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JINCHUAN金川

JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
金川集團國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended	
		30.6.2015	30.6.2014
	Notes	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**255,771**	321,527
Cost of sales		**(249,171)**	(285,239)
Gross profit		**6,600**	36,288
Other gains and losses	*6*	**(5,561)**	(3,117)
Selling and distribution costs		**(13,141)**	(12,439)
Administrative expenses		**(13,659)**	(13,125)
Impairment loss	*7*	**(259,759)**	–
Finance income		**250**	390
Finance costs		**(2,963)**	(3,925)
(Loss) profit before taxation	*8*	**(288,233)**	4,072
Income tax credit (expense)	*9*	**74,453**	(2,984)
(Loss) profit for the period		**(213,780)**	1,088

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*
For the six months ended 30 June 2015

	Notes	Six months ended 30.6.2015 US$'000 (unaudited)	Six months ended 30.6.2014 US$'000 (unaudited)
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation		**(1,208)**	(3,869)
Fair value change on cash flow hedges, net of income tax		**(58)**	707
Other comprehensive expense for the period		**(1,266)**	(3,162)
Total comprehensive expense for the period		**(215,046)**	(2,074)
(Loss) profit for the period attributable to:			
Owners of the Company		**(168,392)**	786
Non-controlling interests		**(45,388)**	302
		(213,780)	1,088
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(169,649)**	(2,390)
Non-controlling interests		**(45,397)**	316
		(215,046)	(2,074)
(Loss) earnings per share			
Basic (US cents)	*11*	**(3.87)**	0.02
Diluted (US cents)	*11*	**(3.87)**	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	**At 30.6.2015** ***US$'000*** **(unaudited)**	At 31.12.2014 *US$'000* (audited)
Non-current assets			
Property, plant and equipment		**664,267**	638,017
Mineral rights		**363,421**	558,097
Exploration and evaluation assets		**280,432**	337,508
Other non-current assets		**25,009**	25,518
		1,333,129	1,559,140
Current assets			
Inventories		**103,385**	98,036
Trade and other receivables	*12*	**143,649**	136,726
Amount due from ultimate holding company		**3**	3
Derivative financial instruments		**398**	653
Restricted cash deposits		**2,748**	9,628
Bank balances and cash		**49,033**	60,083
		299,216	305,129
Current liabilities			
Trade and other payables	*13*	**93,297**	90,823
Amount due to ultimate holding company		**68**	58
Amount due to an intermediate holding company		**108,918**	105,234
Amount due to a fellow subsidiary		**20,485**	20,014
Bank Borrowings		**38,684**	51,433
Short-term provisions		**8,437**	6,817
Derivative financial instruments		**12**	–
Tax payable		**1,962**	3,610
		271,863	277,989
Net current assets		**27,353**	27,140
Total assets less current liabilities		**1,360,482**	1,586,280

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)
At 30 June 2015

	Notes	**At 30.6.2015 US$'000 (unaudited)**	At 31.12.2014 US$'000 (audited)
Non-current liabilities			
Bank Borrowings		**191,825**	133,094
Long-term provisions		**26,083**	23,953
Deferred tax liabilities		**240,872**	312,481
		458,780	469,528
Net assets		**901,702**	1,116,752
Capital and reserves			
Share capital	*14*	**5,578**	5,578
Perpetual subordinated convertible securities		**1,089,084**	1,089,084
Reserves		**(280,601)**	(110,953)
Equity attributable to owners of the Company		**814,061**	983,709
Non-controlling interests		**87,641**	133,043
Total equity		**901,702**	1,116,752

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2015

1. CORPORATE INFORMATION

The Company is a listed public company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s ultimate holding company is 金川集團股份有限公司 (Jinchuan Group Co., Ltd) (“JCG”), which is established in the People’s Republic of China (“PRC”). The registered office address of the Company is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The address of the principal place of business of the Company is at Suite 4003–04, 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are trading of mineral and metal products and mining operations, primarily copper and cobalt production.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 “interim financial reporting” issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair values, as appropriate.

