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 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 2017 together with the comparative figures for 2016 as follows:

FINANCIAL INFORMATION

Major accounting data

RMB million

Major accounting data	**2017**	2016	Increase or decrease as compared to the same period last year *(%)*	2015
Operating revenue	**24,147.56**	6,949.57	247.47	4,196.84
Net profit attributable to shareholders of listed companies	**2,727.80**	998.04	173.32	761.16
Net profit after deduction of non-recurring profits or losses attributable to shareholders of listed companies	**3,125.34**	907.67	244.33	745.24
Net cash flow from operating activities	**8,428.81**	2,914.83	189.17	1,358.77

Major accounting data	**At the end of 2017**	At the end of 2016	Increase or decrease as compared to the end of same period last year *(%)*	At the end of 2015
Net assets attributable to the shareholders of listed companies	**38,157.18**	18,738.06	103.63	17,353.48
Total assets	**97,837.25**	87,924.36	11.27	30,880.53
Total share capital	**4,319.85**	3,377.44	27.90	3,377.44

Major Financial Indicators

Items	For the year ended 31 December **2017**	2016	Increase or decrease as compared to the same period last year *(%)*	For the year ended 31 December 2015
Basic earnings per share ("**EPS**") *(RMB per share)*	**0.14**	0.06	133	0.05
Diluted EPS *(RMB per share)*	**N/A**	N/A	N/A	N/A
Basic EPS after deduction of non-recurring profits or losses *(RMB per share)*	**0.16**	0.05	220	0.05
Weighted average return on net assets *(%)*	**9.89**	5.52	Increased by 4.37 percentage points	4.77
Weighted average return on net assets after deduction of non-recurring profits or losses *(%)*	**11.25**	5.03	Increased by 6.22 percentage points	4.67

CONSOLIDATED BALANCE SHEET

Items	Notes	As at 31 December 2017 *RMB million*	 2016 (restated) *RMB million*	 Increase (decrease)
Current assets:				
Cash and cash balances		**26,508.76**	9,970.22	165.88%
Financial assets measured at fair value through profit or loss		**–**	55.60	-100.00%
Notes receivable		**1,750.69**	950.86	84.12%
Accounts receivable	2	**2,144.63**	1,461.81	46.71%
Prepayments	3	**110.58**	295.57	-62.59%
Interest receivable		**656.70**	40.49	1521.88%
Other receivables		**789.92**	1,147.04	-31.13%
Inventories		**5,705.50**	5,082.77	12.25%
Other current assets		**1,382.00**	798.59	73.06%
Total current assets		**39,048.80**	19,802.96	97.19%
Non-current assets:				
Available-for-sale financial assets		**3,246.90**	3,000.60	8.21%
Long-term equity investment		**1,136.37**	1,191.50	-4.63%
Fixed assets		**24,234.93**	27,272.92	-11.14%
Construction in progress		**950.11**	695.36	36.64%
Long-term inventory		**4,352.01**	4,269.62	1.93%
Intangible assets		**21,536.18**	24,501.31	-12.10%
Goodwill		**833.59**	892.33	-6.58%
Long-term prepaid expenses		**116.19**	115.25	0.82%
Deferred tax assets		**304.70**	432.12	-29.49%
Other non-current assets		**2,077.45**	5,750.40	-63.87%
Total non-current assets		**58,788.45**	68,121.40	-13.70%
Total assets		**97,837.25**	87,924.36	11.27%

Items	Notes	As at 31 December 2017 RMB million	2016 (restated) RMB million	Increase (decrease)
Current liabilities:				
Short-term borrowings		**1,478.13**	4,372.43	-66.19%
Financial liabilities measured at fair value through profit or loss		**3,592.19**	2,821.44	27.32%
Notes payable		**23.96**	660.00	-96.37%
Accounts payable		**976.48**	741.51	31.69%
Advances from customers		**127.80**	51.87	146.39%
Employee benefits payable		**445.41**	354.82	25.53%
Taxes payable		**1,137.80**	57.86	1866.47%
Interest payable		**219.81**	183.68	19.67%
Dividends payable		**27.89**	27.89	0.00%
Other payables		**604.77**	1,416.78	-57.31%
Non-current liabilities due within one year		**4,797.82**	2,584.50	85.64%
Other current liabilities		**71.07**	2,708.90	-97.38%
Total current liabilities		**13,503.11**	15,981.67	-15.51%
Non-current liabilities:				
Long-term borrowing		**22,033.89**	23,376.88	-5.74%
Bonds payable		**2,000.00**	2,000.00	0.00%
Long-term employee benefits payable		**64.38**	43.28	48.75%
Provision		**2,049.90**	1,757.79	16.62%
Deferred income		**72.89**	80.31	-9.24%
Deferred tax liabilities		**8,603.59**	9,832.65	-12.50%
Other non-current liabilities		**3,600.34**	514.85	599.30%
Total non-current liabilities		**38,425.00**	37,605.76	2.18%
Total liabilities		**51,928.11**	53,587.43	-3.10%

Items	*Notes*	**2017**	2016 (restated)	Increase
		As at 31 December		
		RMB million	*RMB million*	(decrease)
Shareholders' equity:				
Share capital		**4,319.85**	3,377.44	27.90%
Capital reserve		**27,582.79**	10,720.31	157.29%
Other comprehensive income		**-238.82**	282.85	-184.43%
Special reserve		**7.73**	8.57	-9.80%
Surplus reserve		**968.19**	840.10	15.25%
Retained profits	4	**5,517.44**	3,508.79	57.25%
Total equity attributable to shareholders of the parent company		**38,157.18**	18,738.06	103.63%
Non-controlling interests		**7,751.95**	15,598.87	-50.30%
Total shareholders' equity		**45,909.13**	34,336.93	33.70%
Total liabilities and shareholders' equity		**97,837.25**	87,924.36	11.27%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Items	Notes	For the year ended 31 December 2017 *RMB million*	 2016 *RMB million*	 Increase (decrease)
I. Total operating revenue		**24,147.56**	6,949.57	247.47%
Including: Operating revenue	6	**24,147.56**	6,949.57	247.47%
Less: Operating costs	6	**15,211.94**	4,623.82	228.99%
Taxes and surcharges		**344.33**	230.31	49.51%
Selling expenses		**214.84**	90.62	137.08%
Administrative expenses		**1,159.09**	714.73	62.17%
Financial expenses	7	**1,416.97**	407.67	247.58%
Assets impairment loss		**56.60**	351.86	-83.91%
Add: Changes in fair value (loss expressed with "-")		**-471.77**	46.42	-1116.31%
Income from investment (loss expressed with "-")	8	**108.70**	174.18	-37.59%
Including: Income from investment in joint ventures and associates		**30.17**	7.21	318.45%
Income (loss) from disposal of assets		**-17.49**	5.77	-403.12%
Other incomes		**13.86**	–	–
II. Operating profit (loss expressed with "-")		**5,377.08**	756.94	610.37%
Add: Non-operating income		**39.05**	460.43	-91.52%
Less: Non-operating expenses		**34.31**	27.23	26.00%
III. Total profit (total loss expressed with "-")	9	**5,381.82**	1,190.14	352.20%
Less: Income tax expenses	10	**1,786.20**	170.90	945.17%
IV. Net profit (net loss expressed with "-")		**3,595.62**	1,019.24	252.77%
(1) Classified by business continuity:				
1. Net profit from continuing operations		**3,595.62**	1,019.24	252.77%
2. Net profit from discontinued operations		**–**	–	–
(2) Classified by ownership:				
1. Non-controlling interests		**867.82**	21.20	3993.49%
2. Net profit attributable to owners of the parent company		**2,727.80**	998.04	173.32%

Items	*Notes*	For the year ended 31 December **2017** ***RMB million***	 2016 *RMB million*	 Increase (decrease)
V. Other comprehensive income, net of tax		**-1,024.04**	1,060.63	-196.55%
Other comprehensive income attributable to owners of the parent company, net of tax		**-521.67**	915.35	-156.99%
(1) Other comprehensive income that cannot be reclassified into profit or loss in subsequent periods		**–**	–	–
(2) Other comprehensive income that can be reclassified into profit or loss in subsequent periods		**-521.67**	915.35	-156.99%
1. Changes in fair value of available-for-sale financial assets		**372.38**	265.28	40.37%
2. Exchange differences on translation of foreign operations		**-894.05**	650.07	-237.53%
Other comprehensive income attributable to non-controlling shareholders, net of tax		**-502.37**	145.29	-445.77%
VI. Total comprehensive income		**2,571.57**	2,079.87	23.64%
Total comprehensive income attributable to owners of the parent company		**2,206.12**	1,913.39	15.30%
Total comprehensive income attributable to non-controlling shareholders		**365.45**	166.48	119.52%
VII. Earnings per share				
(1) Basic earnings per share *(RMB/share)*	11	**0.14**	0.06	133.33%
(2) Diluted earnings per share *(RMB/share)*	11	**N/A**	N/A	N/A

CONSOLIDATED STATEMENT OF CASH FLOW

Items	For the year ended 31 December 2017 *RMB million*	2016 *RMB million*	Increase (decrease)
I. Cash flows from operating activities:			
Cash received from sales of goods and services	**24,594.25**	7,644.88	221.71%
Other cash received related to operating activities	**654.82**	424.66	54.20%
Sub-total of cash inflows from operating activities	**25,249.06**	8,069.53	212.89%
Cash paid for purchasing goods and receiving labor services	**11,736.23**	3,270.94	258.80%
Cash paid to employees and paid for employees	**1,770.19**	807.88	119.12%
Taxes and fees paid	**2,040.13**	679.11	200.41%
Cash paid for other operating activities	**1,273.70**	396.78	221.01%
Sub-total of cash outflow from operating activities	**16,820.25**	5,154.71	226.31%
Net cash flow from operating activities	**8,428.81**	2,914.83	189.17%
II. Cash flows from investment activities:			
Cash received from recovery of investment	**2,002.81**	3,335.93	-39.96%
Cash received from investment income	**93.33**	270.86	-65.54%
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	**26.99**	29.30	-7.88%
Sub-total of cash inflows from investment activities	**2,123.13**	3,636.09	-41.61%
Cash paid for acquisitions or disposal of subsidiaries and other operation units	**–**	28,104.66	-100.00%
Cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets	**1,066.48**	854.26	24.84%
Cash paid for investment	**4,834.29**	1,416.19	241.36%
Cash paid for other investment activities	**331.60**	908.96	-63.52%
Sub-total of cash outflow from investment activities	**6,232.36**	31,284.08	-80.08%
Net cash flows from investment activities	**-4,109.23**	-27,647.99	85.14%

Items	For the year ended 31 December		
	2017	2016	Increase
	RMB million	*RMB million*	(decrease)
III. Cash flows from financing activities:			
Cash received from absorbing investment	**17,858.63**	–	–
Cash received from borrowings	**10,560.51**	29,429.21	-64.12%
Cash received from other financing activities	**1,485.20**	3,027.28	-50.94%
Sub-total of cash inflows from financing activities	**29,904.33**	32,456.49	-7.86%
Cash paid for debt repayment	**11,038.95**	5,186.64	112.83%
Cash paid for distribution of dividends, profits and interest payment	**2,147.31**	1,108.37	93.74%
Including: Dividends paid by subsidiaries to non-controlling shareholders	**347.52**	161.57	115.09%
Cash paid for other related to financing activities	**9,346.04**	2,170.79	330.54%
Sub-total of cash outflow from financing activities	**22,532.30**	8,465.80	166.16%
Net cash flow from financing activities	**7,372.04**	23,990.69	-69.27%
IV. Effect of exchange rate changes on cash and cash equivalents	**-330.41**	180.52	-283.03%
V. Net increase (decrease) in cash and cash equivalents	**11,361.21**	-561.95	2121.75%
Add: Balance of cash and cash equivalents at beginning of year	**8,420.21**	8,982.16	-6.26%
VI. Balance of cash and cash equivalents at end of year	**19,781.42**	8,420.21	134.93%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CHANGES IN ACCOUNTING POLICIES

The Ministry of Finance of the PRC has newly promulgated the "Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations", "Accounting Standards for Business Enterprises No. 16 – Government Grants" and "Notice on Revision of the Illustrative Financial Statements" (Cai Kuai [2017] No. 30) in 2017. The 2017 financial statement of the Group has been complied with the above relevant accounting standards.

