4,504,295,025.22	33.73	68.08%	79.77%	Decrease by 4.31 percentage points

Principal operating businesses by region

By region	Operating revenue	Operating cost	Gross profit margin (%)	Increase or decrease in operating revenue as compared to last year (%)	Increase or decrease in operating cost as compared to last year (%)	Increase or decrease in gross profit margin as compared to last year (%)
China	2,979,675,299.73	1,602,971,334.44	46.20	14.54%	1.82%	Increase by 6.72 percentage points
Australia	1,381,203,392.40	1,013,663,409.49	26.61	–4.27%	8.85%	Decrease by 8.84 percentage points
Brazil	1,140,263,745.06	891,354,435.26	21.83	N/A	N/A	N/A
Congo	1,296,146,914.20	996,305,846.03	23.13	N/A	N/A	N/A
Total	6,797,289,351.39	4,504,295,025.22	33.73	68.08%	79.77%	Decrease by 4.31 percentage points

Note: During the year, the completions of niobium and phosphates business in Brazil and copper and cobalt business in DRC were completed on 1 October 2016 and 17 November 2016, respectively.

During the reporting period, the revenue and gross profit of the Group increased due to greater efforts in selling molybdenum and tungsten products of the Company and the completion of acquisitions of overseas niobium and phosphates business and copper and cobalt business. In 2016, the operating revenue of the Group amounted to RMB6,949.6 million, representing an increase of RMB2,752.7 million as compared with last year.

During the reporting period, due to the acquisitions of overseas niobium and phosphates business and copper and cobalt business, there was significant increase in both operating revenue and operating cost. The operating cost was RMB4,623.8 million, representing an increase of RMB2,001.4 million or 76.32% from RMB2,622.5 million for last year.

Set out below is the component of cost of the principal products of the Company:

Product	Component of cost	Amount for the current period	Percentage over total cost for the current period (%)	Amount for the same period last year	Percentage over total cost for the same period last year (%)	Percentage of changes in amount during the year (%)
Molybdenum and tungsten-related products	Materials	403,316,759.18	29.70	363,927,503.48	26.41	10.82
	Labor	237,424,769.46	17.48	284,267,071.00	20.63	–16.48
	Depreciation	152,910,337.76	11.26	149,600,529.75	10.86	2.21
	Energy	222,309,861.23	16.37	234,165,473.61	16.99	–5.06
	Manufacturing fees	341,954,800.67	25.18	345,888,825.59	25.10	–1.14
Copper and gold-related products	Materials	192,728,597.14	19.05	182,014,850.14	18.72	5.89
	Labor	193,110,803.82	19.09	189,096,920.33	19.45	2.12
	Depreciation	489,816,482.74	48.42	467,983,452.88	48.12	4.67
	Energy	84,446,093.80	8.35	83,890,820.35	8.63	0.66
	Manufacturing fees	51,561,431.99	5.10	49,465,112.05	5.09	4.24
Niobium-related products	Materials	57,181,564.25	19.80	N/A	N/A	N/A
	Labor	43,116,390.13	14.93	N/A	N/A	N/A
	Depreciation	73,105,393.55	25.31	N/A	N/A	N/A
	Energy	14,221,870.38	4.92	N/A	N/A	N/A
	Manufacturing fees	101,191,691.13	35.04	N/A	N/A	N/A
Phosphates-related products	Materials	277,550,931.41	50.94	N/A	N/A	N/A
	Labor	97,370,347.49	17.87	N/A	N/A	N/A
	Depreciation	33,798,104.90	6.20	N/A	N/A	N/A
	Energy	35,162,089.31	6.45	N/A	N/A	N/A
	Manufacturing fees	101,005,042.65	18.54	N/A	N/A	N/A
Copper and cobalt-related products	Materials	257,195,990.00	24.97	N/A	N/A	N/A
	Labor	196,758,290.00	19.10	N/A	N/A	N/A
	Depreciation	253,099,657.00	24.57	N/A	N/A	N/A
	Energy	46,738,488.00	4.54	N/A	N/A	N/A
	Manufacturing fees	276,267,442.00	26.82	N/A	N/A	N/A

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2016, the administrative expenses of the Group were RMB714.7 million, representing an increase of RMB357.5 million or 100.1% from RMB357.2 million for the same period in 2015. It was mainly due to the increase in transaction fees for overseas mergers and acquisitions.

For the year ended 31 December 2016, the Group's administrative expenses included RMB236.1 million for overseas mergers and acquisitions.

FINANCE EXPENSES

For the year ended 31 December 2016, the finance expenses of the Group amounted to RMB407.7 million, representing an increase of RMB361.5 million or 782.5% from RMB46.2 million for the same period in 2015, mainly due to the increase of the financing expenses for the Group to complete overseas mergers and acquisitions.

INVESTMENT INCOME

For the year ended 31 December 2016, the investment income of the Group was RMB174.2 million, representing an increase of RMB57.6 million or 49.4% from RMB116.6 million for the same period in 2015, mainly attributable to the disposal of available-for-sale financial assets of the Group.

CHANGES IN FAIR VALUES

For the year ended 31 December 2016, the changes in fair values of the Group was RMB46.4 million, representing an increase of RMB49.2 million from RMB-2.8 million for the same period in 2015. The increase was mainly due to the increased gains from changes in fair values of the forward exchange contracts of the Group.

NON-OPERATING INCOME

For the year ended 31 December 2016, the non-operating income of the Group amounted to RMB467.0 million, representing an increase of RMB416.8 million or 830.3% from RMB50.2 million for the same period in 2015, mainly due to the negative goodwill arising from the overseas acquisition of CMOC International DRC Holdings Limited during current year.

NON-OPERATING EXPENSES

For the year ended 31 December 2016, the non-operating expenses of the Group amounted to RMB28.0 million, representing a decrease of RMB66.6 million or 70.4% from RMB94.6 million for the same period in 2015, mainly due to smaller losses on disposal of non-current assets over the same period of last year.

INCOME TAX EXPENSES

For the year ended 31 December 2016, the income tax expenses of the Group amounted to RMB170.9 million, representing an increase of RMB191.2 million from RMB-20.3 million for the same period in 2015. Such increase was mainly attributable to the increase in profit for the year.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2016, the net profit of the Group attributable to owners of the parent company amounted to RMB998.0 million, representing an increase of RMB236.8 million or 31.1% from RMB761.2 million for the year ended 31 December 2015. Such increase was mainly due to an increase in the net profit for the year ended 31 December 2016.

MINORITY INTERESTS

For the year ended 31 December 2016, the minority interests of the Group were RMB21.2 million, representing an increase of RMB79.3 million or 136.5% from RMB-58.1 million for the same period last year. Such increase was mainly due to the smaller losses assumed by minority shareholders for the period.

FINANCIAL POSITION

As at 31 December 2016, the total assets of the Group amounted to RMB88,146.8 million, comprising non-current assets of RMB68,343.9 million and current assets of RMB19,803.0 million. Equity attributable to shareholders of the parent company for the year ended 31 December 2016 increased by RMB1,384.6 million or 8.0% to RMB18,738.1 million from RMB17,353.5 million for the year ended 31 December 2015. Such increase was mainly due to the increase of owners' equity arising from business combinations.

CURRENT ASSETS

As at 31 December 2016, the current assets of the Group increased by RMB4,071.2 million or 25.9% to RMB19,803.0 million from RMB15,731.8 million as at 31 December 2015. Such increase in the current assets was mainly due to the increase of current assets arising from business combinations for the period.

NON-CURRENT ASSETS

As at 31 December 2016, the non-current assets of the Group amounted to RMB68,343.9 million, representing an increase of RMB53,195.1 million or 351.2% from RMB15,148.8 million as at 31 December 2015. Such increase in the non-current assets was mainly attributable to business combinations for the period.

CURRENT LIABILITIES

As at 31 December 2016, the current liabilities of the Group amounted to RMB15,981.7 million, representing an increase of RMB7,212.8 million or 82.3% from RMB8,768.9 million as at 31 December 2015. The increase in the current liabilities was mainly due to the increase in the short-term financing instruments.

NON-CURRENT LIABILITIES

For the year ended 31 December 2016, the non-current liabilities of the Group amounted to RMB37,828.2 million, representing an increase of RMB33,533.3 million or 780.8% from RMB4,294.9 million for the year ended 31 December 2015. The increase in the non-current liabilities was mainly due to the increase of the short-term borrowings for the material asset acquisitions.