Except as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) and International Accounting Standards (“IASs”) and a new interpretation.

Amendments to IAS 19	Defined benefits plans: Employee contributions
Amendments to IFRSs	Annual improvements to IFRSs 2010–2012 cycle
Amendments to IFRSs	Annual improvements to IFRSs 2011–2013 cycle

The application of the above amendments to IFRSs and a new interpretation in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE

Revenue represents revenue arising from sales of goods. An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30.6.2015	30.6.2014
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Sales of copper	**214,863**	289,231
Sales of cobalt	**40,908**	32,296
	255,771	321,527

5. SEGMENT INFORMATION

IFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and assess its performance.

The CODM has been identified as the executive directors of the Company. They review the Group's internal reporting for the purpose of resource allocation and assessment of segment performance.

The Group's operating and reportable segments are as follows:

- Trading of mineral and metal products
- Mining operation, primarily copper and cobalt production

Segment revenues and results

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

For the six months ended 30 June 2015 (unaudited)

	Trading of mineral and metal products	Mining Operation	Total
	US$'000	***US$'000***	***US$'000***
Segment revenue	**79,798**	**175,973**	**255,771**
Segment results	**(66)**	**(287,713)**	**(287,779)**
Unallocated corporate income			**933**
Unallocated corporate expenses			**(1,387)**
Loss before taxation			**(288,233)**

For the six months ended 30 June 2014 (unaudited)

	Trading of mineral and metal products *US$'000*	Mining Operation *US$'000*	Total *US$'000*
Segment revenue	108,913	212,614	321,527
Segment results	(1,226)	6,308	5,082
Unallocated corporate income			75
Unallocated corporate expenses			(1,085)
Profit before taxation			4,072

Note: The accounting policies of operating segments are the same as the Group's accounting policies. Segment revenue and segment results comprise turnover from external customers and profit before taxation of each segment (excluding exchange gains, finance income and other central administration costs), respectively.

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2015	30.6.2014
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Net exchange losses	**(5,516)**	(3,026)
Loss on disposal of property, plant and equipment	**(45)**	(91)
	(5,561)	(3,117)

7. IMPAIRMENT LOSS

	Six months ended	
	30.6.2015	30.6.2014
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Impairment loss recognised in respect of mineral rights	**(190,692)**	–
Impairment loss recognised in respect of exploration and evaluaton assets	**(69,067)**	–
	(259,759)	–

Impairment losses recognised in the current period

During the period ended 30 June 2015 and the year ended 31 December 2014, as a result of the continual decline in the copper prices, the Group carried out a review of the recoverable amount of the mineral rights, property, plant and equipment and exploration and evaluation assets used in the Group's Mining Operation segment. The review led to the recognition of an impairment loss of US$190,692,000 (for the year ended 31 December 2014: US$333,982,000), nil (for the year ended 31 December 2014: US$34,071,000) and US$69,067,000 (for the year ended 31 December 2014: nil) in respect of the Group's mineral rights and property, plant and equipment, and exploration and evaluation assets, respectively, which have been recognised in profit or loss. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers are taking place. Accordingly, the recoverable amount of the relevant assets has been determined on the basis of their value in use. The recoverable amount was determined based on the cash flow projections derived from the current mine plan, production reserves and estimated future copper prices. No impairment assessment was performed in the period ended 30 June 2014 as there was no indication of impairment.

8. (LOSS) PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2015	30.6.2014
	US$'000	*US$'000*
	(unaudited)	(unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**34,824**	27,578
Amortisation of mineral rights and other intangible assets	**3,985**	17,890
Operating lease rentals in respect of equipment, premises and vehicles	**433**	683

9. INCOME TAX CREDIT (EXPENSE)

	Six months ended	
	30.6.2015	30.6.2014
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The tax (charge) credit comprises:		
Current taxation		
Hong Kong Profits Tax	**–**	–
Corporate income tax in Democratic Republic of Congo ("DRC")	**(1,388)**	–
Corporate income tax in Zambia	**–**	(8,777)
(Under) over provision in prior years	**(914)**	587
	(2,302)	(8,190)
Deferred taxation	**76,755**	5,206
	74,453	(2,984)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2015.