The impact of "Notice on Revision of the Illustrative Financial Statements" on the breakdown items of the 2017 and 2016 annual statements is as follow:

RMB million

Items		2016		**2017**
	Before retrospective adjustment	Adjustment amount	After retrospective adjustment	**Amount**
Non-operating income	467.02	-6.59	460.43	**39.05**
Non-operating expenses	28.05	-0.82	27.23	**34.31**
Income on disposal of assets	–	5.77	5.77	**-17.49**

2. ACCOUNTS RECEIVABLE

(1) Accounts receivable disclosed by category as follows:

RMB million

	Closing balance				Opening balance			
	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	**496.43**	**22.65**	**33.18**	**6.68**	522.69	34.64	33.18	6.35
Subject to provision for bad debts based on the characteristics of credit risk as a portfolio	**76.95**	**3.51**	**13.70**	**17.81**	66.66	4.42	13.90	20.85
Subject to provision for bad debts using individual identification method	**1,618.13**	**73.84**	**–**	**–**	919.53	60.94	–	–
Total	**2,191.51**	**100.00**	**46.88**	**2.14**	1,508.88	100.00	47.08	3.12

Explanations for categories of accounts receivable:

The Group recognises the accounts receivable with a book value of over RMB5 million of resources related business 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 resources related business subsidiaries located in the PRC and Australia that are individually insignificant, provision for bad debts is made based on the characteristics of credit risk as a portfolio. For accounts receivable of resources related business subsidiaries located in Brazil and Congo (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 million

	Closing amount			
Accounts receivable (Based on company)	**Accounts receivable**	**Provision for bad debts**	**Ratio of provision** *(%)*	**Reason for provision**
Company A	8.46	4.23	50.00	Bad debt risk
Company B	24.65	24.65	100.00	Bad debt risk
Company C	16.32	4.30	26.35	Bad debt risk
Total	49.43	33.18		

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

RMB million

	Closing amount		
Aging	**Accounts receivable**	**Provision for bad debts**	**Ratio of provision** *(%)*
Within 2 years	63.25	–	–
Over 2 years	13.70	13.70	100.00
Total	76.95	13.70	17.81

(2) Bad debt allowance/provision for the current year amounts to RMB2.62 million and the collected or reversed bad debts allowance/provision totals RMB2.82 million.

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

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

RMB million

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	938.31	42.82	–
Company E	Third party	179.49	8.19	–
Company F	Third party	148.64	6.78	–
Company G	Third party	72.95	3.33	–
Company H	Third party	56.87	2.60	–
Total		1,396.26	63.72	–

(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 prices are finalised in generally one month from the delivery date based on the quoted monthly average spot prices of copper and cobalt on the London Metal Exchange. As at 31 December 2017, the fair value of embedded derivative financial instruments included in accounts receivable was RMB283.15 million (2016: RMB137.86 million).

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

3. PREPAYMENTS

(1) Aging analysis of prepayments is as follows

RMB million

Aging	Closing balance Amount	Closing balance Proportion *(%)*	Opening balance Amount	Opening balance Proportion *(%)*
Within 1 year	**105.38**	**95.29**	294.63	99.68
1 to 2 years	**4.41**	**3.99**	0.39	0.13
2 to 3 years	**0.24**	**0.22**	0.12	0.04
Above 3 years	**0.55**	**0.50**	0.43	0.15
Total	**110.58**	**100.00**	295.57	100.00

(2) Top five of prepayments balances based on debtors

RMB million

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the Total prepayments *(%)*
Company I	Third Party	15.06	13.62
Company J	Third Party	11.13	10.07
Company K	Third Party	10.42	9.42
Company L	Third Party	8.71	7.87
Company M	Third Party	8.00	7.23
Total		53.32	48.21

4. RETAINED PROFITS

RMB million

Items	2017	2016
Retained profits at the beginning of the year	**3,508.79**	2,986.98
Add: Net profit attributable to shareholders of the parent company for the year	**2,727.80**	998.04
Less: Appropriation of statutory surplus reserve	**128.10**	54.05
Dividends payable for ordinary shares	**591.05**	422.18
Retained profits at the end of the year	**5,517.44**	3,508.79

5. DIVIDENDS

(1) Implementation of cash dividend distribution policy

The proposal of profit distribution for 2016 was considered and approved at the 2017 first extraordinary general meeting of the Company held on 14 April 2017. According to the proposal, the Company distributed a cash dividend of RMB0.035 per share (tax inclusive), totaling RMB591.05 million (tax inclusive) for 2016, accounting for 59.22% of the net profits attributable to shareholders of the parent company for the year. The dividend distribution was completed.

(2) Proposal of dividend distribution

The Board recommended to distribute a final cash dividend of RMB0.076 per share (tax inclusive) for the year ended 31 December 2017 to all shareholders on the basis of a total number of 21,599,240,583 shares as at 31 December 2017, approximately RMB1,641.54 million (tax inclusive), accounting for 60.18% of the net profit attributable to the listed shareholder for the year. The proposal has considered and approved at the 13th meeting of the fourth session of the board of directors of the Company, and is subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("**AGM**").

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

6. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue

RMB million

	Amount recognised in the current year		Amount recognised in the prior year	
Items	**Revenue**	**Costs**	Revenue	Costs
Principal operating activities	**23,968.55**	**15,063.08**	6,797.29	4,504.30
Other operating activities	**179.01**	**148.86**	152.28	119.52
Total	**24,147.56**	**15,211.94**	6,949.57	4,623.82

(2) Principal operating activities (by product)

RMB million

Product name	Amount recognised in the current year Operating revenue	Operating costs	Amount recognised in the prior year Operating revenue	Operating costs
Molybdenum, tungsten and related products	**3,772.29**	**1,819.36**	2,815.66	1,511.57
Niobium and related products	**1,670.08**	**1,251.48**	410.65	306.58
Phosphorus and related products	**2,834.19**	**2,462.08**	729.61	584.78
Copper, cobalt and related products	**13,844.64**	**8,302.17**	1,296.15	996.31
Copper, gold and related products	**1,663.82**	**1,145.76**	1,381.20	1,013.66
Others	**183.53**	**82.23**	164.02	91.40
Total	**23,968.55**	**15,063.08**	6,797.29	4,504.30

7. FINANCE EXPENSES

RMB million

Items	Amount recognised in the current year	Amount recognised in the prior year
Interest expenses on bonds	**180.00**	203.56
Interest expenses on discounting notes receivables	**13.29**	30.38
Interest expenses on bank borrowings	**1,082.93**	430.80
Total interest expenses:	**1,276.22**	664.74
Less: Interest income	**765.37**	452.74
Exchange differences	**389.91**	19.33
Charge on gold lease	**121.56**	70.61
Expenses on returns pay to BHR Newwood Investment Management Limited ("**BHR**") shareholders	**158.39**	–
Others	**236.26**	105.73
Total	**1,416.97**	407.67

8. INVESTMENT INCOME

(1) Breakdown of investment income

RMB million

Items	**Amount recognised in the current year**	Amount recognised in the prior year
Income from long-term equity investments under equity method	**30.17**	7.21
Investment income from wealth investment products	**2.31**	94.79
Investment income on disposal of available-for-sale financial assets	**0.12**	92.67
Investment income (loss) on disposal of financial assets measured at fair value through profit and loss	**76.10**	-3.74
Loss on derivatives not designated under hedge accounting	**–**	-16.75
Total	**108.70**	174.18

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

RMB million

Unit under investment	**Amount recognised in the current year**	Amount recognised in the prior year	**Reasons for changes between this year and last year**
Luoyang Yulu Mining Co., Ltd.	**108.17**	70.97	Change in net profits of the investee
Luoyang Shenyu Molybdenum Co., Ltd.	**-0.13**	-0.19	Change in net profits of the investee
Luoyang High-Tech Molybdenum & Tungsten Materials Co., Ltd.	**-11.67**	-13.65	Change in net profits of the investee
Luoyang Fuchuan Mining Co., Ltd.	**-66.20**	-49.92	Change in net profits of the investee
Total	**30.17**	7.21	Change in net profits of the investee

There is no significant restriction on remittance of investment income of the Group.

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

9. TOTAL PROFIT

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

		RMB million
	2017	2016
Depreciation	**2,909.20**	849.67
Amortization	**1,736.78**	322.60

10. INCOME TAX EXPENSES

		RMB million
Items	**Amount recognised in the current year**	Amount recognised in the prior year
Current income tax calculated according to tax laws and relevant regulations	**2,302.93**	214.86
Difference arising from settlement of income tax for the previous year	**-12.35**	-35.00
Deferred income tax adjustment	**-504.38**	-8.96
Total	**1,786.20**	170.90

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

RMB million

	Amount recognised in the current year	Amount recognised in the prior year
Accounting profit	**5,381.82**	1,190.14
Income tax expenses calculated at 15% (2016: 15%)	**807.27**	178.52
Tax impact of non-deductible expense	**270.05**	63.19
Tax impact of tax free income/extra deductible expense	**-156.82**	-30.58
Tax impact of negative goodwill generated from business combination not under the common control	**–**	-63.20
Tax impact of unrecognised deductible loss and deductible temporary difference	**78.19**	6.11
Capital interest permitted to be disbursed before tax *(Note)*	**-4.49**	-8.43
Impact of different tax rate in subsidiaries in other jurisdictions	**804.35**	60.29
Difference arising from settlement of income tax for the previous years	**-12.35**	-35.00
Total	**1,786.20**	170.90

Note: 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.

11. EARNINGS PER SHARE

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

RMB million

	Amount recognised in the current year	Amount recognised in the prior year
Net profit attributable to ordinary shareholders for the current period	**2,727.80**	998.04

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

Million shares

	Amount recognised in the current year	Amount recognised in the prior year
Number of outstanding ordinary shares at the beginning of the year	**16,887.20**	16,887.20
Add: Weighted number of ordinary shares issued during the year	**2,159.68**	–
Weighted number of outstanding ordinary shares at the end of the year	**19,046.88**	16,887.20

Earnings per share

RMB/share

	Amount recognised in the current year	Amount recognised in the prior year
Based on the net profit attributable to shareholders of the parent company:		
Basic earnings per share	**0.14**	0.06
Diluted earnings per share *(Note)*	**N/A**	N/A

Note: As at the end of the year, the Company had no outstanding dilutive ordinary shares.

II. FINANCIAL REVIEW

OVERVIEW

For the year ended 31 December 2017, the net profit of the Group increased from RMB1,019.24 million for the year ended 31 December 2016 to RMB3,595.62 million, representing an increase of RMB2,576.38 million or 252.77%, in which the net profit attributable to the owners of the parent company of the Group for the year ended 31 December 2017 was RMB2,727.80 million, representing an increase of RMB1,729.76 million or 173.32% from RMB998.04 million as at 31 December 2016. The increase in profit of the Group was mainly attributable to the inclusion of newly-added copper and cobalt business in Congo and niobium and phosphates businesses in Brazil as compared with that of last year as a result of completion of overseas mergers and acquisitions by the Group in the fourth quarter of 2016, as well as the increase in sales prices of molybdenum, tungsten, copper and cobalt as compared with that of last year.