CONTINGENCY

As at 31 December 2016, the Group had the following contingent liabilities:

PENDING LITIGATION

BUSINESSES OF THE GROUP IN THE PRC

On 30 January 2013, the Company received relevant files from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of subsidiary of the Group, was in its mining area. As the height of the dam of the tailing storage grew and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be aborted. The plaintiff was unable to exploit the measured lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff contended that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million and relevant loss of obtainable profits. According to the results of judiciary appraisal, the assessed value of the mining rights of Yangshuao related to this litigation is RMB1.7 million. The case is pending trial. The Group is of the opinion that, in accordance with the existing situation and the submitted evidence, the existence of tort alleged by Yangshuao cannot be confirmed and therefore it believes that currently the litigation would not have any significant impact on the financial position of the Group and has not made any provision for an amount claimed in the aforesaid issue in its financial statements as at 31 December 2016.

COPPER AND COBALT BUSINESS OF THE GROUP IN DRC

At the end of 2015, TFM started to negotiate with SNEL to address the effectiveness, quality and volume of current power supply. Pursuant to amended terms in the power agreement included in the reconciliation arrangement, TFM agreed to pay a price of US$0.0569 per kilowatt-hour from January 2016 (the previous electricity price was US$0.0350 per kilowatt-hour) and US$10 million settlement compensation to get more and sustained power supply from SNEL. As of the date of this announcement, however, the two parties have not executed any official agreements, and the negotiation is still in progress. It is estimated by the Group that such negotiation will be concluded in 2017. In response to this contingent liability, TFM has made a provision of US$10 million expenses (equivalent to RMB69.37 million) in previous years.

The Group for copper and cobalt business in DRC is subject to legal proceedings, claims and liabilities that arise in the normal course of business. Management, based on currently available information, that the outcome of these matters will not impose any material adverse effect on the financial position, operating results or have cash flows of the relevant businesses.

NIOBIUM AND PHOSPHATES BUSINESS OF THE GROUP IN BRAZIL

The niobium and phosphates business of the Group in Brazil may incur various litigations in the course of daily operations. The management will determine the probable outcome of litigations and the chance of outflows of economic benefits arising therefrom, based on all available information and professional advices from external legal experts. If the chance of outflows of economic benefits is deemed to be remote, relevant litigations will be disclosed as contingencies. The amount involved in the litigations as at 31 December 2016 was RMB197.01 million regarding environmental and labor litigations faced by Anglo American Fosfatos Brasil Limitada and Anglo American Nióbio Brasil Limitada. No provision was made for the above contingencies.

GUARANTEE

As of 31 December 2016, the Northparkes copper/gold mine business in Australia had provided AUD 28.38 million (equivalent to RMB134.64 million) guarantees for the relevant operations to the state government of Southwest Wales, Australia through bank. Relevant business associates agreed that any liability arising from the business would be enforceable from the guarantee. As of 31 December 2016, there was no significant guarantee liability.

GEARING RATIO

The gearing ratio (total liabilities divided by total assets) of the Group increased to 61.0% as of 31 December 2016 from 42.3% as of 31 December 2015. The increase in the gearing ratio was mainly due to bank borrowings for material asset acquisitions during the year.

CASH FLOW

As of 31 December 2016, the Group had cash and cash equivalents of RMB8,420.2 million, representing an decrease of RMB562.0 million or 6.3% from RMB8,982.2 million as of 31 December 2015.

For the year ended 31 December 2016, net cash inflow generated from operating activities was RMB2,914.8 million; net cash outflow from investment activities was RMB27,648.0 million; and net cash inflow generated from financing activities was RMB23,990.7 million.

RISK WARNING

Exposure to Risks Related to Price Fluctuations of Principal Products

The revenue of the Group primarily comes from the sales of nonferrous metals and phosphorus products, mainly including ferromolybdenum, tungsten concentrates, copper concentrates, electrolytic copper, cobalt hydroxide, ferroniobium, phosphate fertilizer and other related products, and its operating results are largely subject to fluctuations in the market prices thereof. At the same time, the NPM copper/gold mine of the Group has certain ancillary business of sales of gold. Accordingly, the price fluctuations in gold will also have an impact on the Group. Since the fluctuations in the costs of mining and smelting relevant resources are relatively insignificant, the Group's profit and profit margin in the reporting period are closely related to the price trend of the commodities. If there is a significant fluctuation in the prices of relevant types of resources and gold in the future, the operating results of the Group will become unstable. In particular, if the prices of relevant types of resources record sharp decreases, the operating results of the Group will fluctuate significantly.

Exposure to Risks Related to Reliance on Mineral Resources

As the primary operation of the Group is mineral resources exploitation, the Group is highly dependent on resources. The reserves and grade of mineral resources directly affect the Group's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of metal products, drop in the recovery rate, inflation or other factors, or due to restrictions caused by technical problems and natural conditions such as weather and natural disasters in the process of mining. Therefore, full utilization of the reserves of the Group cannot be guaranteed and the production capacity of the Group might be affected.

Exposure to Risks Related to Production Safety or Natural Disasters

The Group engages in the businesses of mining and processing mineral resources. The Group invested substantial resources in safe production, established a relatively sound management body, personnel and systems for safe production and continuously push forward the safety standardization management to form a relatively complete system of production safety management, prevention and supervision. However, safety incidents are unavoidable. As a mineral resources exploiter, large amounts of barren rocks and tail slags are produced in the production process. If the management of slag discharge fields and tailing storage is inefficient, small scale of disaster may occur. The Group is required to use explosives in the mining process. If there are defects in the management of storage and use of such materials, there may be possible risk of causalities. In addition, tailing storage and slag discharge fields may be damaged if serious natural disaster happens such as torrential rain and debris flow.

Exposure to Risks Related to Interest Rate

The exposure to fair value interest rate risk of the Group mainly comes from fixed-rate bank loans. As the exposure related to fair value interest rate risk of the Group is rare, we currently have no hedging policy for such risk. The risk of changes in cash flows of financial instruments arising from fluctuations in interest rate is mainly related to floating-rate bank borrowings. The Group closely monitors the impact of risk of fluctuations in interest rate on changes in cash flows.

Exposure to Risks Related to Exchange Rate

The exchange risk exposure of the Group is primarily arising from assets and liabilities held in foreign currencies other than the function currency, and is mainly associated with USD, HKD, EUR, CAD, RMB, BRL, GBP, CDF and AUD. All principal business operations of domestic subsidiaries are denominated and settled in RMB; the principal business operations of subsidiaries of the Group in Australia are mainly denominated and settled in AUD or USD; the niobium and phosphates businesses of the Group in Brazil are mainly denominated and settled in USD and BRL; and the copper and cobalt business of the Group in DRC is mainly denominated and settled in USD and CDF. However, the exposure of the Group due to changes in the exchange rates is not significant, as its foreign currency transactions mainly comprises the financing activities of subsidiaries in the mainland and Hong Kong denominated and settled in USD, the operational activities of subsidiaries (whose functional currency is USD) in Australia settled in AUD, the operational activities of subsidiaries (whose functional currency is USD) in Brazil settled in BRL (Brazil) and the operating activities of subsidiaries (whose functional currency is USD) in DRC settled in CDF.

The exchange risks arising from assets and liabilities with balances denominated in foreign currencies may affect the operating results of the Company. The Company has paid close attention to the effect of the changes in exchange rates on the exchange risks of the Company, and has purchased appropriate forward exchange contracts to avoid exchange risks.

Exposure to Risks Related to Policies

The Tenke mining area operated by the Company is located in the DRC, which is one of the underdeveloped countries in the world. The operational philosophy of the Company underlies the cultivation of positive relations with local government, communities and social organizations. As the political ties between China and the DRC stabilizes and draw ever closer, there is a trend that the government of China encourages outbound investments in the DRC. In order to further reduce economic losses of the Company incurred by relevant risks in the course of operation, the Company will study whether it is essential to buy overseas investment insurance.

Exposure To Risks Related To Operation Of Overseas Assets

Through operating the NPM copper/gold mine in Australia, the Company has accumulated certain experience in the operation and management of overseas mineral resources, which offers certain take-away for the successful conduction of mineral operation in Brazil and the DRC. But significant differences of operational environment and the variation of business attributes in different countries are likely to pose material challenges to asset operation and management in Brazil and the DRC. In addition, as the Company quickens its pace of internationalization, the expansion of its scale as a whole also increases the difficulty in corporate management and operation, including higher requirements of organizational structure, competence of the management and professionalism of the staff. As such, the business operation of the Company may be affected by the shortage of talents to a certain degree.

EMPLOYEES

As at 31 December 2016, the Group had approximately 11,566 full-time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	790	6.8%
Research and development	1,153	10.0%
Production	7,688	66.5%
Finance, sales and other support	1,935	16.7%
Total	11,566	100%

Note: As of the end of 2016, the Company recorded a significant increase in the number of employees compared with the same period in 2015, which is mainly due to the expanded scope of consolidation at the end of year after the Company successfully acquired, copper and cobalt businesses in the DRC and niobium and phosphates businesses in Brazil.