Corporate income tax in Mauritius, South Africa and DRC are calculated at 15%, 28% and 30% (2014: 15%, 28% and 30%) on the estimated assessable profits for the period, respectively. Corporate income tax in Zambia is calculated at 0% in the current period (2014: 42%). The tax rate applicable to the assessable profits for the period ranges from 30% to 42% (2014: 30% to 42%). The applicable tax rate is determined on a number of factors including the revenue of respective subsidiary and the average copper price of the period.

10. DIVIDEND

No dividends has been paid or declared by the Company in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2015	30.6.2014
	US$'000	*US$'000*
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(168,392)**	786

	Six months ended	
	30.6.2015	30.6.2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**4,350,753,051**	4,350,753,051
Effect of dilutive potential ordinary shares:		
Convertible Securities	**–**	8,466,120,000
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**4,350,753,051**	12,816,873,051

The computation of diluted loss per share does not assume the conversion of the Company's outstanding perpetual subordinated convertible securities since their conversion would result in a decrease in loss per share for the current period.

12. TRADE AND OTHER RECEIVABLES

The Group provided customers (other than ultimate holding company) a credit period ranging from 15 days to 180 days. Before accepting new customers, the Group uses a credit bureau to perform a credit assessment to assess the potential customers' credit limit and credit quality.

The following is an aging analysis of trade and bill receivables, net of impairment, presented based on invoice date at the end of the reporting period.

	At 30.6.2015	At 31.12.2014
	US$'000	*US$'000*
	(unaudited)	(audited)
Within 3 months	**71,521**	63,880
4 to 6 months	**8,958**	11,123
7 to 12 months	**23**	7,105
Over 1 year	**–**	6,988
	80,502	89,096

Included in trade and other receivables as at 30 June 2015 was an amount due from ultimate holding company of US$34,688,000 (31 December 2014: US$6,988,000), which was of trade nature. The Group provided to the ultimate holding company a credit period ranging from 180 days to 360 days.

13. TRADE AND OTHER PAYABLES

	At 30.6.2015	At 31.12.2014
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade payables	**59,546**	54,658
Other payables and accruals	**33,751**	36,165
	93,297	90,823

Included in other payables and accruals are accruals for freight charges, and export clearing charges, provision for unpaid import duties and related surcharge in the DRC, and other general operation related payables.

The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period.

	At 30.6.2015 US$'000 (unaudited)	At 31.12.2014 US$'000 (audited)
Within 3 months	**48,361**	51,598
4 to 6 months	**4,992**	1,995
7 to 12 months	**5,927**	785
Over 1 year	**266**	280
	59,546	54,658

The credit period on purchases of goods ranged from current to 90 days.

14. SHARE CAPITAL

	At 30.6.2015 and 31.12.2014 Amount HK$'000
Authorised:	
20,000,000,000 ordinary shares of HK$0.01 each	200,000
Issued and fully paid	
4,350,753,051 ordinary shares of HK$0.01 each	43,508

There was no change in authorised, issued and fully paid share capital for the reporting period.

Shown in the condensed consolidated financial statements as:

	Amount US$'000
At 31 December 2014 and 30 June 2015	5,578

15. CAPITAL COMMITMENTS

	At 30.6.2015 US$'000 (unaudited)	At 31.12.2014 US$'000 (audited)
Capital expenditure in respect of property, plant and equipment, mineral rights and other intangible assets and exploration and evaluation assets		
— authorised but not contracted for	**10,003**	31,522
— contracted for but not provided	**32,160**	113,679
	42,163	145,201

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 2015 has been characterised by the significant economic volatility materially impacting the business of the Group.

Mining Operations

The Mining Operations segment is overseen by Metorex, which is headquartered in South Africa. Metorex has oversight of two Operating Mines in Africa which are the Ruashi Mine, a copper and cobalt mine located in the DRC and the Chibuluma South Mine (including the Chifupu deposit), a copper mine located in Zambia. During the six month period ended 30 June 2015, Metorex produced 22,707 tonnes of copper and 2,291 tonnes of cobalt, and sold 23,050 tonnes of copper and 2,144 tonnes of cobalt which generated sales of US$135.0 million and US$40.9 million respectively.