OPERATING RESULTS

The revenue and gross profit of the Group increased due to the completion of the mergers and acquisitions of copper and cobalt business in Congo and niobium and phosphates businesses in Brazil during the fourth quarter of 2016, representing a year-on-year increase as compared to the consolidated reporting period, as well as the increase in sales prices of molybdenum, tungsten, copper and cobalt. In 2017, the principal business income of the Group amounted to RMB23,968.55 million, representing a year-on-year increase of RMB17,171.26 million. For the year ended 31 December 2017, the gross profit of the Group amounted to RMB8,905.47 million, representing a year-on-year increase of RMB6,612.47 million.

The table below sets out the principal business income, cost, gross profit and gross profit margin of our products in 2017 and 2016:

Principal businesses by industry, product and region

RMB million

Principal businesses by industry						
By industry	**Operating revenue**	**Operating cost**	**Gross profit Margin** *(%)*	**Increase or decrease in operating revenue as compared to last year** *(%)*	**Increase or decrease in operating cost as compared to last year** *(%)*	**Increase or decrease in gross profit margin as compared to last year** *(%)*
Non-ferrous metal mining	23,968.55	15,063.08	37.15	252.62	234.42	Increased by 3.42 percentage points

Principal businesses by product

By product	Operating revenue	Operating cost	Gross profit Margin *(%)*	Increase or decrease in operating revenue as compared to last year *(%)*	Increase or decrease in operating cost as compared to last year *(%)*	Increase or decrease in gross profit margin as compared to last year *(%)*
Molybdenum and tungsten-related products	3,772.29	1,819.36	51.77	33.98	20.36	Increased by 5.45 percentage points
Copper and gold-related products	1,663.82	1,145.76	31.14	20.46	13.03	Increased by 4.53 percentage points
Niobium-related products	1,670.08	1,251.48	25.06	306.69	308.21	Decreased by 0.28 percentage points
Phosphate-related products	2,834.19	2,462.08	13.13	288.45	321.03	Decreased by 6.72 percentage points
Copper and cobalt-related products	13,844.64	8,302.17	40.03	968.14	733.29	Increased by 16.90 percentage points
Others	183.53	82.23	55.19	11.90	-10.03	Increased by 10.92 percentage points

Principal businesses by region

By region	Operating revenue	Operating cost	Gross profit Margin *(%)*	Increase or decrease in operating revenue as compared to last year *(%)*	Increase or decrease in operating cost as compared to last year *(%)*	Increase or decrease in gross profit margin as compared to last year *(%)*
China	3,955.82	1,901.59	51.93	32.76	18.63	Increased by 5.73 percentage points
Australia	1,663.82	1,145.76	31.14	20.46	13.03	Increased by 4.53 percentage points
Brazil	4,504.27	3,713.57	17.55	295.02	316.62	Decreased by 4.28 percentage points
Congo	13,844.64	8,302.17	40.03	968.14	733.29	Increased by 16.90 percentage points

The Company completed the mergers and acquisitions of copper and cobalt business in Congo and the niobium and phosphates businesses in Brazil in the fourth quarter of 2016, representing a year-on-year increase as compared to the consolidated reporting period.

Production and sales volume of principal products

Principal products	Production volume *(Tonnes)*	Sales volume *(Tonnes)*	Inventory *(Tonnes)*	Increase or decrease of production volume as compared to last year *(%)*	Increase or decrease of sales volume as compared to last year *(%)*	Increase or decrease of inventory as compared to last year *(%)*
Molybdenum	16,717	19,252	2,620	2.55	-6.07	-14.99
Tungsten	11,744	12,062	602	16.07	5.09	-46.68
Copper metal of Northparkes copper/gold mine ("**NPM**") (Based on 80% of equity interests)	34,913	35,168	2,407	-5.00	-2.21	-10.59
Copper metal of Tenke Fungurume Mining ("**TFM**")	213,843	214,866	16,931	827.78	685.44	-5.72
Cobalt metal	16,419	15,326	3,307	943.14	739.78	49.23
Niobium metal	8,674	8,548	1,842	366.59	327.83	7.33
Phosphates fertilizer (HA+LA)	1,152,554	1,137,978	54,462	279.36	275.08	578.23

Explanation on production and sales volume

The increase in the production and sales volume of copper, cobalt, niobium and phosphates fertilizer was mainly attributable to the completion of mergers and acquisitions of copper and cobalt business in Congo and the niobium and phosphates businesses in Brazil in the fourth quarter of 2016, representing a year-on-year increase as compared to the consolidated reporting period.

Component of cost of principal products

RMB million

By Industry

Industry	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 as compared to the same period last year (%)
Non-ferrous metal mining	Materials	6,958.96	46.48	1,187.97	28.06	485.78
	Labor	1,559.26	10.42	767.78	18.14	103.09
	Depreciation	4,243.10	28.34	1,002.73	23.69	323.16
	Energy	767.56	5.13	402.88	9.52	90.52
	Manufacturing fees	1,441.70	9.63	871.98	20.60	65.34

By Product

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 as compared to the same period last year (%)
Molybdenum and tungsten-related products	Materials	614.38	36.17	403.32	29.70	52.33
	Labor	300.90	17.72	237.42	17.48	26.73
	Depreciation	159.34	9.38	152.91	11.26	4.21
	Energy	240.32	14.15	222.31	16.37	8.10
	Manufacturing fees	383.60	22.58	341.95	25.18	12.18
Copper and gold-related products	Materials	210.53	18.14	192.73	19.05	9.24
	Labor	177.82	15.32	193.11	19.09	-7.92
	Depreciation	516.40	44.50	489.82	48.42	5.43
	Energy	84.96	7.32	84.45	8.35	0.60
	Manufacturing fees	170.81	14.72	51.56	5.10	231.27

By Product

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 as compared to the same period last year *(%)*
Niobium-related products	Materials	623.44	47.92	57.18	19.80	990.28
	Labor	167.76	12.89	43.12	14.93	289.08
	Depreciation	294.64	22.65	73.11	25.31	303.04
	Energy	59.51	4.57	14.22	4.92	318.43
	Manufacturing fees	155.65	11.96	101.19	35.04	53.81
Phosphates-related products	Materials	1,596.90	61.78	277.55	50.94	475.35
	Labor	305.58	11.82	97.37	17.87	213.83
	Depreciation	342.14	13.24	33.80	6.20	912.31
	Energy	148.26	5.74	35.16	6.45	321.64
	Manufacturing fees	191.87	7.42	101.01	18.54	89.96
Copper and cobalt-related products	Materials	3,913.72	47.58	257.20	24.97	1,421.69
	Labor	607.21	7.38	196.76	19.10	208.61
	Depreciation	2,930.59	35.63	253.10	24.57	1,057.88
	Energy	234.52	2.85	46.74	4.54	401.78
	Manufacturing fees	539.77	6.56	276.27	26.82	95.38

Overseas mergers and acquisitions were completed in the fourth quarter of 2016, representing a year-on-year increase as compared with the consolidated reporting period. The figures for the same period of last year were not comparable.

SELLING EXPENSES

For the year ended 31 December 2017, the selling expenses of the Group amounted to RMB214.84 million, representing an increase of RMB124.22 million or 137.08% from RMB90.62 million for the same period in 2016. It was mainly due to the expansion of sales scale arising from the increase in the newly-added business of the Group, resulting in an increase in selling expenses.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2017, the administrative expenses of the Group amounted to RMB1,159.09 million, representing an increase of RMB444.36 million or 62.17% from RMB714.73 million for the same period in 2016. It was mainly due to the increase of administrative expenses as a result of the scale expansion of the Group's overseas business.

FINANCE EXPENSES

For the year ended 31 December 2017, the finance expenses of the Group amounted to RMB1,416.97 million, representing an increase of RMB1,009.30 million or 247.58% from RMB407.67 million for the same period in 2016, mainly due to the increase in interest expenses and exchange gains and losses of the Group for the period.

INCOME TAX EXPENSES

For the year ended 31 December 2017, the income tax expenses of the Group amounted to RMB1,786.20 million, representing an increase of RMB1,615.30 million or 945.17% from RMB170.90 million for the same period of 2016. Such increase was mainly attributable to the increase of the total profit of the Group for the period.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2017, the net profit of the Group attributable to owners of the parent company increased by RMB1,729.76 million or 173.32% from RMB998.04 million for the year ended 31 December 2016 to RMB2,727.80 million for the year ended 31 December 2017. Such increase was mainly attributable to the inclusion of newly-added copper and cobalt business in Congo and niobium and phosphates businesses in Brazil as compared with that of last year as a result of completion of overseas mergers and acquisitions by the Group in the fourth quarter of 2016, as well as the increase in sales prices of molybdenum, tungsten, copper and cobalt as compared with that of last year.

FINANCIAL POSITION

As at 31 December 2017, the total assets of the Group amounted to RMB97,837.25 million, comprising non-current assets of RMB58,788.45 million and current assets of RMB39,048.80 million. Equity attributable to shareholders of the parent company as at 31 December 2017 increased by RMB19,419.12 million or 103.63% to RMB38,157.18 million from RMB18,738.06 million as at 31 December 2016. Such increase was mainly due to the increase in shareholders' equity after the completion of private placement of A Shares in July 2017.

CURRENT ASSETS

As at 31 December 2017, the current assets of the Group increased by RMB19,245.84 million or 97.19% to RMB39,048.80 million from RMB19,802.96 million as at 31 December 2016. Such increase in the current assets was mainly attributable to the increase in the net cash flow from operating activities and increase in capital fund for the period.

NON-CURRENT ASSETS

As at 31 December 2017, the non-current assets of the Group decreased by RMB9,332.95 million or 13.70% to RMB58,788.45 million from RMB68,121.40 million as at 31 December 2016. Such decrease in the non-current assets was mainly because the time-deposit, wealth management products and structured deposits with a term of more than one year expired in 2017.

SCOPE OF RESTRICTED ASSETS

As at 31 December 2017, among other bank and cash balance, the structured bank deposits amounted to RMB4,700.00 million (opening balance for the year: RMB400.00 million), the bank acceptance bond deposits amounted to RMB300.00 million (opening balance for the year: RMB450.00 million), the loan guarantee deposits amounted to RMB1,701.42 million (opening balance for the year: RMB630.00 million), the special security deposits for the mine environment restoration and rehabilitation amounted to RMB24.42 million (opening balance for the year: RMB20.02 million), and other deposits amounted to RMB1.50 million (opening balance for the year: RMB50.00 million). The above structured deposits cannot be withdrawn in advance during the deposit period.

Save for the above, the Group has no other asset collateral or pledge.