The remuneration policy for the employees of the Group principally consists of a salary point and performance remuneration system, based on employees' positions and responsibilities and their quantified assessment results. The employees' remuneration is evaluated in line with the Company's operating results and personal performance in order to provide a consistent, fair and equitable remuneration system for all employees. The subsidiaries of Company domiciled in China have participated in the social insurance contribution plans introduced by China's local governments. In accordance with the laws and regulations regarding the national and local labor and social welfares in China, the Company is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, health insurance, unemployment insurance and housing provident fund. Pursuant to the current applicable local regulations in China, the percentages of certain insurances are as follows: the pension insurance, health insurance, unemployment insurance and the contribution to housing provident fund of our Chinese employees represent 20%, 6%, 1.5% and 5% to 12% of his or her total basic monthly salary respectively. The overseas employees of the Company are enrolled in the requisite pension and healthcare plans under the requirement of the laws in the countries where they reside.

ANALYSIS OF MAJOR SUBSIDIARIES

(1) Major Subsidiaries

Company name	Principal products	Registered capital	Total assets *(RMB0'000)*	Net assets *(RMB0'000)*	Operating income *(RMB0'000)*	Net profit *(RMB0'000)*
CMOC Mining Pty Limited	Copper and gold related products	US$346 million	621,769.88	244,713.93	141,077.55	14,880.90
CMOC DRC Limited.	Copper and cobalt related products	HKD1	4,452,655.55	2,304,546.48	132,734.91	44,104.47
Luxembourg SPV	Niobium and phosphates related products	US$20,000	1,522,645.38	420,383.40	114,347.46	4,493.56

(2) Newly-established subsidiaries

(1) In February 2016, the Company established Luoyang Yuehe Real Estate Company Limited as its wholly-owned subsidiary in Luanchuan, Henan with the registered capital of RMB3 million.

(2) In April 2016, Upnorth Investment Limited, a wholly-owned subsidiary of China Molybdenum (Hong Kong) Company Limited (a subsidiary of the Company), established Long March No. 1 Investment Limited as its wholly-owned subsidiary in the British Virgin Islands with the registered capital of US$1.

(3) In July 2016, CMOC Limited, a wholly-owned subsidiary of the Company, established CMOC DRC Limited as its wholly-owned subsidiary in Hong Kong with the registered capital of HKD1.

(4) In July 2016, CMOC Limited, a wholly-owned subsidiary of the Company, established CMOC Luxembourg S.a.r.l. ("**Luxembourg SPV**") as its wholly-owned subsidiary in Luxembourg with the registered capital of US$20,000.

(5) In September 2016, CMOC Limited, a wholly-owned subsidiary of the Company, and Luxembourg SPV jointly established CMOC Brasil Servicos Administrativos E Participacoes Ltda. ("**Brazil SPV**") with the registered capital of BRL10,000.

(6) In October 2016, Upnorth Investment Limited, a wholly-owned subsidiary of the Company, established Bandra Investment Limited in BVI as its wholly-owned subsidiary with the registered capital of US$50,000.

RESOURCE AND RESERVES

As at 31 December 2016, the mineral resources and reserves of the Group were as follows:

(1) Molybdenum and tungsten ore resources and reserves at domestic mines operated by the Company

Estimation of molybdenum and tungsten ore resources and reserves of Sandaozhuang Mine under JORC Code

Resource			Reserves		
Total *(million tons)*	**Mo** *%*	**WO3** *%*	**Total** *(million tons)*	**Mo** *%*	**WO3** *%*
522.01	0.10	0.09	284.05	0.10	0.12

Notes: 1. At a 0.03% grade molybdenum cut-off;

2. The molybdenum and tungsten resources and reserves of Sandaozhuang Mine were estimated based on the independent technical review report issued by Minarco Asia Pacific Pty Limited appointed by the Company in 2007. The decrease in the molybdenum resources and reserves of the mine was attributable to the commencement of mining, while the data as at the end of the year had been confirmed by our own experts.

Estimation of molybdenum ore resources and reserves of Shangfanggou Mine under JORC Code

Resource		Reserves	
Total *(million tons)*	**Molybdenum grade** *(%)*	**Total** *(million tons)*	**Molybdenum grade** *(%)*
463	0.139	41.22	0.181

Notes:

1. The molybdenum resources and reserves of Shangfanggou Mine were estimated based on the independent technical report on Shangfanggou Mine issued by Wardrop Engineering Inc appointed by the Company in 2010. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts. The molybdenum mine did not operate after 2014.

2. The Shangfanggou molybdenum mine is owned by Luoyang Fuchuan, a joint venture of the Company. Its shareholding structure as at the date of this announcement is as follows: 10% equity interest of which is owned by Luanchuan Fukai Business and Trading Company Limited (欒川縣富凱商貿有限公司), a wholly-owned subsidiary of the Company and 90% equity interest of which is owned by Xuzhou Huanyu, a joint venture of the Company (the Company holds 50% equity interest of Xuzhou Huanyu and Luoyang Guo'an Trade Co., Ltd. (洛陽國安商貿有限公司) holds 50% equity interests of Xuzhou Huanyu).

Estimation of molybdenum mineral resources and reserves of Xinjiang Mine under the PRC standards

Resources		Reserves	
Total *(million tons)*	**Average grade** *(%)*	**Total** *(million tons)*	**Average grade** *(%)*
441	0.106	141.58	0.139

Note: The molybdenum ore resources and reserves at the Xinjiang Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in the Molybdenum Exploration Report in East Gobi, Hami, Xinjiang (《〈新疆哈密市東戈壁鉬礦勘探報告〉礦產資源儲量評審意見書》) (Xin Guo Tu Zi Chu Ping [2011] No. 016) issued by Xinjiang Uygur Autonomous Region Mineral Resources Evaluation Center (新疆維吾爾自治區礦產資源儲量評審中心) in January 2011. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts in compliance with the PRC Resources/Reserves Category (1999).The molybdenum mine did not operate.

(2) Copper and gold ore resources and reserves at Northparkes copper/gold mine ("NPM") operated by the Company in Australia

Copper and gold ore resources and reserves under the JORC Code

Resource			Reserves		
Total	**Cu grade**	**Au grade**	**Total**	**Cu grade**	**Au grade**
(million tons)	*(%)*	*g/t*	*(million tons)*	*(%)*	*(g/ton)*
481.52	0.56	0.18	121.17	0.58	0.22

Notes: 1. NPM mineral resources and ore reserves as at 31 December 2016 were calculated by the NPM technical team based on the experiences and knowledge in the operation of NPM, and had been confirmed by the qualified experts on the NPM mines.

2. Mineral resources and reserves in the above table are 100% equity of the mineral resources and reserves of the NPM.

(3) Ore resources and reserves at Tenke copper/cobalt mine operated by the Company in DRC

Copper, cobalt ore resources and reserves under the JORC Code

Resource			Reserves		
Total	**Cu grade**	**Co grade**	**Total**	**Cu grade**	**Co grade**
(million tons)	*(%)*	*g/t*	*(million tons)*	*(%)*	*g/t*
836	2.89	0.27	181.6	2.51	0.31

(4) **Ore resources and reserves at the niobium and phosphates mine operated by the Company in Brazil**

Niobium and phosphates ore resources and reserves under the JORC Code

Mining area I

	Resources	
Total *(million tons)*	**Nb grade (Nb_2O_5)** *(%)*	**P grade (P_2O_5)** *(%)*
107.6	1.07	0.0

Mining area II

	Resources	
Total *(million tons)*	**Nb grade (Nb_2O_5)** *(%)*	**P grade (P_2O_5)** *(%)*
457.5	0.26	11.40

Mining area I

	Reserves	
Total *(million tons)*	**Nb grade (Nb_2O_5)** *(%)*	**P grade (P_2O_5)** *(%)*
34.1	0.90	N/A

Mining area II

	Reserves	
Total *(million tons)*	**Nb grade (Nb_2O_5)** *(%)*	**P grade (P_2O_5)** *(%)*
231.8	0.36	11.9

Exploration, Development and Mining Activities

(I) Exploration

During the year, the Company had exploration projects in NPM and Brazil sector. Details of the works are as follows:

NPM exploration activities

Finished 12,792 meters of drilling in 2016, of which, core drilling (DD) 11,459 meters and reverse circulation drilling (RC) 1,333 Meters.

Exploration results: the laboratory results of resource exploration received indicate that multiple exploration sites have a prospect of prospecting; the laboratory results of mining exploration received indicate that potential mining projects are more feasible.

Exploration activities of Boa Vista mine

Boa Vista mine drilling campaign during the last quarter of 2016 realized 6,000 meters of grade control drilling (aimed at converting indicated and inferred resources to measured using a gridding pattern of 5x5m) and a further 150 meters of infill drilling.

(II) Development

1. Sandaozhuang Mine

During the year, the Company did not have any significant development in Sandaozhuang Mine.

2. Shangfanggou Mine

During the year, the Company did not have any significant development in Shangfanggou Mine.