Metorex also oversees the development of the Kinsenda Project, a brownfield copper project under construction and located in the DRC, as well as two advanced stage exploration projects located in the DRC, namely the Musonoi Project, which is a greenfield copper and cobalt project; and the Lubembe Project, which is a greenfield copper project.

Trading of Mineral and Metal Products

In late-2014, the Company renewed its annual contracts with an affiliate of a Zambian producer to purchase approximately 20,000 tonnes of copper blister for the year of 2015; and with a European supplier to purchase approximately 55,000 tonnes of copper concentrate from Outer Mongolia for the year of 2015.

During the six months ended 30 June 2015, the Company has purchased and sold a total of approximately 9,386 tonnes (2014: 10,232 tonnes) of copper blister and 25,567 tonnes (2014: 28,097 tonnes) of copper concentrate to customers over its Mineral and Metal Products Trading business while there was no trading of off-grade copper cathodes (2014: 600 tonnes). Its revenue from sales of copper blister, copper concentrate and off-grade copper cathodes for the six months ended 30 June 2015 amounted to US$52.9 million, US$26.9 million and nil respectively (2014: US$69.8 million, US$35.0 million and US$4.1 million respectively). During the six months ended 30 June 2015, the Company sold all the copper concentrate to its ultimate holding company (namely, JCG), and the copper blister to a joint venture of JCG and third parties.

FINANCIAL REVIEW

The Company's operating results for the six months ended 30 June 2015 are a consolidation of the results of the Mining Operations and Trading of Mineral and Metal Products.

Revenue

The revenue for the six months ended 30 June 2015 was US$255.8 million, representing a decrease of 20.4% compared with US$321.5 million for the six months ended 30 June 2014.

The decrease in revenue from Mining Operations was due to the decrease in the sales volume for the six months ended 30 June 2015, with copper volume decreasing by 11.5% which was partly offset by an increase in cobalt volume of 30.7% as compared to that for the six months ended 30 June 2014. Revenue was also affected by the decrease in the copper price in the market due to the volatility in the copper market. The average LME copper cash price over the six months ended 30 June 2015 fell by 14.5% to US$5,929 per tonne as compared to that for the six months ended 30 June 2014. The cobalt price has however remained relatively stable, with a slight decrease of 0.8% for the first half of 2015, as compared to that for the same period in 2014.

The Group's sales performance from its Mining Operations was as follows:

	Six months ended 30 June	
	2015	2014
Volume of copper sold (tonne)	**23,050**	26,055
Volume of cobalt sold (tonne)	**2,144**	1,641
Revenue from sales of copper (US$ million)	**135.0**	180.3
Revenue from sales of cobalt (US$ million)	**40.9**	32.3
Total Revenue from Mining Operations (US$ million)	**175.9**	212.6
Average price received per tonne of copper (US$)	**5,857**	6,921
Average price received per tonne of cobalt (US$)	**19,080**	19,681

The tonnes of copper sold from both the Operating Mines in Central Africa was reduced in the first half of 2015 as compared to the same period in 2014. At Chibuluma South Mine, poor underground conditions and poor fleet availability were encountered during this interim period. At Ruashi in the DRC unstable power supply conditions created pressure on production volumes. The negative revenue impact of these operating conditions was further exacerbated by the poor commodity price environment.

The activities of the trading segment are all copper-related, recorded a considerable decrease in revenue of 26.7% from US$108.9 million for the six months ended 30 June 2014 to US$79.8 million for the six months ended 30 June 2015. The decrease in revenue was mainly due to the significant decrease of 846 tonnes of copper blister and 2,530 tonnes of copper concentrate, representing 8.3% and 9.0% lower than those for the six months ended 30 June 2014 respectively. The decrease was also affected by the decline in the copper price due to the volatility in the copper market.