ENTRUSTED WEALTH MANAGEMENT

RMB million

Entrustee	Types	Amount	Start date	Expiry date	Capital sources	Capital investment	Payment methods of remuneration	Annualized rate of return	Expected return (if any)	Actual gain or loss	Actual recovery	statutory procedure or not	Entrusted wealth management plan or not in the future	Provision amount of devaluation reserve (if any)
Shenwan Hongyuan	Asset management plan	200.00	2014/6/5	2018/6/5	Funds in hand	Standardised credit assets	Floating revenue	6.50%		33.26		Yes		0
Ping An Huitong	Asset management plan	350.00	2015/5/18	2018/5/18	Funds in hand	Standardised credit assets	Floating revenue	5.84%		53.82		Yes		0
Ping An Huitong	Asset management plan	250.00	2015/7/29	2018/7/29	Funds in hand	Standardised credit assets	Floating revenue	5.24%		31.88		Yes		0
NEW CHINA CAPITAL MANAGEMENT	Asset management plan	1,763.47	2017/9/8	2019/9/7	Funds in hand	Portfolio investment	Payment in due course	–		–		Yes		0
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	300.00	2015/4/10	2018/4/10	Funds in hand	Wealth management funds from banks	Floating revenue	5.15%		38.69		Yes		0
Luoyang branch of China Minsheng Bank	Principal guaranteed structured deposits	400.00	2017/3/22	2018/3/22	Funds in hand	Wealth management funds from banks	Floating revenue	3.60%		–		Yes		0
Tianshan sub-branch of China Merchants Bank	Principal guaranteed structured deposits	1,500.00	2017/7/27	2018/1/29	Funds in hand	Wealth management funds from banks	Floating revenue	3.90%		–		Yes		0
Business department of Henan branch of Bank of China	Principal guaranteed structured deposits	2,000.00	2017/7/28	2018/1/29	Funds in hand	Wealth management funds from banks	Floating revenue	3.81%		–		Yes		0
Luanchuan sub-branch of Bank of China	Principal guaranteed structured deposits	2,500.00	2017/7/28	2018/1/29	Funds in hand	Wealth management funds from banks	Floating revenue	3.81%		–		Yes		0
Shanghai branch of China Development Bank	Principal guaranteed structured deposits	300.00	2017/8/4	2018/2/5	Funds in hand	Wealth management funds from banks	Floating revenue	4.00%		–		Yes		0
Luoyang branch of China Minsheng Bank	Principal guaranteed structured deposits	500.00	2017/10/27	2018/1/26	Funds in hand	Wealth management funds from banks	Floating revenue	4.30%		–		Yes		0
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	800.00	2017/10/27	2018/1/26	Funds in hand	Wealth management funds from banks	Floating revenue	4.55%		–		Yes		0
Luoyang branch of Ping An Bank	Principal guaranteed structured deposits	2,000.00	2017/10/30	2018/5/2	Funds in hand	Wealth management funds from banks	Floating revenue	4.35%		–		Yes		0
Luoyang branch of Industrial Bank	Principal guaranteed structured deposits	100.00	2017/10/30	2018/2/1	Funds in hand	Wealth management funds from banks	Floating revenue	4.37%		–		Yes		0
Huangpu sub-branch of Ping An Bank	Principal guaranteed structured deposits	300.00	2017/11/1	2018/2/1	Funds in hand	Wealth management funds from banks	Floating revenue	4.20%		–		Yes		0

Entrustee	Types	Amount	Start date	Expiry date	Capital sources	Capital investment	Payment methods of remuneration	Annualized rate of return	Expected return (if any)	Actual gain or loss	Actual recovery	statutory procedure or not	Entrusted wealth management plan or not in the future	Provision amount of devaluation reserve (if any)
Luoyang branch of Zhongyuan Bank	Principal guaranteed structured deposits	100.00	2017/11/2	2018/2/1	Funds in hand	Wealth management funds from banks	Floating revenue	4.30%		–		Yes		0
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	700.00	2017/11/1	2018/1/30	Funds in hand	Wealth management funds from banks	Floating revenue	4.55%		–		Yes		0
Luoyang branch of Industrial Bank	Principal guaranteed structured deposits	100.00	2017/12/18	2018/12/18	Funds in hand	Wealth management funds from banks	Floating revenue	4.79%		–		Yes		0
Zhengzhou branch of Hengfeng Bank	Principal guaranteed structured deposits	400.00	2017/12/13	2018/12/13	Funds in hand	Wealth management funds from banks	Floating revenue	4.73%		–		Yes		0
Xiamen International Bank	Principal guaranteed structured deposits	200.00	2017/12/20	2018/12/20	Funds in hand	Wealth management funds from banks	Floating revenue	4.90%		–		Yes		0
Luoyang branch of Bank of Communications	Principal guaranteed structured deposits	100.00	2017/12/22	2018/12/21	Funds in hand	Wealth management funds from banks	Floating revenue	4.65%		–		Yes		0
Luoyang branch of Ping An Bank	Principal guaranteed structured deposits	1,500.00	2017/12/21	2018/6/21	Funds in hand	Wealth management funds from banks	Floating revenue	4.65%		–		Yes		0
Suzhou branch of CGB	Principal guaranteed structured deposits	100.00	2017/12/22	2018/3/22	Funds in hand	Wealth management funds from banks	Floating revenue	4.60%		–		Yes		0
Xiamen International Bank	Principal guaranteed structured deposits	150.00	2017/12/20	2018/3/20	Funds in hand	Wealth management funds from banks	Floating revenue	4.70%		–		Yes		0
Fengtai sub-branch of Industrial Bank	Principal guaranteed structured deposits	100.00	2017/12/29	2018/9/25	Funds in hand	Wealth management funds from banks	Floating revenue	5.00%		–		Yes		0
Total		16,713.47								157.65				0

Amount in aggregate of principal and income that have not been recovered overdue *(RMB)*	Not applicable
Description on entrusted wealth management	Not applicable

CURRENT LIABILITIES

As at 31 December 2017, the current liabilities of the Group decreased by RMB2,478.56 million or 15.51% to RMB13,503.11 million from RMB15,981.67 million as at 31 December 2016. Such decrease in the current liabilities was mainly attributable to the repayment of partial short-term borrowings in 2017 and the repayment of super short-term financing bonds in due in 2017

NON-CURRENT LIABILITIES

As at 31 December 2017, the non-current liabilities of the Group increased by RMB819.24 million or 2.18% to RMB38,425.00 million from RMB37,605.76 million as at 31 December 2016. Such increase in the non-current liabilities was mainly attributable to the confirmation of the payment obligations to BHR shareholders in 2017.

CONTINGENCY

As at 31 December 2017, the contingent liabilities of the Group are as follows:

(1) Outstanding lawsuits

The Group's business in China

On 30 January 2013, the Group received relevant documents from Luoyang Intermediate People's Court of Henan Province stating that Yangshuwa West Lead Mine ("**Yangshuwa**"), located at Luanchuan County, sued a tailings pond built by the Third Mineral Processing Company, a branch of a subsidiary of the Group. The tailing pond is located within the mining areas of the Yangshuwa. Due to the increase in the dam of the tailings pond, the tailings pond is invaded and the groundwater level is increased, causing the mining facility and equipment to be destroyed and the abandonment of the mining project, making the proven lead-zinc ore body incapable of mining, thus bringing economic losses to the accuser. Therefore, the Third Mineral Processing Company was required to stop infringement and compensate for direct economic losses of approximately RMB18 million and related loss of available profits. According to the result of the judicial appraisal, Yang Shuwa's mining rights assessment value involved in this lawsuit was RMB1.724 million. The relevant litigation is currently pending. The Group considers that the fact of the infringement asserted by Yangshuwa cannot be confirmed based on the existing circumstances and the evidence submitted. It is therefore believed that the litigation matter will not have a material impact on the financial position of the Group currently. The related amount of compensation was not included in the financial statements as at 31 December 2017.

The Group's copper and cobalt business in the DRC

At the end of 2015, TFM negotiated with Société Nationale d' Electricité ("**SNEL**") to resolve the effectiveness, power supply quality and quantity of the current power supply. According to the revised terms of the power agreement contained in the settlement plan, TFM agreed to pay an electricity price of US$0.0569 per kWh from the beginning of January 2016 (the previous electricity price was US$0.0350 per kWh) and paid US$10 million in settlement compensation to obtain more continuous power supply from SNEL. As of the date of this announcement, the two sides have not yet signed any formal agreement and the negotiation is still in progress. For this contingent liability, TFM has already made a provision of US$10 million in expenditure in previous years.

In addition, the Group's copper and cobalt salesmen in the DRC may have some legal actions, claims and liabilities claims in their daily operations. The management believes that based on the currently available information, the results of these contingent events will not have a material adverse effect on the financial status, operating results or cash flow of the related business.

The Group's cerium and phosphate business in Brazil

The Group's cerium and phosphate business in Brazil may face various lawsuits in its daily business activities. The management judged the loss of relevant lawsuits and the possibility of outflow of economic benefits based on the information they possess and the professional opinions of external legal experts. For outflow of economic benefits which is less likely to happen, it shall be represented as a contingent event. The outcome of such contingent events will not have a material adverse effect on the financial position, operating results or cash flows of the related business.

(2) Guarantees

As at 31 December 2017, the Group's Northparkes copper and gold mining business in Australia provided guarantees for its related business operations to the government agencies of New South Wales, with a guarantee amount of A$32.92 million (equivalent to RMB167.76 million). The joint venture of relevant business had agreed that any liability arising out of this business shall be enforced from this guarantee. As at 31 December 2017, no major guarantee responsibility occurred.

GEARING RATIO

The gearing ratio (total liabilities divided by total assets) of the Group decreased to 53.08% as at 31 December 2017 from 60.95% as at 31 December 2016. The decrease in the gearing ratio was mainly due to the increase in operating cash flow and the increase in capital fund in 2017.

CASH FLOW

As at 31 December 2017, cash and cash equivalents of the Group increased by RMB11,361.21 million or 134.93% to RMB19,781.42 million from RMB8,420.21 million as at 31 December 2016.

For the year ended 31 December 2017, net cash inflow generated from operating activities was RMB8,428.81 million; net cash outflow from investment activities was RMB4,109.23 million; and net cash inflow generated from financing activities was RMB7,372.04 million.

CAPITAL STRUCTURE

As at 31 December 2017, the shareholders' equity of the Company was RMB45,909 million, representing an increase of RMB11,572 million as compared to that of the beginning of the year; among which the shareholders' equity attributable to the parent company was RMB38,157 million, representing an increase of RMB19,419 million as compared to that at the beginning of the year, mainly due to the non-public issuance of A shares of RMB17,859 million.

As at 31 December 2017, the issued shares of the Company was 21,599,240,583 shares, including 17,665,772,583 A shares and 3,933,468,000 H shares. The total issued shares of the Company also comprise 4,712,041,884 A shares issued non-publicly in July 2017.

RISK WARNING

1. Exposure to risks related to price fluctuations of principal products

The revenue of the Company primarily generates from the sale of metals and phosphate products, including ferromolybdenum, tungsten concentrates, copper concentrates, electrolytic copper, cobalt hydroxide, ferroniobium, phosphate fertilizer and other related products. Its operating results are largely subject to fluctuations in the market prices thereof. The NPM copper/gold mine of the Company also has sales of gold as a by-product. Accordingly, the price fluctuations in gold will also have an impact on the Company. Since the fluctuations in the costs of mining and smelting process are relatively insignificant, the Company's profit and profit margin in the reporting period are closely related to the price trend of the commodities. Therefore, significant fluctuation in the prices of resource products and gold may cause instability of the operating results of the Company. Particularly, if the prices of resource products record sharp decreases, the operating results of the Company will fluctuate significantly.

Given the relatively significant fluctuations in the copper products and the existence of products in transit, rolling settlement and other factors, at the 2016 Annual General Meeting, the Board of Directors was authorised to determine and carry out the hedging of copper and gold products in line with market conditions, production plans and pursuant to the "Hedging Management System" of the Company, within the expected total annual output on the basis of equity interests. The Company will deepen market research and adopt appropriate hedging plans to guard against risks related to price fluctuations.

2. Exposure to risks related to reliance on mineral resources

As the primary operation of the Company is mineral resource exploitation, the Company is highly dependent on mineral resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible in case of cost of production rising due to fluctuations in the market price, 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 mining process. Therefore, full utilization of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

Technical staff of the Company will regularly review and update the reserves and grade according to the development of resources, and optimize mining schemes and plans, thereby verifying resources of the Company and implementing the best mining plans.

3. Exposure to risks related to production safety or natural disasters

The Company engages in the mining business and mineral resources processing. The Company invested substantial resources to form a relatively complete system of production safety management, risk prevention and supervision, established a well trained workforce and a management body for safe production and continuously push forward the safety standardization management. However, safety incidents cannot be totally avoided. As a mineral resource exploiter, large amounts of reduced rocks and tailings are produced in the production process. Inefficient management of slag discharge fields and tailing storage facilities may result in small scale disaster. The Company uses explosives in the mining process. If there are defects in the storage and use of such materials, there may be possible risk of casualties. In addition, tailing storage facilities and slag discharge fields may be damaged if serious natural disaster occurs such as rainstorms or debris flows.

The Company will continue to prevent and control safety risks related to production by formulating and improving safety systems, intensifying accountability and assessment in relation to safety and environmental protection, investing more in production safety and environmental protection and promoting standardized safety management. It will improve the prevention and control of natural disaster risk through "flood season" emergency plans and drills.