3. Xinjiang Mine

During the year, the Company did not have any significant development in Xinjiang Mine.

4. *NPM Copper and Gold Mine*

E26 two-stage sublevel caving mining was under smooth development and construction in 2016. E26 two-stage sublevel caving mining was divided into 3 layers, and development and construction of the first layer was completed and commenced production of ore in August 2016.

5. *Brazil Niobium and Phosphates Mine and DRC Tenke Copper and Cobalt Mine*

The date of this announcement after the completions, the Company did not have significant development in Brazil niobium and phosphates mine and DRC Tenke mine.

(III) Mining

	2016
Domestic mining activities	
Sandaozhuang Molybdenum Mine	
Production volume of open-pit mining *(kilotons)*	18,014.6
Overseas mining activities	
NPM Copper and Gold Mine	
Production volume of underground mining *(kilotons)*	6,170
Brazil Niobium Mine	
Production volume of oxidized mine and raw mine *(kilotons)*	625
Brazil Phosphates Mine	
Production volume of oxidized mine *(tons)*	1,407
Tenke Copper and Cobalt Mine	
Production volume of underground mining *(kilotons)*	1,101

Remarks:

1. The figures of the mining production volume above were calculated on basis of the statistics prepared by the Company and had been confirmed by our own experts.

2. During the year, no mining activities was conducted in Xinjiang Mine and Shangfanggou Mine.

3. The data for activity of Niobium and Phosphates Mine in Brazil was from 1 October 2016 to 31 December 2016, and data for activity of Tenke Copper and Cobalt Mine was from 17 November 2016 to 31 December 2016.

Exploration, Development and Mining Expenses of the Company

For the year ended 31 December 2016, the summary of the expenditures of exploration, development and mining activities of the Company are as follows:

1. **Domestic mining expenses:**

   (1) The mining expenses of Sandaozhaung Mine amounted RMB496.68 million;

   (Note: the mining expenses exclude ore processing, same for the below)

2. **Overseas mining costs: (Unit: USD Million)**

	Exploration	**Development**	**Mining**
Niobium Mine	0.1	–	5.7
Phosphates Mine	–	–	3.9
Tenke Copper and Cobalt mine	0.5	–	20.1
NPM	3.14	12.90	29.99

Note: (1) NPM development expenses were mainly due to the costs of E26 project completed in the second quarter of 2016.

(2) The expenses of mining of Niobium and Phosphates Mine and Tenke Copper and Cobalt Mine abroad are calculated from completions to the end of the reporting period.

III. MARKET REVIEW

Prices Comparison of Principal Relevant Metal Products for the Year of 2016 and the Corresponding Period Last Year

During the reporting period, the revenue of the Company primarily came from the sales of molybdenum, tungsten and copper and other related products. The Company also recorded revenue increase from niobium, phosphorus and cobalt and copper after two material overseas mergers and acquisitions. Its operating results were largely subject to fluctuations in the prices of the said various resources. At the same time, the NPM copper/gold mine of the Company in Australia had the ancillary business of sales of gold. Accordingly, the price fluctuations in gold also had an impact on the results of the Company.

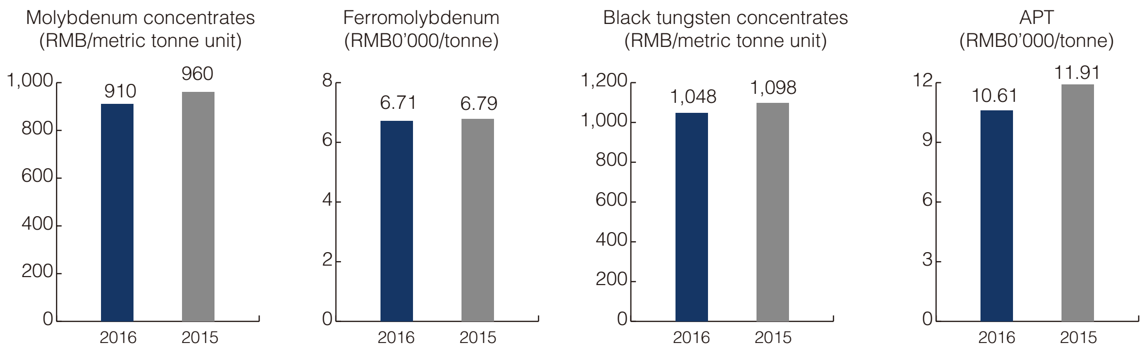
1. Prices Comparison of the Relevant Metal Products for the Year of 2016 and the Corresponding Period Last Year

Products		Domestic market price of the relevant products of the Company		
		2016	2015	**Increase/ decrease on a year-to-year basis**
				(%)
Molybdenum	Molybdenum concentrates *(RMB/metric tonne unit)*	**910**	960	-5.21
	Ferromolybdenum *(RMB0'000/tonne)*	**6.71**	6.79	-1.18
Tungsten	Black tungsten concentrates *(RMB/metric tonne unit)*	**1,048**	1,098	-4.55
	APT *(RMB0'000/tonne)*	**10.61**	11.91	-10.92

Note: The prices in the above table are extracted from relevant domestic websites.

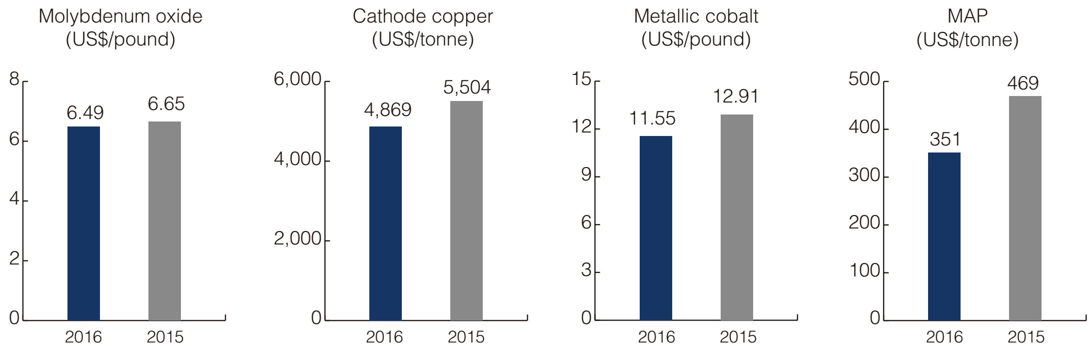
Products		International market price of the relevant products of the Company		
		2016	2015	**Increase/ decrease on a year-to-year basis**
				(%)
Molybdenum	Molybdenum oxide *(US$/pound)*	**6.49**	6.65	-2.41
Copper	Cathode Copper *(US$/tonne)*	**4,869**	5,504	-11.54
Cobalt	*Metallic cobalt (US$/pound)*	**11.55**	12.91	-10.53
Phosphorus	*MAP (US$/tonne)*	**351**	469	-25.16

Domestic market price of relevant products of the Company



Note: The prices in the above chart are extracted from relevant domestic websites.

International market price of relevant products of the Company



Note: The prices of molybdenumoxide and ferroniobium are extracted from the relevant international websites. The price of copper represented the price quoted by the London Metal Exchange ("LME"), and the price of gold represented the price quoted by the London Bullion Market Association ("LBMA"). The price of phosphate fertilizer represented the CFR price of MAP quoted by the CRU.

Molybdenum market

Domestic market: Although the structural conflicts and risks still existed in the economic development of China in 2016, China's economy managed to achieve growth on the basis of maintaining stability. Due to the influence of the shutdown of some mines and the environmental inspections and the output reduction and quality problems of some mines in the international market throughout the year, as well as the increasing prices of steel caused by the investment growth in real estate and fixed assets, the domestic molybdenum market experienced growth with fluctuations. In the first quarter, the supply and demand of molybdenum reached a temporary balance, and the domestic molybdenum prices fluctuated within a narrow range. In the second quarter, due the increasing price of steel, large and medium-sized steel plants and traders made active purchase, leading to a significant rise in the domestic molybdenum price. However, after mid-June, due to the act of large mining enterprises to dump goods and the continuously declining tender invitations of steel plants, the domestic molybdenum market was under a great pressure and the molybdenum price began to drop quickly. In the third quarter, thanks to the staged recovery of steel price and the staged rise of international molybdenum price, the domestic molybdenum price experienced modest rebound. In the fourth quarter, the steel market experienced strong shocks in general, and the purchase of the steel plants fluctuated in line with market conditions, as a result of which, the molybdenum market also presented a stable and growing trend.

The average price of molybdenum concentrates for 2016 was RMB910/metric tonne unit ("mtu"), with a year-on-year decrease of 5.21%; the lowest price was RMB730/mtu and the highest price was RMB1,090/mtu. The average price of ferromolybdenum for 2016 was RMB67,100/ton, with a year-on-year decrease of 1.18%; the lowest price was RMB55,000/ton and the highest price was RMB78,000/ton.