Cost of sales

Cost of sales represents the purchase cost for the Group's Mineral and Metal Products Trading and the costs associated with the production of copper and cobalt from the Group's Mining Operations. The major components of cost of sales are as follows:

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Purchases for Mineral and Metal Products Trading	**78,632**	106,369
Mining Operations:		
Realisation costs	**3,238**	3,997
Mining costs	**25,958**	24,490
Salaries and wages	**29,894**	33,679
Processing fees	**52,894**	50,241
Engineering and technical costs	**12,444**	14,398
Safety, health, environment and community costs	**1,417**	1,569
Depreciation of property, plant and equipment	**33,315**	27,550
Amortisation of mineral rights and other intangible assets	**3,985**	17,890
Other costs	**7,394**	5,056
	170,539	178,870
Total Cost of Sales	**249,171**	285,239

Cost of sales for the six months ended 30 June 2015 decreased by 12.6% to US$249.2 million from US$285.2 million for the six months ended 30 June 2014. The decrease in purchases for the Mineral and Metal Products Trading was primarily due to the decrease in trade volume of copper concentrate and copper blister as well as the decrease in the average copper prices over both interim periods.

Overall the Mining Operations had lower costs but this was primarily due to lower production tonnage. Nonetheless, the labour costs have however reduced by 11.2%, primarily due to the costs saving initiatives underway. Mining expenditure showed a 6.0% increase owing to the need to open up the Ruashi pits and expose more ore.

The increase in processing costs was mainly affected by the increase in electricity cost at Ruashi Mine due to the higher utilization of diesel generator power to cope with the frequent grid power outages affecting the electricity supply during this interim period.

The increase in the depreciation was due to impact of the lower reserves (which was revised at the end of 2014 and thus affecting the current interim period), being the denominator of the depreciation ratio on a unit of production basis and thus driving the depreciation higher, while the decrease in the amortization was due to a decrease in the amortization of mineral rights and other intangible assets relating to the acquisition of Jin Rui as a result of a considerable amount of impairment loss made on those assets for year ended 31 December 2014. Other costs include certain administrative expenditures from Mining Operations.

Gross profit

The gross profit of the Group decreased by 81.8% to US$6.6 million for the six months ended 30 June 2015 from US$36.3 million for the six months ended 30 June 2014. Predominantly, this is attributable to the gross profit margin of the Group's Mining Operation as compared with that for the corresponding period in 2014 due to the fall in copper price in the market over the period and a decrease in production volume and an increase in unit operating costs, primarily due to frequent grid power outages.

Net Financing cost

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Financing income	**250**	390
Financing cost	**(2,963)**	(3,925)
	(2,713)	(3,535)

There was a decrease in net financing cost to US$2.7 million for the six months ended 30 June 2015 from US$3.5 million for the six months ended 30 June 2014. This decrease was mainly due to the decrease in finance cost of Mineral and Metal Products Trading segment of US$0.7 million.

Other gains and losses

Other gains and losses mainly comprised an unrealised exchange loss which was primarily due to the conversion of loans provided by an intermediate holding company of the Company to Metorex, a wholly owned subsidiary of the Company, whose functional currency is South Africa Rand ("ZAR"). As the currency of ZAR against US$ depreciated during the six months ended 30 June 2015, it gave rise to an unrealised exchange loss of approximately US$5.3 million.

Selling and distribution costs

Selling and distribution costs slightly increased by 5.7% to US$13.1 million for the six months ended 30 June 2015 from US$12.4 million for the six month ended 30 June 2014. These costs mainly represent the off-mine costs incurred when the Group sells its copper and cobalt under its Mining Operations and, primarily comprise transportation expenses, ocean freight expenses and custom clearing expenses. The breakdown of selling and distribution costs is as follows:

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Off-mine costs:		
Transportation	**246**	390
Ocean freight	**7,656**	7,136
Clearing costs of export	**5,195**	4,603
Others	**44**	310
Total Selling and distribution costs	**13,141**	12,439

The increase in selling and distribution costs was mainly due to an increase in unit freight and clearing costs and export for the first half of 2015 as compared with that for the corresponding period of 2014.