4. Exposure to risks related to interest rates

The interest rate risk related to fair value comes from changes in bank loan rates. The risk of changes in cash flows of financial instruments arising from fluctuations in interest rates is mainly related to bank borrowings with floating rates.

The Company has adopted interest rate swaps to hedge against interest rate fluctuations on certain US$-denominated loans, therefore minimizing the impact of interest rate hikes resulting from higher United States interest rates. In the future, the Company will pay close attention to the changes of interest rate so as to deal with interest rate risks by measures including interest rate swaps.

5. Exposure to risks related to exchange rate

The exchange rate risk exposure of the Company is primarily arising from assets and liabilities held in foreign currencies other than the function currency, and is mainly associated with US$, HK$, 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 US$; the niobium and phosphates businesses of the Group in Brazil are mainly denominated and settled in US$ and BRL; and the copper and cobalt business of the Group in the DRC is mainly denominated and settled in US$ and CDF. Therefore, the exposure of the Group to changes in exchange rates is not significant, as its foreign currency transactions mainly comprise the financing activities of subsidiaries in mainland and Hong Kong which are denominated and settled in US$, the operational activities of subsidiaries (whose functional currency is US$) in Australia are settled in AUD, the operational activities of subsidiaries (whose functional currency is US$) in Brazil are settled in BRL (Brazil) and the operating activities of subsidiaries (whose functional currency is US$) in the DRC are settled in CDF.

The exchange rate risks arising from assets and liabilities with balances denominated in foreign currencies may affect the operating results of the Group. The Company has paid close attention to the effect of the changes in exchange rates, and made use of forward foreign exchange contracts to hedge foreign exchange rate risk in due course.

As at 31 December 2017, the Company has not entered into any hedging arrangement for the exchange rate risks.

6. Exposure to risks related to policies

Tenke Fungurume Mining operated by the Company is located in the DRC, which is one of the underdeveloped countries in the world with social problems that cause public concern. If the political and security situation of the DRC deteriorates in the future, it will cause adverse effects on the production and operation of the Company. The foreign assets operational philosophy of the Company underlies positive relations with local government, communities and social organizations. As the political ties between China and the DRC stabilize and draw ever closer, the government of China has been encouraging outbound investments into the DRC. In order to further reduce potential economic losses of the Company incurred by relevant risks in operations, the Company is picking up pace in covering DRC projects by overseas investment insurance.

7. Exposure to risks related to operations of overseas assets

Through operating the NPM Copper and Gold Mine in Australia, the Company has accumulated certain experience in operation and management of overseas mineral resources, which serves as the reference for successful mining operations in Brazil and the DRC; however, significant differences of operational environments and 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 also increases the difficulty in corporate management and operations, including higher requirements of organizational structure, competence of the management team and professionalism of the staff. As such, the Company may be affected to a certain degree by the shortage of talents.

For management and control of overseas operations, the Company has established an overseas asset operation and management center in Phoenix, United States, and built a professional management team comprising talents with extensive management experience and international vision. The Company will continue to implement the strategy of introducing international management talents, in order to optimize its internationalization and enhance the control on overseas assets.

EMPLOYEES AND PENSION PLAN

As at 31 December 2017, the Group had approximately 11,226 full-time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	1,616	14.40%
Quality control, research and development	1,565	13.94%
Production	7,006	62.41%
Finance, sales and other support	1,039	9.26%
Total	11,226	100%

The remuneration policy for the employees of the Company principally consists of a salary point and performance remuneration system, based on employees' positions and responsibilities and their quantified assessment results. The employees' remuneration is evaluated in line with the Company's operating results and personal performance in order to provide a consistent, fair and equitable remuneration system for all employees. The companies of the Group domiciled in China participate 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 Group 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, etc. Pursuant to current applicable local regulations in China, the percentages of certain insurances are as follows: the pension insurance, health insurance, unemployment insurance, maternity insurance, work injury insurance and the contribution to housing provident fund of our Chinese employees represent 19%, 7%, 0.7%, 0.5%, 0.4% to 1.9% and 5% to 12% of his or her total basic monthly salary respectively. In accordance with applicable PRC regulations, the Company currently participates in pension contribution plans organized by the governments. The overseas employees are enrolled in pension and/or healthcare plans under the requirement of the laws in the countries where they reside.

ANALYSIS ON MAJOR SUBSIDIARIES

(1) Major Subsidiaries

Company name	Principal products	Registered capital	Total assets *(RMB million)*	Net assets *(RMB million)*	Operating income *(RMB million)*	Net profit *(RMB million)*
CMOC Mining Pty Limited	Copper and gold related products	US$346 million	5,926.78	2,649.05	1,686.56	219.40
CMOC DRC Limited	Copper and cobalt related products	HK$1	45,118.85	16,674.73	13,844.64	3,189.53
Luxembourg SPV	Niobium and phosphates related products	US$20,000	14,138.79	4,068.25	4,568.56	134.87

RESOURCE AND RESERVES

As at 31 December 2017, the ore resources and reserves of the Company were as follows:

Category	Mining Area	Total *(million tonnes)*	Resources Grade *(%)*	Total *(million tonnes)*	Reserves Grade *(%)*
Molybdenum	Sandaozhuang Molybdenum and Tungsten Mine	497.36	0.100	267.24	0.105
	Shangfanggou Molybdenum Mine	463	0.139	41.22	0.181
	Xinjiang Molybdenum Mine	441	0.106	141.58	0.139
Tungsten	Sandaozhuang Molybdenum and Tungsten Mine	497.36	0.092	267.24	0.120
Copper	TFM in the DRC	831.5	2.94	184.6	2.37
	NPM in Australia	471.81	0.56	125.74	0.57
Cobalt	TFM in the DRC	831.5	0.28	184.6	0.32
Gold	NPM in Australia	471.81	0.19(g/t)	125.74	0.20(g/t)
Niobium	Brazil Mine area I	100.1	1.17	37.4	0.97
	Brazil Mine area II	459.2	0.23	217.7	0.34
Phosphate	Brazil Mine area II	459.2	11.29	217.7	12.21

Notes:

(1) The Shangfanggou molybdenum mine is owned by Luoyang Fuchuan Mining Co., Ltd., a joint venture of the Company. Its shareholding structure as of the date of this announcement is as follows: a 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 a 90% equity interest of which is owned by Xuzhou Huanyu Molybdenum Industry Co., Ltd. (徐州環宇鉬業有限公司) (“**Xuzhou Huanyu**”), a joint venture of the Company (the Company holds a 50% equity interest in Xuzhou Huanyu and Luoyang Guo’an Trade Co., Ltd. (洛陽國安商貿有限公司) holds a 50% equity interest in Xuzhou Huanyu).

(2) Resources and reserves of mines are measured under the standard of the Joint Ore Reserves Committee (聯合礦石儲量委員會), except for those of Xinjiang Molybdenum Mine that are measured under the PRC standard. The above reserves of ore resources have been confirmed by our internal expert.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

NPM exploration activities:

Surface drilling programs were undertaken on EL5800, EL5801, EL5323, and ML1247, ML1367, ML1641 during 2017. A total of 20,300 meters of surface drilling was undertaken during the period, comprising 65 holes of diamond core (14,122 meters), reverse circulation (RC) (5,913 meters) and aircore drilling (265m).

Underground diamond core drilling was completed in the E26 Lift 1N and the E26 SLC areas (ML1247), comprising 12 holes for 1,388 meters.

Drilling completed is a mix of regional drilling programs, near-mine exploration prospects and evaluation targets on the Northparkes Mining Leases.

The other major activity undertaken this year has been the re-assay of historic aircore and RAB drill returns for a broad pathfinder element suite; 10,720 residual samples were submitted for re-assay using the ALS 48 element suite (ME-MS61) plus fire assay gold (Au-AA21).

Exploration activities in the Boa Vista Mine in Brazil

To support long term planning and to convert mineral resources in the Chapadão Mine, 13 diamond drill holes totaling 2,969.80 meters were performed by using 2 drill rigs in the FFG-04 area, and 12 diamond drill holes totaling 3,001.00 meters in the north part of Boa Vista Mine using 1 drill rig.

In order to carry out geochemical and geophysical phosphate anomalies, 2 diamond drill holes were performed in the Botafogo target using 1 drill rig.

In terms of geophysical studies, 4 diamond drill holes (CT1-CHP-LP70, CT1-CHP-LP77, CT1-CHP-LP81, CT1-CHP-LP82) totaling 680 meters and 9 blastholes totaling 36 meters were completed using gamma-gamma and nature gamma methods.

Exploration activities of TFM Mine

Exploration drilling completed during 2017 comprised 92,688 meters of surface drilling in 654 core holes and was completed using 8 rigs.

Drilling was concentrated on the Dipeta Syncline, Shadirandzoro, Kapapidi and the Kwatebala regions. Minor condemnation drilling program includes: condemnation over the planned heap leach, geomechanical drilling on the Mambilima deposit and limestone exploration done in the Mofya quarry.

(II) Development

(1) Sandaozhuang Mine

For the year ended 31 December 2017, the Company did not have any significant development in Sandaozhuang Mine.

(2) Shangfanggou Mine

For the year ended 31 December 2017, the Company did not have any significant development in Shangfanggou Mine.

(3) Xinjiang Mine

For the year ended 31 December 2017, the Company did not have any significant development in Xinjiang Mine.

(4) NPM Copper and Gold Mine

Tailings storage facility construction was completed in 2017 on the TSF Infill project; construction activities continued on Escourt stage 2 and the construction of TSF1 with closing of facilities continued.

Underground Lateral development of 392 meters was completed on schedule for the ventilation upgrade project.

(5) Brazil Niobium and Phosphates Mine

Grade control to support the mining: 153 drill holes were carried out with reverse circulation (RC) in the Chapadão Mine totaling 4,455 meters in the Neverland, Cerradinho and Downstream areas. 1,151 drill holes were carried out in Boa Vista Mine with reverse circulation (RC), totaling 28,488.75 meters.

Infrastructure in the Boa Vista Mine: 7 piezometers built, re-location of power energy, 1 water wheel, regional monitoring network, gas station infrastructure and radio system.

(6) TFM in the DRC

Clear and Grub activity, 140 hectares in total, occurred at Tenke, Kansalawile, Mambalima and Fungurume. 9km of haul roads were developed to Mofya Quarry, Kansalawile and Mambalima deposits. Dewatering activity focused on Mofya, Mwadinkomba and Fungurume.

(III) Mining

	2017
Domestic mining activities	
Production volume of Sandaozhuang Molybdenum and Tungsten Mine *(kilotonnes)*	19,015.6
Overseas mining activities	
Production volume of NPM Copper Mine *(kilotonnes)*	6,465
Production volume of Brazil Niobium Mine *(kilotonnes)*	3,190
Production volume of Brazil Phosphates Mine *(kilotonnes)*	5,616
Production volume of TFM Copper and Cobalt Mine *(kilotonnes)*	8,666

Remarks:

1. The mining production volume above were calculated based on the statistics prepared by the Company and have been confirmed by our internal experts.

2. For the year ended 31 December 2017, no mining activities were conducted in Xinjiang Mine and Shangfanggou Mine.

EXPLORATION, DEVELOPMENT AND MINING EXPENSES OF THE COMPANY

For the year ended 31 December 2017, 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 Sandaozhuang Mine amounted to RMB474.95 million;

(Note: ore processing is not included, the same below)

2. Overseas mining expenses (in US$ Million)

Project	Exploration	Development	Mining
Niobium Mine	0.49	2.4	24.75
Phosphates Mine	0.65	0.36	16.92
TFM Copper and Cobalt Mine	20.1	8.8	222.7
NPM	4.6	7.0	42.7
Total	25.84	18.56	307.07

III. MARKET REVIEW

For the year ended 31 December 2017, the Company generated revenue mainly from the sales of copper, cobalt, molybdenum, tungsten, niobium, phosphates and other relevant products. The Company's results are largely subject to the fluctuations in the prices of the above resources. At the same time, NPM of the Company has certain sales of gold as a by-product. Accordingly, the fluctuation of the prices in gold would also has an impact on results of the Company.