International market: In 2016, because some large mines shut down and some enterprises could not achieve output target due to the quality problem, the spot supplies experienced staged shortage, driving up the price. In the first quarter, the international market was short of spot supplies, the traders became more active, and some Chinese enterprises intended to seek for supplies from the international market. Therefore, the international molybdenum price experienced fluctuations within a narrow range. In the second quarter, large mines had limited spot supplies and controlled the sales rhythm, the traders had limited inventories, and the demand in the domestic molybdenum market was strong. As a result, the international molybdenum price enjoyed a substantial rise which lasted till early June, after which, due to the approach of summer break, the market manipulation was reduced, and the price began to drop. In the third quarter which was the low season, there was little demand from the terminal market. However, large mines had limited spot supplies and controlled the sales rhythm, and traders made staged manipulation, which, together with the influence of the market in China, caused the staged rebound of the international molybdenum price. In the fourth quarter, the international molybdenum price did not experience any significant change. During this period, the demand of the terminal market did not show a sign for improvement, and there is not any significant change in the output of the mines. The traders conducted staged operation via "buy low and sell high", causing fluctuations of the market price.

The average MW price of molybdenum oxide for 2016 was US$6.49/pound of molybdenum, with a year-on-year decrease of 2.41%; the lowest price was US$5.05/pound of molybdenum and the highest price was US$8.75/pound of molybdenum.

Tungsten market

Domestic market: In 2016, the overall demand of the tungsten market did not show a sign for improvement. However, the operation rate of mines was reduced obviously compared with the previous years. Driven by the initiatives of large enterprises to control output to keep prices from dropping and the collection for national reserves by the government, the tungsten price enjoyed a staged rebound. In the first quarter, mines operated under considerably low utilization rates, and the market was short of spot supplies. Besides, there were active inquiries and purchases from players in the downstream, as a result of which, the product price rose slowly. Early in the second quarter, the government carried out two instances of collection for national reserves, and large enterprises continued to control the output and limit the sales. As a result, there were limited spot supplies in the market, and the price rose steadily till mid-May, after which, with the low season looming on the horizon for the terminal market, the trading volume was reduced suddenly, and spot supplies were difficult to circulate. Although the mining enterprises jointly supported the price, the result fell short of expectation due to the weak demand, and the price dropped significantly. The third quarter was the low season of the industry, and the demand did not present a trend for improvement. However, the tungsten product price still did not return to the reasonable level, mines operated under considerably low utilization rates, and the environment inspections were enhanced, there was not much pressure in market supply, and the tungsten price experienced staged fluctuations. In the fourth quarter, although the government continued to carry out instances of collection for national reserves, the price did not experience significant fluctuations because of the reduced demand of the terminal market in general and the rational trading activities on the floor.

In 2016, the average price of domestic 65% black tungsten concentrates was RMB68,100/tonne, with a year-on-year decrease of 4.55%; the lowest price was RMB60,000/tonne and the highest price was RMB76,000/tonne. The average price of ammonium paratungstate (APT) was RMB106,100/tonne, with a year-on-year decrease of 10.92%; the lowest price was RMB94,000/tonne and the highest price was RMB125,000/tonne.

International market: In 2016, the international APT (ammonium paratungstate) market price was consistent with the price trend of the tungsten raw material market in China, and presented a unilateral decline trend. Because of the weak demand for tungsten products in the world, especially the three major consumption markets of Europe, Japan and USA, as well as the sluggish situation of China market, the price dropped in the international market as a whole. Although the profit margin of the tungsten product output market in China as a whole was still very low, the domestic market has gradually begun to dominate the international price trend in general.

According to data of Metal Bulletin (MB), the average international price of APT in the Europe market for 2016 was US$192/mtu, representing a year-on-year decrease of 15%; the lowest price was US$150/mtu and the highest price was US$225/mtu.

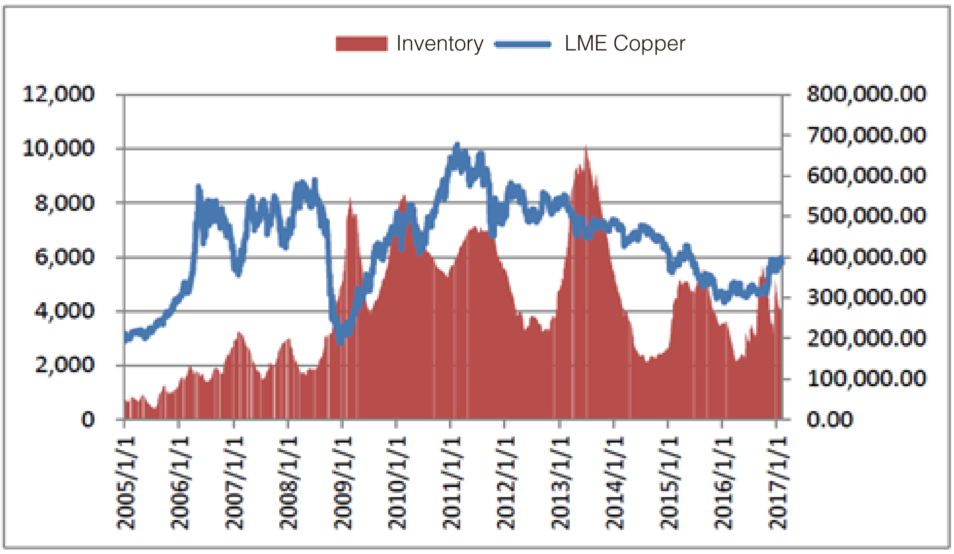
Copper market

The Company mainly engages in copper business overseas, and copper sector was significantly enlarged after the M&As and the completion of the copper and cobalt mine in DRC on 17 November 2016. The business performance was subject to the greater fluctuations in the international copper price. According to the analysis of Wood Mackenzie, the global demand for refined copper was driven by emerging economies and will increase steadily year by year. The global market demand for refined copper in 2016 was 22.45 million tonnes, representing an increase of 2.5% compared to that of 2015; the output of refined copper was 22.80 million tonnes, representing an increase of 4.1% compared to that of 2015 with a momentum of glut in the market. In early 2016, the international copper market price fell continuously to the bottom of approximately US$4,300/tonne in the middle of January, hitting a lowest record for the past five years. Afterwards, it recovered to US$5,000/tonne in March and fluctuated within the above range frequently.

Since the fourth quarter of 2016, the copper market showed a sign of improvement and the price of copper rose significantly. The improvement of market sentiment was, on the one hand, due to the Chinese market demand for copper over the expected; and, on the other hand, benefited from the unexpectedly frequent production reduction on the supply side from July to September in 2016, which exacerbated the short supply. In addition, the devaluation of Renminbi and Trump's policy and infrastructure stimulation plan inclined to support industrial development all made the capital flow into the copper market. Since November 2016, the price of copper has been rising at an increasingly faster speed, achieving nearly US$6,000/tonne in early December, which marked the highest price for 17 months.

In 2016, the price of copper fluctuated between US$4,300 to US$6,000/tonne (US$1.95 to US$2.72/pound), with the annual average price of US$4,869/tonne (US$2.21/pound), down by approximately 11.54% as compared to US$5,504/tonne (US$2.5/pound) in 2015.

LME Copper Price Trend and Inventory Changes



Cobalt market

The Company became the second largest cobalt producer in the world after the completion of the copper and cobalt mine in DRC on 17 November 2016. The global cobalt demand has almost doubled since 2000. The battery industry became the largest consumer of cobalt, of which the 3C lithium battery sector accounted for the largest proportion. In 2016, the relation between supply and demand of cobalt reversed thanks to the explosive growth of new energy vehicles. As the demand for cobalt has increased significantly for the production of power batteries, cobalt is in short supply. As CUR (a mineral analysis authority) data suggests, the global demand for refined cobalt in 2016 was 100,100 tonnes, representing an increase of 4.2% over 2015; and the production of refined cobalt was about 99,900 tonnes, representing an increase of 3.9% over 2015.

Since the second half of 2016, the price of cobalt began to rebound gradually as a result of the short supply in the refined cobalt market. At the end of 2016, the conclusion of American presidential election triggered the prices of various commodities to rise, which caused the price of cobalt to further rebound. Later, affected by multiple factors including increased sales of electric vehicles, mobile phones and laptops, the initiation and production of Tesla super battery factory and the cobalt speculative trading of hedge fund, the price of cobalt continued rising. At the end of 2016, the price of cobalt increased significantly. The price of cobalt quoted by LME increased by 38.4% from US$10.73/pound at the beginning of January in 2016 to US$14.85/pound at the end of December. The average price quoted by LME in 2016 was US$11.55/pound, representing a decrease of 10.53% over 2015.

The year-on-year growth of -7.67% in the global cobalt supply in 2016

	2012	2013	2014	2015	2016E	2017E	**2018E**
Global cobalt output (ton)	93,000	100,000	113,000	114,000	105,258	112,873	**120,739**
Year-on-year growth	(5.50%)	7.53%	13.00%	0.88%	(7.67%)	7.23%	**6.97%**

Sources: CDI, USGS, Central Bank of DRC, Daton, Roskill, Antaike and Essence Securities Research Center

The rapidly dropping year-on-year growth of the global refined cobalt supply in 2016

	2012	**2013**	**2014**	**2015**	**2016E**	**2017E**	**2018E**
Global refined cobalt output (ton)	77,189	85,904	91,754	98,113	101,113	106,313	**112,613**
Year-on-year growth	(5.20%)	11.29%	6.81%	6.93%	3.06%	5.14%	**5.93%**

Sources: CDI, USGS, Central Bank of DRC, Daton, Roskill, Antaike, announcements of companies and Essence Securities Research Center

	The estimated new global refined cobalt output for 2017–2018	
	2017E	2018E
New capacity of global refined cobalt output *(ton)*	5,200	**6,300**

Sources: Announcements of companies and Essence Securities Research Center

Niobium market

The steel industry is the largest consumer of niobium mainly for high-strength and low-alloy steel (HSLA), advanced high-strength steel, stainless steel and heat resistant steel plate. Niobium market can be divided into HSLA-level ferroniobium and other non-steel making purposes. The consumption by ferroniobium accounted for 90% of the total consumption of niobium. The demand for niobium by steelmaking is relatively less elastic compared to other commodities for steel production, as the niobium only accounts for a small proportion of the cost of steel production and is mainly used for steel products of high added value.

The price of ferroniobium is mainly determined by Companhia Brasileira de Metalurgia e Minerao (CBMM), the monopolist of the industry, due to the small elasticity of the demand of niobium, while other producers are price takers. In 2008, CBMM significantly lifted up the price of ferroniobium, so as to correct the structural underestimation of the niobium price. The price of ferroniobium stayed basically stable afterwards, fluctuating between US$35 and US$40 per kilogram. According to statistics of the Secretariat of Foreign Trade, the average export price of Brazil's ferroniobium (including 65% niobium) in 2016 was US$31.73/kg (100% niobium), representing a decrease of 10.0% over 2015.

Phosphates market in Brazil

As most of Brazil's territory locates at tropical region, it enjoys favorable natural conditions. Brazil is one of the world's main exporters of agricultural products and the main producer of sucrose, coffee, orange, corn and soybean in the world. With high demand for chemical fertilizers, Brazil is the fifth largest chemical fertilizer consumer in the world with annual demand far more than its domestic production, so it needs to import a huge amount of chemical fertilizer products from Russia, the United States and China. Monoammonium Phosphate (MAP) is the main high-concentrated phosphate fertilizer product in Brazilian market.

In 2016, farmers' purchasing power for chemical fertilizers dropped and the demand for chemical fertilizers continued to decline following 2015 due to the continuous sluggish economy of Brazil. According to the statistics of HIS, the demand for MAP of Brazil was about 1.645 million tonnes (100% P_2O_5), representing a decrease of 33.6% from 2.478 million tonnes in 2015, falling back to the level in 2011.

In terms of supply, there are only Companhia Vale de.Rio Doce and the Company possessing the production capacity of MAP and its productivity is relatively stable. According to the statistics of the International Fertilizer Industry Association (IFA), the output of MAP of Brazil in 2016 was 630,000 tonnes, representing a decrease of 3.7% from 654,000 tonnes in 2015.

The price of phosphate fertilizer in Brazil is in line with the international price due to its high reliance on phosphate fertilizer export, of which, MAP CFR price is the benchmark in Brazil and its fluctuation is basically the same with that of other international benchmark prices (e.g. MAP FOB and Tampa MAP FOB of Monaco). According to the statistics of CUR, the price of Brazil's phosphate fertilizer in 2016 continued fluctuating at low levels, and the average price of MAP CFR was US$351/tonne, representing a decline of 25.16% from US$469/tonne in 2015. Apart from the sluggish domestic demand in Brazil, other factors including China's robust export in phosphate fertilizer and the reduction of costs of raw materials and transportation also contributed to the decline.

IV. BUSINESS REVIEW

Molybdenum Sector

For 2016, the Company realized production volume of molybdenum metal (with metal equivalents of 100% MO metal) of 16,302 tons, and the production cost in unit cash of RMB55,279/ton.

Tungsten Sector

For 2016, the Company realized production volume of tungsten metal (with metal equivalents of 100% WO_3) of 10,118 tons (excluding Luoyang Yulu), and the production cost in unit cash of RMB12,593/ton.

Copper sector

For 2016, when calculated based on 80% of equity interests, NPM realized production volume of available-for-sale copper metal of 36,749 tons, and C1 cash cost of US$0.81 per pound, and it realized a capacity of 29,067 ounces for gold available for sale.

From the completion date to the end of the reporting period, when calculated based on 100% of equity interests, Tenke Copper and Cobalt Mine realized production volume of 23,049 tons of copper metal and C1 cash cost of US$1.16 per pound, and it realized the production volume of 1,574 tons of cobalt.

(Note: the completion of copper and cobalt business in DRC was completed on 17 November 2016.)

Niobium and phosphates sector

From the completion date to the end of the reporting date, Brazil realized production volume of phosphate fertilizer (high analysis fertillzer and low analysis fertillzer) of 303,812 tons and niobium metal of 1,859 tons. (Note: the completion of niobium and phosphates business in Brazil was completed on 1 October 2016.)

During the reporting period, in the environment that bulk commodity price remained low and the global economy was sluggish, the Company continued to enhance cost reduction, efficiency improvement and technical innovation. While consolidating its advantages in the existing business sectors, the Company took advantage of the low valuation of the overseas high-quality mining resources and made great breakthrough in the overseas development strategy, achieving great results in the strategic layout of internationalization.

1. **Completing M&As of world class high-quality mining resources during downturn, putting the development strategy of internationalization into practice**

   During the reporting period, the Company made great progress in the overseas development strategy. It smoothly completed the M&As of two overseas high-quality mining resources in about 6 months. The projects ran smoothly after completion. While ensuring the advantages in the existing business sectors, the Company managed to rapidly develop it into a world leading copper producer, the second largest cobalt and niobium producer in the world and the second largest phosphate fertilizer producer in Brazil with various resources and more diversified portfolios of assets and products, which further improved the profitability and risk-resisting capability of the Company. The M&A of low-cost high-quality resources brought new profit growth points to the Company.

2. **Timely launch of a scheme for the non-public issuance of A shares to ensure the healthy asset and liability structure of the Company**

   During the reporting period, the Company proposed a RMB18 billion worth of non-public offering of A Shares while propelling major overseas M&As, and the proposal was approved by the CSRC on 18 January 2017 and subject to obtaining the written approval from the CSRC.

3. **Focusing on pushing forward costs reduction and efficiency enhancement to further improve the cost control and automation level**

During the reporting period, the Company continued to enhance the material purchase management to control the material purchase and inventory costs. The centralized procurement rate was increased from 65.36% at the beginning of the year to 77.23%, representing a year-on-year growth of 11.87 percentage points. The material inventory reduced by 12.16 percentage points as compared to that at the beginning of the reporting period. In addition, the Company actively promoted key projects and automation construction; the APT project reached the output target; the automation modification project of the third ore dressing branch company was put into operation, so was the smart mining system of the mining branch, representing a significant success achieved in the automation construction. In addition, the Company actively standardized the processes and conditions for molybdenum and tungsten production, and implemented the "process card" system through pilot operation, reducing the molybdenum dressing agent cost by 19.40% and the tungsten dressing agent cost by 11.10%.

4. **Remarkable achievement of comprehensive resources recovery project**

During the reporting period, the industrialization layout of recovery of various metal resources showed an initial progress. In the year, a total of 3,896 tons of copper concentrate (20% grade) was recovered, realizing a revenue of RMB20.57 million from copper sales; industrialized production of recovery of by-products of rhenium has been materialized and qualified ammonium perrhenate products was produced with the realization of external sales; recovery of ancillary fluorite is in the stage of industrial experiment. In addition, secondary recovery of molybdenum was achieved in APT project while reaching its designed capacity. In total, 180.3 tons of ammonium molybdate was recovered and produced, and a sales income of RMB8.32 million was achieved.

5. **Enhancing regulatory management, making great progress in all basic management works**

During the reporting period, the Company furthered the integrated management and improved the relevant technical index system. It actively refined the equipment management system and standards and enhanced the analysis on the causes of and the accountability for safety equipment and accidents. In 2016, the equipment running rate of the domestic business of the Company reached 96.99%, representing a year-on-year growth of 0.31 percentage points. The Company actively accelerated the HR reform and implemented public recruitment. As a result, the quality and vitality of the cadre team were improved.