PRICES COMPARISON OF RELEVANT PRODUCTS OF THE COMPANY FOR THE YEAR OF 2017 AND THE CORRESPONDING PERIOD LAST YEAR

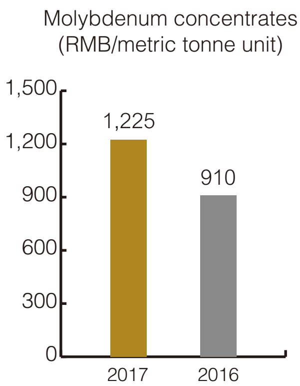
		Domestic market price of the relevant products of the Company		
Products		**2017**	2016	**Increase/ decrease on a year-to-year basis** *(%)*
Molybdenum	Molybdenum concentrates *(RMB/ metric tonne unit)*	**1,225**	910	34.62
	Ferromolybdenum *(RMB0'000/ tonne)*	**8.61**	6.71	28.32
Tungsten	Black tungsten concentrates *(RMB/ metric tonne unit)*	**1,378**	1,048	31.49
	APT *(RMB0'000/tonne)*	**13.86**	10.61	30.63

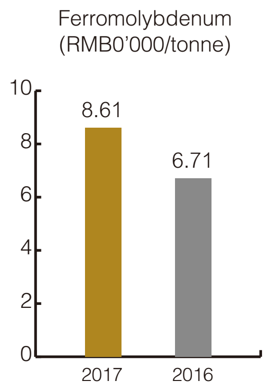
Note: The prices of relevant products in the above table are extracted from relevant domestic websites.

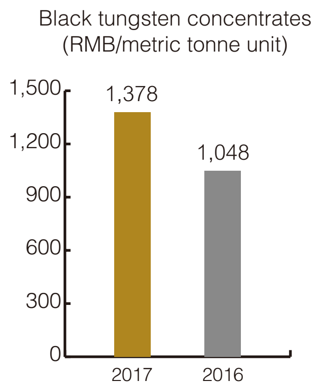
		International market price of the relevant products of the Company		
Products		**2017**	2016	**Increase/ decrease on a year-to-year basis** *(%)*
Molybdenum	Molybdenum oxide *(US$/pound)*	**8.21**	6.49	26.50
Copper	Copper cathode *(US$/tonne)*	**6,190**	4,867	27.18
Cobalt	Cobalt metal *(US$/pound)*	**27.06**	11.55	134.29
Phosphate	MAP *(US$/tonne)*	**367**	351	4.56

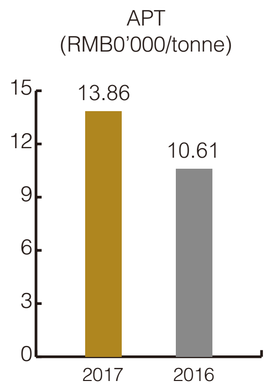
Note: The prices of molybdenum oxide are extracted from the relevant international websites. The price of copper represented the price quoted by the London Metal Exchange ("**LME**"). The prices of cobalt are extracted from LME. The price of phosphate fertilizer represented the average price of MAP quoted by the CRU.

DOMESTIC MARKET PRICE OF RELEVANT PRODUCTS OF THE COMPANY

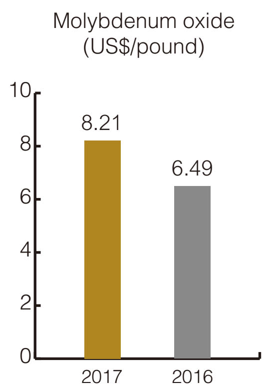


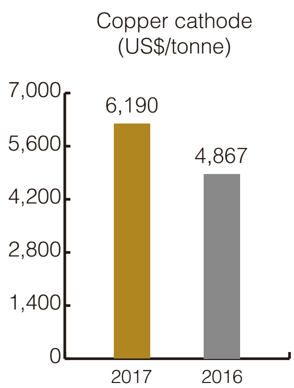


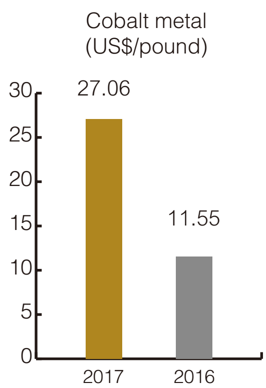


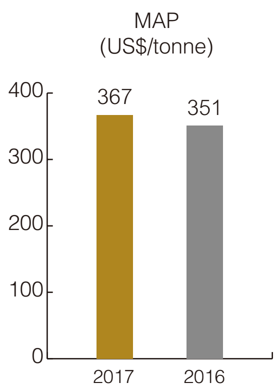


INTERNATIONAL MARKET PRICE OF RELEVANT PRODUCTS OF THE COMPANY









MARKET REVIEW ON EACH METAL SEGMENT IN 2017

(1) Molybdenum market

The major molybdenum product of the Company is ferromolybdenum, which is sold mainly in the domestic market. The macro economy witnessed stability and growth in the year of 2017. The steel sector has been affected by the supply-side reform and normalized environmental supervisions, output of stainless steel increases, and market players saw an improved business environment. In the raw material market, molybdenum supply and demand experienced periodic tensions, and the overseas molybdenum market also showed an upward trend. Both the internal and external factors stimulated the stages of rebound in the domestic molybdenum market. Without the support of demands, prices saw slight adjustments at the beginning of the first quarter, which was mainly attributable to the abundant stock of large-sized steel plants and the production halt of the small-and medium-sized plants. Later in the first quarter, the market saw rising actual demands with market speculation intentions, which boosted domestic raw material prices to new highs, and the price of ferromolybdenum recovered steadily. Early in the second quarter, the molybdenum raw material market stabilized at a high level, and the molybdenum market did not show any material changes due to the uncertainty about the impact of environmental policies in Northeast China. Output of molybdenum-bearing steel for steel companies decreased slightly later in the second quarter. Contracted demands against sufficient supply, and the accumulative stock led to price competition among market players, where the domestic molybdenum market saw corrections with a weak momentum. However, in the third quarter (an off-season for the molybdenum market), the molybdenum market saw unabated strong demand, recording stable trading volume of molybdenum concentrate and tight spot supply. Overall demands of steel plants grew amidst stability, while ferromolybdenum companies did not have sufficient stock. Therefore, the overall market trended upward with fluctuations. The molybdenum market continued to grow steadily in the fourth quarter, which was attributable to less capital and stock pressure of the mines, stable demands on the steel plants and the impact of environmental policies. Particularly, molybdenum prices in the domestic market saw positive development in December due to the tight supply in the molybdenum raw material market and the normal demands of downstream steel plants, plus their early stock preparation.

In 2017, the average price of molybdenum concentrate was RMB1,225/metric tonne unit, representing an increase of 34.62% as compared with the same period last year. The lowest price was RMB1,000/metric tonne unit, and the highest price was RMB1,500/metric tonne unit. The average price of ferromolybdenum was RMB86,100/tonne, representing an increase of 28.32% as compared with the same period last year. The lowest price was RMB71,000/tonne, and the highest price was RMB108,000/tonne.

The average MW price of molybdenum oxide in 2017 was US$8.21/pound of molybdenum, with a year-on-year increase of 26.5%. The lowest price was US$6.8/pound of molybdenum, and the highest price was US$10.5/pound of molybdenum.

(2) Tungsten market

Major tungsten products of the Company are tungsten concentrate and ammonium paratungstate (APT), which are sold mainly in the domestic market. In 2017, the domestic tungsten market staged rallies due to the little changes in the operation rate of the mines, derived from cost restrictions and environmental supervisions, the reluctance to sell out prevailing among large-sized companies, and the periodical tight supply in the raw material market. In the first quarter, large tungsten mining enterprises supply to purchase orders and long-term orders in the Chinese market, while small- and medium-sized tungsten mines maintained a low operation rate. Supply in the raw material market became tight, and stock of downstream companies stayed at a low level. Companies had to accept higher prices to maintain operation, and the tungsten market recovered moderately but steadily. Early in the second quarter, stricter environmental supervision led to further production halt in some tungsten companies, and the upstream raw material market saw a tight supply; the tungsten market remained strong because of the unabated demands from the downstream customers. Later in the quarter, which would be followed by the traditional off-season, buyers were bearish about future market development and demanded a lower price, which caused the overall tungsten market to trend downward. The third quarter was the traditional off-season for the tungsten market, during which, demands from end users saw little improvement; however, the tungsten market rebounded with the support from the low operation rate of mines and low output, which was due to environmental scrutiny and weather factors. There was a great stock consumption of low-cost tungsten concentrate. Demands from end users did not improve at the beginning of the fourth quarter, and had a limited consumption of raw materials supplied from the upstream companies. As market players held a wait-and-see attitude, the tungsten market recorded a decline with fluctuations; however, later in the fourth quarter, the market recovered gradually due to a lower operation rate caused by weather factors, environmental supervision, inadequate supply of raw material and stronger reluctance to sell out.

In 2017, the average price of 65% of domestic black tungsten concentrates was RMB89,600/tonne, with a year-on-year increase of 31.49%. The lowest price was RMB72,000/tonne, and the highest price was RMB120,000/tonne. The average price of ammonium paratungstate (APT) was RMB138,600/tonne, with a year-on-year increase of 30.63%. The lowest price was RMB109,000/tonne, and the highest price was RMB185,000/tonne.

According to the data of Metal Bulletin ("MB"), the average price of APT in the European market in 2017 was US$242/metric tonne unit, representing a year-on-year increase of 26%. The lowest price was US$187/metric tonne unit, and the highest price was US$301/metric tonne unit.

(3) Copper market

The Company sells the majority of its copper as copper cathode, with a smaller amount sold as copper concentrates in the international markets. Copper prices maintained a mostly upward trend throughout 2017, increasing nearly 30% during the year. Much of the appreciation in the price of copper occurred during the second half of 2017 and was aided by better worldwide economic news and increasing investor demand. Price appreciation accelerated during December due to expectations of tighter supply-side fundamentals related to the many labor negotiations set to occur during 2018. The benchmark LME cash settlement price at the end of 2017 finished at US$7,207/tonne, about 30% higher than the beginning of the year. Stock levels on the combined LME, Comex and SSE saw periods of heavy inflows and outflows, ending with 6% lower at the end of 2017 as compared to the end of 2016. Annual copper concentrate benchmark processing and refining charges settled at US$92.50/tonne, while spot charges trended below benchmark for most of the year. There was little progress during December 2017 in the negotiations for 2018's long-term TC/RC contracts. Under this condition, by early January 2018, the China Smelters Purchasing Team had agreed on 2018 benchmark processing and refining charges of US$82.25/tonne, a decrease of 12% from the perspective of copper producers.

(4) Cobalt market

The Company is the second largest producer of mined cobalt in the world. Cobalt products are hydrogenated cobalt and are sold in the international markets. At the beginning of 2017, the benchmark price of cobalt increased by approximately 145%, beginning the year at US$14.30/lb. and ending at US$35.00/lb. in December (based on the Metal Bulletin low grade price quotation). The higher cobalt price was primarily driven by strong demand from the battery segment, mostly owing to the automotive industry's aggressive roadmap for electric vehicle production over the next several years. Higher cobalt prices were also fueled by other market participants not previously part of the cobalt market, including financial investors looking to capitalize on cobalt as an asset class.

(5) Niobium market

The Company is the world's second largest producer of niobium. Niobium products are ferroniobium, mainly sold in the international market, with a small amount sold in China. The Company is a significant supplier to the global steel industry as the main end-use consumer (accounting for approximately 90% of total niobium consumption). Niobium demand is relatively less elastic compared to other commodities used in steel production, as niobium only accounts for a small proportion of the cost of steel production.