6. **Stable and efficient operation achieved by enhancing safety and environment protection works**

During the reporting period, the Company implemented the policy of "party and government leaders sharing the same responsibilities, and dual responsibilities for one post", strictly carried out such safety measures as the Ten Principal Standards for Safety and "danger source identification, prevention and control in advance", and spared no effort to meet the secondary standard for safe production standardization and promote the consolidation of safety standardization and integration. In addition, it established and improved the safety organizations and safety management teams, paid safety post allowance, enhanced the safety trainings for the employees and safety staff, and made comprehensive and systematic safety supervision by strengthening the safety supervision responsibilities of the relevant organs.

MATERIAL EVENTS

1. Acquisition of overseas niobium and phosphates businesses

In April 2016, the Company entered into an agreement with Anglo American plc, one of top five largest mining companies in the world, pursuant to which, the Company acquired its niobium and phosphates businesses in Brazil for a consideration of US$1.5 billion. This transaction was completed on 1 October 2016. According to the completion report, the Company paid the transaction consideration and adjusted amount of operating capital of US$1.676 billion in aggregate. Financial statements were consolidated upon completion.

The Company maintained its control over the niobium and phosphates businesses in Brazil through Luxembourg SPV, a wholly-owned subsidiary located in Luxembourg directly controlled by the Company. After completion in 2016, net profit attributable to shareholders of the parent company recorded a total of RMB45 million, accounting for 4.5% of the Company's net profit attributable to shareholders of the parent company for the year.

2. Acquisition of overseas copper and cobalt businesses

In May 2016, the Company entered into an agreement with Freeport-McMoRan Inc., the globally largest listed copper mining company and largest molybdenum producer in the world, pursuant to which, the Company acquired its copper and cobalt businesses in DRC for a consideration of US$2.65 billion. This transaction was completed on 17 November 2016. According to the completion report, the Company paid the transaction consideration and adjusted amount of operating capital of US$2.665 billion in aggregate. Financial statements were consolidated upon completion.

The Company maintained its control over the copper and cobalt businesses in DRC through CMOC DRC Limited, a wholly-owned subsidiary located in Hong Kong directly controlled by the Company. After completion in 2016, net profit attributable to shareholders of the parent company recorded a total of RMB441 million, accounting for 44.2% of the Company's net profit attributable to shareholders of the parent company for the year.

3. Non-public issuance of A shares

The Company raised no more than RMB18 billion through non-public issuance of no more than 5,714,285,714 (inclusive) A Shares at the minimum price of RMB3.15 per share. The proceeds raised will be used to replace the self-raised capital investment made in the acquisition of niobium and phosphates mine in Brazil and the copper and cobalt mine in DRC in the early period, so as to main a reasonable gearing ratio of the Company. The Company's proposed issuance of A Shares was approved by the CSRC on 18 January 2017. As at the date of this announcement, no document certifying the approval of issuance has been made by the Company.

4. Cooperation with BHR for investment in Tenke copper/cobalt mine and cooperation with its shareholders or upper-level investors for investment in TenkeFungurume mining area

On 15 November 2016, BHR Newwood Investment Management Limited ("BHR", Tenke Holdings Ltd ("**THL**") and Lundin Mining Corporation ("**Lundin**") entered into a stock purchase agreement on the acquisition of 100% equities held by THL in Lundin DRC Holdings Ltd. from THL by BHR or its wholly-owned subsidiary. Upon completion of the equity purchase, BHR will hold 24% equities in TFM indirectly. The Company intends to cooperate with BHR and its existing and newly introduced shareholders or upper-level investors regarding the introduction of ultimate investors in BHR, the indirect investment of BHR in 24% equities of TFM and the subsequent exit of such investment (such cooperation includes but not limited to introducing new shareholders and upper-level investors in BHR, assisting BHR to obtain loans and the provision of corresponding guarantees, acceptance of exclusive call option to the Company and the grant of put option to BHR (or related BHR shareholders or upper-tier investors)) .

On 21 March 2017, the Company (as guarantor) entered into the guarantee agreement with the Henan Branch of China Construction Bank Corporation (as loan agent) to secure a loan facility up to US$700 million for BHR under the syndicated loan agreement.

V. PROSPECTS

Molybdenum market

Domestic market: Starting from the second half of 2016, though the molybdenum price saw periodic rebound and further rise at the end of October, it still did not reach the production cost line of small and medium enterprises. Despite that some mines are eager to make their tries, it was still difficult for them to restore all operations to meet the full capacity, and the possibility that there will be an obvious increase in molybdenum supply in the domestic market in 2017 is remote. In terms of demand, China's economy stabilizes in 2017 with an estimated growth of 6.5% by IMF, UN and World Bank. Motivated by a range of factors including the implementation of a new round of investment in infrastructure led by China government, more-than-expected recovery of the downstream steel industry and the tighter domestic environmental protection, molybdenum price is expected to further rebound.

International market: It is expected that ancillary molybdenum supply of some mines will increase in 2017. However, in the current situation, some high-cost enterprises will still try to maintain their strengths by reducing or suspending production, so the possibility that the balance of supply and demand will be impacted is little. In terms of demand, driven by predictions of positive turnaround of US economy and sustained recovery of global economy, the market has become much more bullish on the prices of commodities such as copper, iron and steel and oil since the fourth quarter of 2016, which may propel the molybdenum price to go up.

Tungsten market

In terms of supply, the global tungsten output recorded negative growth in 2016, and the tungsten price has bottomed out. As one of the major tungsten exporters, China is expected to witness continuously suppressed growth of tungsten supply due to stricter domestic environmental inspection. In terms of demand, the market will still have more supply than demand in 2017 in general, but globally, especially in the overseas market, the tungsten industry is now at low inventory in history after a long period of de-stocking caused by price drop, sluggish demand, adjustment in export tax policies and other reasons in recent years. In addition, the main downstream fields of tungsten, including construction and machinery manufacturing, are highly periodic. Galvanized by favorable policies, industries like CNC machine tools, robots, automobile manufacturing and aircraft manufacturing are expected to embrace development opportunities of industrial upgrading, and thus pushing the growth of tungsten demands.

Copper market

According to the forecast of ICGS, the total production capacity of copper metal mines for 2017–2019 is estimated to be 24.94 million tonnes, 25.62 million tonnes and 26.48 million tonnes respectively and the growth rate will drop significantly after 2017. Top 10 countries in terms of productivity of copper mines accounted for about 8% of global copper productivity. However, the global productivity began to decline due to reduced productivity of new mines and the exhaustion and closure of large globe mines.

At the beginning of 2017, the price of copper continued fluctuating in the range of 5,500–6,100 US$/tonne. According to the forecast of Wood Mackenzine, the productivity of copper is estimated to slow down and the demand of copper is estimated to rise continuously in near term. In 2017, global refined copper production will reach 22,640,000 tonnes, as the demand of refined copper will reach 22,920,000 tonnes. The supply is about to catch up with the demand, though the supply is in scarcity. As there will be 7 to 10 years for new production capacity to be fully used, the demand exceeding the supply will last after 2023, pushing the rebound of the price of copper. Meanwhile, various unexpected accidents continued to occur in the supply of copper mines in 2016, causing an unplanned average annual reduction of production of 800,000 tonnes, representing 5.7% of the opening estimated production.

Cobalt market

In early 2017, as manufacturers' hoarding and end customers bought cobalt at high prices for the purpose of sustaining their demand for cobalt, such phenomenon exacerbated the cobalt in short supply, and the price of cobalt soared up to more than USD20/pound in mid-February. According to the latest forecast by CRU in February 2017, power batteries will be the primary factor in stimulating the increasing demand for cobalt. It is predicted that the gap between supply and demand for cobalt will increase from about 200 tonnes in 2016 to about 2,200 tonnes in 2019 and inventory consumption of cobalt will also speed up. In the next two years, firstly, the new supply of global cobalt ore will be so limited that refined cobalt in raw materials will reach a plateau. Secondly, the global new production capacity of refined cobalt is less, which will make the output growth difficult to improve, and the demand will continue to maintain high growth, with a strong support for the price of cobalt.

Niobium market

Since early 2017, benefited from the strong demand in regions such as China and Europe, niobium price showed significant rebound and such increase can basically offset the decrease in 2016. Such rebound trend is expected to continue.

Phosphorus market in Brazil

Global phosphorus resources are mainly concentrated in North Africa, the Middle East and East Asia. Morocco, China, the United States and Russia have concentrated 80% of the production capacity of global phosphoric acid. In recent years, the growth of production capacity of global phosphoric acid gradually slowed down, influenced by the continuously downward international market price, strengthened restrictions on resource development in U.S., regional turmoil in the Middle East and North Africa, together with accelerated industrial integration in China. In 2017, the shortage in domestic supply of phosphorus and high dependence on imports in Brazil will continue. With the improving situation of Brazil's domestic economy, the demand for phosphate fertilizer is also expected to increase, so that there may be a rising trend in the price of phosphate fertilizer.

2017 BUSINESS PLAN

1. Molybdenum Sector

The predicated production volume from molybdenum concentrates (with metal equivalents of 100% MO metal) is 16,000 tons and the production cost in unit cash is RMB55,300/ton to RMB61,100/ton.

2. Tungsten Sector

The predicated production volume from tungsten concentrates (with metal equivalents of 100% WO3) is 11,000 tons (excluding Yulu Mining) and the production cost in unit cash of RMB13,800/ton to RMB15,200/ton.

3. Copper and cobalt sector

When calculated based on 80% of equity interests, the predicted production volume of available-for-sale copper metal of NPM is 34,000 tons and C1 cash cost is US$0.91-1.01 per pound, and it will realize a production volume of 25,000 ounces for gold available for sale.

When calculated based on 100% of equity interests, the predicted production volume of copper from Tenke Copper and Cobalt Mine is 219,000 tons and C1 cash cost is US$0.98-1.09 per pound, and it will realize a production volume of 18,000 tons of cobalt.

4. Niobium and phosphates sector

The predicated production volume of phosphate fertilizer (high analysis fertillzer and low analysis fertillzer) and niobium metal in Brazil is 1,181,799 tons and 80,000 tons, respectively.

The above production plans do not constitute substantive commitments to investors and investors should be cautioned about the risk when making your investments.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2016.

VII. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

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

In the opinion of the Board, the Company has adopted and complied with the code provisions as set out in the Corporate Governance Code throughout the period from 1 January 2016 to 31 December 2016, save as the deviation from the code provision E.1.2 of the Corporate Governance Code.

Pursuant to the code provision E.1.2, the chairman of the Board should invite the chairmen of its Board committees to attend the annual general meeting. In their absence, the chairman of the Board should invite another committee member (or failing this his duly appointed delegate), to attend. All members of the Remuneration Committee and the Audit Committee were unable to attend the annual general meeting of the Company held on 29 June 2016 due to other business commitments. The attendance of the vice chairman of the Nomination Committee, the chairmen of the Strategic Committee and the Supervisory Committee and the chief financial officer at such annual general meeting was sufficient for (i) answering the questions raised by the shareholders who attended the annual general meeting and (ii) effectively communicating with shareholders who attended the annual general meeting. The Company will strive to optimize the planning and procedures of annual general meetings, give adequate time to all Directors to accommodate their work arrangement and provide all necessary support for their presence and participation at general meetings such that all Directors will be able to attend future annual general meetings of the Company.

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

VIII. THE BOARD

For the year ended 31 December 2016, the Board held 18 Board meetings in total for reviewing and approving the financial affairs and usual course of business, considering and approving the annual budgets and the overall strategies and policies of the Company, and considering and approving relevant matters in relation to the acquisition of overseas businesses and non-public issuance of A Shares by the Company.

BOARD COMMITTEES

The Board has established four specialized committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Committee.

AUDIT COMMITTEE

The Terms of Reference and Operation Rules of the Audit Committee are based primarily on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. It is mainly responsible for assisting the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee provides an important link between the Board and the Company's auditors in matters falling within the Group's scope of the audit.

The Audit Committee has reviewed the effectiveness of the external audit and internal controls, evaluated risks, and provided comments and advice to the Board. As at the date of this announcement, the Audit Committee comprises two independent non-executive Directors of the Company, namely Mr. Xu Shan and Mr. Cheng Gordon, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Xu Shan as the chairman of the Committee. The Audit Committee has reviewed with the management and external auditors, the audited consolidated results of the Group for the year ended 31 December 2016, according to the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee and set out its specific Terms of Reference. As at the date of this announcement, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Cheng Gordon, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Bai Yanchun as the chairman. The majority of members of the Remuneration Committee are independent non-executive Directors.

The roles and functions of the Remuneration Committee are set out in its Terms of Reference and Operation Rules. Its primary functions include: to make recommendations to the Board on the remuneration policy and structure for all Directors and the senior management and to establish transparent procedures for developing such remuneration policy; to make recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and the senior management; and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The primary goal of the Company's remuneration policy on executive Directors' packages is to enable the Company to retain and motivate executive Directors by linking their remuneration with performance and measured against corporate objectives. The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. In determining guidelines for each element of the remuneration package, the Company refers to the remuneration surveys conducted by independent external consultants on companies operating in similar businesses.

In order to motivate the senior management of the Company in a scientific and reasonable way so that they can maximize the value for the shareholders and the Company, the Remuneration Committee has taken into account the market-oriented principles including the determination of remuneration based on the performance, responsibilities, faults and attitude, the enhancement of rewards and punishment, the comparison with similar overseas and domestic listed companies in the industry, and consideration of granting special awards regarding the special projects and contributions, as well as referring to the advice from the professional intermediaries.

NOMINATION COMMITTEE

The roles and functions of the Nomination Committee are set out in its Terms of Reference and Operation Rules, and it is mainly responsible for advising the Board as to the scale, structure, and composition (including skills, knowledge, experience and terms of office) of the Board in light of the business activities, size of assets, shareholding structure and the policy on Board diversity of the Company, researching on the criteria and procedures for the selection or appointment of Directors, the general manager and other senior management members and making recommendations to the Board. It is also responsible for extensively seeking suitable candidates for Directors and general manager and making recommendations to the Board, advising the current session of the Board as to the candidates for the next session of the Board during elections of members for the next session of the Board, advising the Board as to the appointment of candidates electing for general manager upon expiry of the term of office of the general manager, evaluating the work progress of Directors, the general manager and other senior management members and providing advice or recommendations on the change of Directors, the general manager or other senior management members with reference to the results of evaluation as and when necessary, and assessing the independence of independent non-executive Directors.

As at the date of this announcement, the Nomination Committee comprises the following four Directors: Mr. Bai Yanchun (independent non-executive Director), Mr. Li Chaochun (executive Director), Mr. Xu Shan (independent non-executive Director) and Mr. Cheng Gordon (independent non-executive Director), with Mr. Bai Yanchun as the chairman and Mr. Li Chaochun as the vice chairman of the Nomination Committee.

STRATEGIC COMMITTEE

The Strategic Committee is responsible for formulating the overall development plans and investment decision-making procedures of the Group. As at the date of this announcement, the members of Strategic Committee comprise two executive Directors, namely Mr. Li Chaochun and Mr. Li Faben, and one independent non-executive Director, namely Mr. Bai Yanchun, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Li Chaochun as the chairman of the Committee.

IX. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Hong Kong Listing Rules in respect of dealings in the Company's securities by Directors. Having made specific enquiries, all Directors confirmed that the required standards set out in the Model Code have been complied with throughout the year ended 31 December 2016. The Company has also formulated written guidelines (the "**Employees Written Guidelines**") on terms no less exacting than the Model Code for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

X. FURTHER ANNOUNCEMENT ON THE DATE OF ANNUAL GENERAL MEETING AND 2017 FIRST CLASS MEETING ("AGM") OF H SHAREHOLDERS ("H SHAREHOLDERS' CLASS MEETING") AND THE CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Board of the Company authorized Mr. Li Chaochun, the Chairman, to determine the date of the forthcoming AGM and H Shareholders' Class Meeting and the closure of register of members of H shares of the Company pursuant to the relevant laws, regulations and Articles of Association.

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

XI. DIVIDEND

The board of directors recommended to distribute a cash dividend of RMB0.35 (tax inclusive) for the year ended 31 December 2016 for each 10 shares to all shareholders on the basis of a total number of shares of 16,887,198,699 shares as at 31 December 2016, totaling RMB591,051,954.47 (tax inclusive), accounting for 59.22% of the net profit attributable to the listed shareholder for the year. The proposal has been considered and approved at the ninth meeting of the fourth session of the board of directors of the Company and subject to the approval of shareholders of the Company at a general meeting of the shareholders of the Company.

The Company will dispatch a circular containing, among other matters, further information relating to the proposed distribution of final dividend and the general meeting to shareholders of the Company as soon as practicable.

XII. AUDITOR'S OPINIONS

The consolidated financial statements of the Group for the year ended 31 December 2016 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and an auditor's report with unqualified opinions has been issued.

XIII. PUBLICATION OF DETAILS OF THE ANNUAL RESULTS

This results announcement is published on the websites of the Hong Kong Stock Exchange at (www.hkexnews.hk), the SSE at (www.sse.com.cn) and the Company at (www.chinamoly.com).

By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, the People's Republic of China, 30 March 2017

As at the date of this announcement, the Company's executive directors are Messrs. Li Chaochun and Li Faben; the Company's non-executive directors are Messrs. Ma Hui, Yuan Honglin and Cheng Yunlei; and the Company's independent non-executive directors are Messrs. Bai Yanchun, Xu Shan and Cheng Gordon.

* *For identification purposes only*