The overall world steel demand rose by 5.3% in 2017, significantly higher than that in recent years, and demand for niobium containing steels was strong, including applications in the automobile, building and construction sectors and a rebound in demand in oil and gas pipeline steels. During 2017, Brazilian ferroniobium exports were 27% higher than the previous year. This export growth was supported by strong demand in major end markets. China imports from Brazil grew 36%, EU imports were up by 34% and imports into the United States were up by 11%. Moreover, ongoing recovery in the United States steel industry drove higher imports of ferroniobium, which rose by 11% during the year. Regarding prices, strong competition during the first half of the year kept pressure on prices that subsequently gave way to tighter supply conditions and better pricing during the second half of the year.

(6) Phosphates market in Brazil

The Company is the second largest supplier of phosphate fertilizer in Brazil, and the majority of its product in the Brazilian market is phosphate fertilizer. Brazil is one of the world's main producers and exporters of agricultural products, including soybeans, corn, sugarcane, coffee, citrus, beef and chicken. With high demand for fertilizers, Brazil is the fourth largest fertilizer consumer in the world, with annual demand significantly exceeding its domestic production. Mono-ammonium phosphate ("**MAP**") and single superphosphate ("**SSP**") are the main high- and low-concentrated phosphate fertilizer products in the Brazilian market, respectively.

Brazilian fertilizer deliveries in 2017 were 1% higher than those in 2016, reaching approximately 34.5 million tonnes, mainly due to a favorable barter ratio (the cost of fertilizer relative to crop commodity prices) and an increased demand for phosphates (which exceeded 13 million tonnes). Increased demand particularly in the early of the year drove up prices in the first quarter. Although MAP CFR Brazil prices decreased through the second and third quarters, a price recovery was experienced toward the year-end with the price reaching US$405/tonne in December. The 2017 average MAP CFR was US$367/tonne.

IV. BUSINESS REVIEW

1. Molybdenum sector

For the year ended 31 December 2017, the Company realized a production volume of molybdenum of 16,717 tonnes, and the production cost in unit cash of RMB54,638/tonne.

2. Tungsten sector

For the year ended 31 December 2017, the Company realized a production volume of tungsten of 11,744 tonnes (excluding Yulu Mining), and the production cost in unit cash of RMB17,896/tonne.

3. Copper and cobalt sector

For the year ended 31 December 2017, where calculated based on 80% of equity interests, NPM realized a production volume of available-for-sale copper metal of 34,913 tonnes, and a C1 cash cost of US$0.92 per pound, and it realized a production volume of 28,198 ounces for gold available for sale.

For the year ended 31 December 2017, TFM Copper and Cobalt Mine realized a production volume of 213,843 tonnes of copper metal and a C1 cash cost of US$0.15 per pound, and it realized a production volume of 16,419 tonnes of cobalt.

4. Niobium and phosphate sector

For the year ended 31 December 2017, where calculated based on 100% equity interests, production of phosphate fertilizers in Brazil (high-analysis fertilizer + low-analysis fertilizer) reached 1,152,554 tonnes; where output of niobium metal was 8,674 tonnes.

As the world economy showed continuous recovery in 2017, prices of commodities, led by copper, climbed steadily. The cobalt price jumped because of the explosive growth of the new energy vehicle sector, and China's supply-side reform stimulated the stable growth of stainless steel output, which led to increasing demands for molybdenum. Under such a backdrop, relevant business sectors of the Company maintained and sustained positive development.

1. **Exclusive option to acquire minority interests in the copper and cobalt business in the DRC, entrenching the results of overseas mergers and acquisitions and enhancing control over the project**

   On 20 January 2017, the Company and BHR entered into the "Cooperation Framework Agreement between China Molybdenum Co., Ltd. and BHR Newwood Investment Management Limited on the Investment Cooperation Regarding Tenke Fungurume Mining Area", pursuant to which BHR exclusively and irrevocably granted the Company the exclusive option to buy a 24% minority interest in TFM. BHR's acquisition of the minority interest in TFM was completed on 20 April. Given that the Company completed the acquisition of and indirectly held a 56% interest in TFM, by obtaining the exclusive right to buy the further 24% minority interest in TFM through the Cooperation Framework Agreement, the Company consolidated its position and control over the project, and further boosted its profitability and risk-resisting capability.

2. **Completion of the non-public issuance of A shares which effectively optimised the capital structure and solidified the strength of the Company**

   Work related to the non-public issuance of A shares raising RMB18 billion was successfully completed on 24 July 2017, with 2.15 times over-subscription. Subscribers included large state-owned investment institutions, strategic investment corporations and large mutual funds. The success of non-public issuance of A shares refined the capital structure and equity structure of the Company and further solidified its strength, laying a solid foundation for its acquisition of quality international assets in the future. The A shares of the Company is a constituent index of the SSE 50 Index and the CSI 300 Index, and one of the first 222 A Shares included in the MSCI Index.

3. **Participation in the establishment of resource investment fund and engagement in a global leading metal trader**

   In November 2017, CMOC Limited (a wholly-owned subsidiary of the Company in Hong Kong), as a general partner, participated in the establishment of the NCCL Natural Resources Investment Fund (the "**Fund**") with a scale of US$1 billion. CMOC Limited made a capital contribution of no more than US$450 million and shall be liable to the extent of its capital contribution. The first installment of the Fund was US$500.10 million, among which, the Company subscribed for US$225.00 million. In December 2017, the Fund entered into The Sale and Purchase Agreement with Louis Dreyfus Company B.V. ("**LDC**"). It was agreed that the Fund shall acquire 100% of the equity interests of Louis Dreyfus Company Metals B.V., which is dedicated to the trading of base and precious metals raw materials.

4. **Stable operation and improved management in international assets**

Upon the successful completion of two major overseas mergers and acquisitions projects in 2016, the Company has been committed to creating a better and sound governance and control system, integrating management and fostering a strong pool of talent. At present, the management and control platform for overseas businesses is in place, and the management structure has been further improved. While acquired international businesses are transitioning and operating smoothly, the Company is also committed to operational improvements: improving operation efficiency in Brazil business, adopting measures to reduce costs, enhancing production and operation stability and re-negotiating supply chain contracts, streamlining procedures of support functions to reduce costs, and conducting research on leaching from low-grade resources and development of sulphide resources for copper and cobalt business in the DRC.

5. **Tighter cost control and higher standards for production and technical indicators, resulting in remarkable achievement of the comprehensive resources recovery project and further reinforcing competitive advantage in cost structure**

For the year ended 31 December 2017, in order to consolidate and enhance its competitive advantage in cost structure, the Company implemented a series of measures to refine the management. As a result, the recovery rate of molybdenum and tungsten ore processing was taken to a higher level, and the centralized procurement rate increased by 8.38 percentage points over that at the end of last year. The Company also realized a sharp decline in consumption of ore dressing agents, spare parts and energy as compared with the same period last year, by efficiently mobilizing energy and equipment management companies. In order to resolve the increasing costs caused by lower ore grade, NPM has completed research on new pits and a feasibility study on renovation plans.

For the year ended 31 December 2017, in terms of domestic business, 4,619 tonnes (with copper content of 20%) of copper concentrate by-product were recycled, increasing a revenue of RMB25.66 million; 208 kilograms of rhenium by-product were recovered, increasing a revenue of RMB0.78 million; 578 tonnes of ammonium molybdate were recovered from secondary treatment, increasing a revenue of RMB35.95 million. The recovery system for by-products of fluorspar is under construction, and iron recovery is in the trial stage for an enlarged recovery on industrial scale.

6. **Strict requirements and implementation in full force to ensure safety and environmental protection**

To achieve production safety with zero injury and environmental protection with zero accident, the Company never stopped in maintaining high standards of safety and environmental protection, creating a favorable environment for the production and operation. The Company continued to implement the "Ten Principal Standards for Safety" and "Danger Source Identification, Prevention and Control", intensifying safety trainings and enhancing safety inspection and risk rectification. In terms of environmental protection, the Company acted proactively by ramping up investment in environmental protection and ensuring the normal operation of environmental protection equipment and facilities, to guarantee environmental compliance and clear obstacles to production and operation. The Company also introduced and improved the system of environmental accountability and facilitated the establishment of an environmental management system. During 2017, the domestic operations realized "zero death" and "zero pollution" in production safety and environmental protection, and the Company was the only non-coal company in Luoyang that was recognized as a "Model for Production Safety" by the People's Government of Henan Province.

7. **Enhanced Communist Party building and anti-corruption work that facilitated production and operation**

To improve solidarity, cohesion and policy execution, the Company pressed ahead with the development of its corporate culture, and encouraged mutual exchange and learning among each unit, therefore facilitating production and operation. The Company promoted the publicity of Party rules and discipline, established an active monitoring mechanism, and maintained strict standards to combat corruption.

MATERIAL EVENTS

1. Exclusive agreement with BHR to indirectly hold a 24% interest in TFM

On 15 November 2016, BHR, Tenke Holdings LTD. ("**THL**") and Lundin Mining Corporation ("**Lundin**") entered into a stock purchase agreement for the acquisition of 100% equities held by THL in Lundin DRC Holdings Ltd ("**Lundin Shell Company**") from THL by BHR or its wholly-owned subsidiary. Upon the completion of the purchase, BHR will hold a 24% interest in TFM indirectly.

On 20 January 2017, the Company and BHR entered into the "Cooperation Framework Agreement between China Molybdenum Co., Ltd. and BHR Newwood Investment Management Limited on the Investment Cooperation Regarding Tenke Fungurume Mining Area", pursuant to which the Company intends to cooperate with BHR regarding the introduction of an ultimate investor in BHR, the indirect investment of BHR in a total of 24% of equities of TFM and the subsequent exit of such investment. BHR exclusively and irrevocably granted the Company the exclusive option to buy the 24% interest in TFM.

On 20 April 2017, the acquisition of 100% of equities originally held by THL in Lundin Shell Company from THL by BHR through its wholly-owned subsidiary was completed. BHR directly helds 100% of equities in Lundin Shell Company through its wholly-owned subsidiary, and indirectly helds a 24% interest in TFM.

For details of the above transactions, please refer to the announcements of the Company dated 22 January 2017 and 6 March 2017.

2. Non-public issuance of A Shares

On 18 January 2017, the Company passed the CSRC review for the non-public issuance of A shares, and on 23 June 2017 received the "Approval in Relation to the Non-Public Issuance of Shares by China Molybdenum Co., Ltd." (Zheng Jian Xu Ke [2017] No. 918) from CSRC that the Company was approved to issue no more than 5,769,230,769 new A shares.

On 18 July 2017, the 8 target subscribers for the non-public issuance remitted all subscription payments in full to the account designated by the sponsor. Relevant payments were verified in the Capital Verification Report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership). In fact, the Company issued 4,712,041,884 A shares at RMB3.82 per share, and the total subscription payments made by the target subscribers for the non-public issuance amounted to RMB17,999,999,996.88.

On 20 July 2017, as verified by the "Capital Verification Report on the Increase in Registered Capital and Share Capital of China Molybdenum Co., Ltd. upon its Non-public Issuance of RMB Ordinary Shares (A Shares)" (De Shi Bao (Yan) Zi (17) No. 00317) issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership), net proceeds from the issuance were RMB17,858,632,663.30 after deducting issuance fees of RMB141,367,333.58 from the total proceeds.

On 24 July 2017, the Company completed the registration and custody procedures with the Shanghai Branch of China Securities Depository and Clearing Company Limited for the newly-increased A shares, and its share capital increased from 16,887,198,699 shares to 21,599,240,583 shares.

For details of the above non-public issuance of A shares, please refer to the announcements of the Company dated 18 January 2017, 23 June 2017 and 26 July 2017.

Utilization of Proceeds Raised

As noted from the "Approval in Relation to the Non-Public Issuance of Shares by China Molybdenum Co., Ltd." (Zheng Jian Xu Ke [2017] No. 918) issued by CSRC, the Company was approved to issue non-publicly 4,712,041,884 ordinary A shares with issue price of RMB3.82 per share. The total proceeds raised from issuance of shares amounted to RMB18 billion. The actual net proceeds raised after deducting issuance fees of RMB141.37 million was RMB17,858.63 million. The Company has received the entire fund above by 19 July 2017.

The proceeds raised and the yields of the Company were used for replacement of the internal financed funds initially contributed to the asset acquisition projects of niobium and phosphates in Brazil and copper and cobalt in the DRC. As of 31 December 2017, the Company has utilized a total of RMB17,865.23 million (including yields generated from the proceeds raised of RMB6.60 million) of proceeds raised from the non-public issuance of RMB ordinary shares. The proceeds raised have been utilized in full.

3. Participation and establishment of investment fund by subsidiaries

On 17 November 2017, the 27th extraordinary meeting of the fourth session of the Board of the Company considered and approved the "The proposal for the Company's wholly owned subsidiary to establish a natural resources investment fund in cooperation with New China Capital Legend Limited" (《關於公司全資子公司擬與New China Capital Legend Limited合作設立自然資源投資基金的議案》), CMOC Limited or its designated wholly-owned subsidiary would participate and establish the "NCCL Natural Resources Investment Fund" (the "**Fund**") as a limited partner, in which New China Capital Legend Limited ("**NCCL**") or its designated wholly-owned subsidiary would act as a general partner. The size of the fund is US$1 billion. CMOC Limited or its designated wholly-owned subsidiary, being a limited partner, contributes fund which did not exceed 45% of the total fund size (i.e. US$450 million), and assumes responsibility for such contribution limit.

On 15 December 2017, Natural Resource Elite Investment Limited ("**NREIL**", a 100% owned company by CMOC Limited) entered into the Second Amended and Restated Exempted Limited Partnership Agreement (the "**Partnership Agreement**") with NCCL and Next Goal Limited ("**NGL**"). According to the Partnership Agreement, NREIL and NGL, as limited partners, subscribed for the limited partnership shares of NCCL Natural Resources Investment Fund, in which NCCL was a general partner. The fund raised in the first phrase amounted to US$500.10 million, of which NREIL subscribed for US$225.00 million, NGL subscribed for US$275 million and NCCL subscribed for US$100,000.

On 22 December 2017, the Fund and Louis Dreyfus Company B.V. ("**LDC**") entered into the Sales and Purchase Agreement, pursuant to which, the Fund acquired 100% equity interests in Louis Dreyfus Company Metals B.V., a company engaging in basic metals and precious metals trading platform. The transaction is expected to be completed in the first half of 2018.

For details of the establishment of the investment fund, please refer to the announcements of the Company dated 17 November 2017, 15 December 2017 and 26 December 2017.

V. PROSPECTS

Molybdenum market

Marking the first year to implement the policies of the 19th National People's Congress of the Communist Party of China, the year 2018 will see better fundamental and favorable conditions for economic and social development. Employment and prices that are closely related to people's life will remain stable. The quality and efficiency of development will continue to improve. The country's economy will maintain stability and a strong momentum under the new normal. In view of the price hike, the molybdenum market is predicted to record a slight increase in supply; however, chances for significant increase will be slim, especially when ore grade of the large mines decreases and supply of high-quality raw materials might continue to be tight. Guided by the national environmental policies and the supply-side reform, steel plants will vigorously promote transformation and develop special high-quality steel in 2018, which will boost molybdenum demands. Therefore, the molybdenum demands in the domestic market are bound to further increase. In general, the molybdenum market will be better in the future because of the steady and positive economic development and the increasing demands stimulated by adjustments of product portfolios in the steel sector.

In the international market, the International Monetary Fund (IMF) projects that global GDP will grow by 3.7% in 2018, rallying by 0.1% as compared with last year. Driven by the European and American economies, the world economy will continue to recover, and emerging economies are expected to realize steady growth. As the steel sector will improve with the support of oil prices and other commodities, the molybdenum market is expected to see increasing demands. Although the production cut announced by Codelco in November 2017 will have a significant impact on molybdenum supply in the international market, the global molybdenum output will not change significantly given the planned production expansion of Collahuasi and Antamina.

Tungsten market

A number of agencies predict that China's economy will maintain steady development in 2018, with GDP growing by 6.7% and economic growth entering into a stable range. It is expected that the tungsten market will record certain growth in demands of end users, as the country's economy will blaze positive development and maintain stability, and sectors related to hard alloy, tungsten products and special steel will further improve. Affected by the tightening environmental policies in China, raw material prices will remain strong, and the tungsten market is expected to fare better.

Copper market

Global manufacturing continued to accelerate at the end of 2017. Rates of expansion in output and new orders strengthened to the highest levels since February 2011, leading to better job growth and business optimism. JPMorgan's Global Manufacturing Index rose to the peak of the past seven years at 54.5 in December 2017 and has now signaled expansion in each of the past 22 months. The strong headline indicator suggests the global economy is firmly in place to maintain momentum in 2018. Subsequently, Wood Mackenzie estimates the health of the global economy is to drive a modest acceleration in copper consumption growth of 2% in 2018, and will expand to 2.2% in 2019. Future Chinese limitations on scrap could drive greater refined consumption within the country while supply disruptions related to 2018 labor negotiations in Peru and Chile could also provide further upside to prices during the year.

Cobalt market

Cobalt demand is expected to reach approximately 112,000 tonnes in 2018, delivering a small market surplus of 3,000 tonnes. The near-term tightness in the market and robust pricing reflects expectations of greater long-term future demand against the uncertainty of future supply. According to the CRU, demand is expected to grow at a compound annualized growth rate of 9% till 2023, largely driven by the battery segment and, to a lesser extent, cobalt alloys used in metallurgical applications. Regarding pricing, expectations of strong and steady sustained demand, including an increasing desire to trustworthy source cobalt, are anticipated to keep prices well supported.

Niobium market

According to the World Steel Association, global steel production is expected to increase by approximately 2% during 2018, as growth among developing economies, excluding China, is expected to lead the way. The World Steel Association forecasts that steel production in emerging and developing economies could rise to nearly 5% while more developed markets will experience flat to lower growth. China's steel production increased at a strong pace of 5.7% during 2017; however, slower economic growth and tighter environmental regulations are forecasted to keep steel production flat in 2018. Elsewhere, steel output in North America and the EU was above average during 2017, each increasing approximately by 4% from 2016 and it is forecasted that steel output in the EU and the United States will grow by 1.4% and 1.1%, respectively, in 2018. Of the market sectors which are the main consumers of ferroniobium, growth in the automobile sector is expected to continue to slow in 2018; however, demand for niobium should grow in-step with a recovery in the construction sector and the oil and gas markets.

Phosphate market in Brazil

Global phosphates demand was healthy in 2017 mainly driven by a combination of seasonal effects, higher Chinese/Asian demand in the first and fourth quarter of 2017, additional demand in Latin America in the first quarter, and supply-related issues, such as loading issues and lower operating costs in the main producer facilities located in Morocco and the United States, respectively. In terms of pricing, MAP prices reacted positively from the last week of September following the international sulphur prices spike, and were also as a result of closure of a 1.6M tonne phosphates capacity facility at a major player in the United States.

Benchmark MAP CFR Brazil is expected to remain strong at around US$400/tonne level in the first quarter of 2018, although the international markets may experience downward price pressure during the off-season with additional phosphate capacity/supply from Saudi Arabia and Morocco coming on-stream in the second quarter of 2018. Overall, for 2018, favorable barter ratio levels and lower credit constraints will likely foster strong fertilizer demands similar to that of 2017.

In terms of the 2018 market outlook in Brazil, favorable farmer profitability and lower credit constraints are expected to cultivate strong fertilizer demands comparable to that of 2017, despite impacts of a possible reduction of the planted area of safrinha (second corn crop) on the demand of fertilizers (due to the lower prices of corn in 2016/2017 and the delay in the planting of the soybean crop). In contrast, the good performance of other crops such as cotton, coffee and oranges should counterbalance such effects.

2018 BUSINESS PLAN

Based on future economic and market dynamics, we set the following budgeted targets:

1. **Molybdenum sector**

   The budgeted production volume of molybdenum is 13,500 tonnes to 14,900 tonnes, and the production cost in unit cash will be RMB60,000/tonne to RMB66,300/tonne.

2. **Tungsten sector**

   The budgeted production volume of tungsten is 11,000 tonnes to 12,000 tonnes (excluding Yulu Mining), and the production cost in unit cash will be RMB21,500/tonne to RMB23,700/tonne.

3. **Copper and cobalt sector**

   Where calculated based on 80% of equity interests, the budgeted production volume of available-for-sale copper metal of NPM is 30,000 tonnes to 32,000 tonnes with a C1 cash cost at US$1.07 to US$1.19 per pound, and it will realize a production volume of 26,400 ounces to 28,000 ounces of gold available for sale.

   The budgeted production volume of copper from TFM Copper and Cobalt Mine is 190,000 tonnes to 205,000 tonnes with C1 cash cost at US$-0.44 to US$-0.4 per pound, and it will realize a production volume of 16,000 tonnes to 17,500 tonnes of cobalt metal.

4. Niobium and phosphate sector

The production volume and costs of niobium and phosphate remained stable.

The above production plans do not constitute substantive commitments to investors and investors should pay attention to investment risks.

VI. MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

The Group did not have any material acquisition and disposal of subsidiaries, joint ventures and associates for the year ended 31 December 2017.

VII. 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 for the year ended 31 December 2017.

VIII. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

The Company has applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The 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 2017 to 31 December 2017, 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 Audit Committee were unable to attend the annual general meeting of the Company held on 28 June 2017 due to other business commitments. The attendance of the chairmen of the Remuneration Committee, the Nomination Committee, 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 at and participation in the general meetings so 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.

IX. AUDIT COMMITTEE

The Audit Committee has reviewed with the management and external auditor the audited consolidated results of the Group for the year ended 31 December 2017, according to the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

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

The Company has adopted the Model Code for Securities Transactions by Directors and Supervisors 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 and Supervisors. Having made specific enquiries, all Directors and Supervisors confirmed that the required standards set out in the Model Code have been complied with for the year ended 31 December 2017.

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

XI. FURTHER ANNOUNCEMENT ON THE DATE OF AGM AND 2018 FIRST CLASS MEETING 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 of the Company.

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.

XII. DIVIDEND

In order to maintain the continuity and stability of the Company's dividend policy and to adhere to the commitment of providing shareholders with cash return, in accordance with the Company's principle of profit distribution and cash dividend policy, the Board recommended to distribute a final cash dividend of RMB0.076 per share (tax inclusive) for the year ended 31 December 2017 to all shareholders on the basis of a total number of 21,599,240,583 shares as at 31 December 2017, totaling approximately RMB1,641.54 million (tax inclusive), accounting for 60.18% of the net profit attributable to the listed shareholder for the year. The proposal has been considered and approved at the 13th meeting of the fourth session of the Board of the Company, and is subject to the approval of shareholders of the Company at the forthcoming AGM.

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

XIII. AUDITOR'S OPINIONS

The consolidated financial statements of the Company for the year ended 31 December 2017 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and an auditor's report for 2017 prepared under the PRC accounting standards with unqualified opinions has been issued.

XIV. SUBSEQUENT EVENTS

The Group did not have any material subsequent events after 31 December 2017.

XV. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement has been published on the websites of the Hong Kong Stock Exchange at (www.hkexnews.hk), the SSE at (www.sse.com.cn) and the Company at (www.chinamoly.com). The 2017 annual report of the Company will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Luoyang City, Henan Province, the People's Republic of China, 29 March 2018

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*