Administrative expenses

Administrative expenses slightly increased by 4.6% to US$13.7 million for the six months ended 30 June 2015 from US$13.1 million for the six months ended 30 June 2014. Administrative expenses mainly represent mining royalties payable to the minority shareholders of the Operating Mines in Africa, rehabilitation expenses and other operating expenses of the Group. Under local regulations, the holder of a mining exploitation title is subject to mining royalties payable to the treasury of the local government. The slight increase in administrative expense was mainly as a result of an increase in operating cost of the Hong Kong headquarter for the six months ended 30 June 2015.

Impairment loss

During the period under review, the Group recorded material non-cash impairment losses of US$190.7 million (for the year ended 31 December 2014: US$334.0 million), US$69.1 million (for the year ended 31 December 2014: nil) and nil (for the year ended 31 December 2014: US$34.1 million) on mineral rights, exploration and evaluation assets and property, plant and equipment respectively. Since there was a continual decline in copper price during the period under review after 31 December 2014, the Group reassessed the valuation of its mines on the basis of each cash generating unit. The downward revision of the long term copper price and the adjustment to the regional risk profiles for Ruashi Mine, Chibuluma South Mine and Kinsenda Project predominately resulted in a material impairment loss for these mines in respect of the mineral rights and exploration and evaluation assets. No impairment assessment was performed in the period ended 30 June 2014 as there was no indication of impairment while such assessment was done at the end of 2014 as an indicator of impairment existed.

Income tax credit (expense)

The Group is subject to taxes in Hong Kong, DRC and Zambia due to its business operations in these jurisdictions. Income tax credit of US$74.5 million was derived for the six months ended 30 June 2015 as compared with income tax charge of US$3.0 million primarily due to an increase in deferred tax credit arising from the impairment loss of mineral rights and exploration and evaluation assets for the six months ended 30 June 2015.

Loss/profit for the period

As a result of the above, the Group incurred a consolidated loss for the six months ended 30 June 2015 of US$213.8 million, as compared with a consolidated profit of US$1.1 million for the corresponding period last year.

Earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment loss ("EBITDA")

The EBITDA of the Group is derived as follows:

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
(Loss)/profit for the period	**(213,780)**	1,088
Add: Net finance cost	**2,713**	3,535
(Less)/add: Income tax (credit)/expense	**(74,453)**	2,984
Add: Depreciation of property, plant and equipment	**34,824**	27,578
Add: Amortisation of mineral rights and other intangible assets	**3,985**	17,890
Add: Impairment loss on mineral rights and exploration and evaluation assets	**259,759**	–
EBITDA	**13,048**	53,075

Liquidity, Financial Resources and Capital Structure

As at 30 June 2015, the Group had bank balances and cash of approximately US$51.8 million (of which US$2.7 million was pledged for funding environmental liabilities relating to Mining Operations and issuance of letters of credit in favour of the Group's suppliers) as compared to US$69.7 million (of which US$9.6 million was pledged for funding environmental liabilities relating to Mining Operation and issuance of letters of credit in favour of the Group's suppliers) as at 31 December 2014.

As at 30 June 2015, the Group had bank borrowings of US$38.7 million and loans from related companies of US$129.4 million both of which are due within one year and bank borrowings of US$191.8 million which are due within 5 years.

The gearing ratio of the Group as at 30 June 2015 was 34.5% compared to 22.4% as at 31 December 2014. Gearing ratio is defined as net debt over total equity, and net debt is derived from total borrowings (including amount due to an intermediate holding company and amount due to a fellow subsidiary) less cash and cash equivalents. The increase in the gearing ratio was caused by additional debts (including bank borrowings and loans from related companies) by the Group as at 30 June 2015 to fund its capital expenditures of Mining Operations.

For the period under review, the Group had generally financed its operations with banks borrowings, loans from related companies and internally generated cash flows.

Material acquisitions and disposals of investments

The Group did not undertake any material acquisition or disposal of investments during the six months ended 30 June 2015.

Significant capital expenditures

Save for the purchase of property, plant and equipment of US$61.1 million (six-months ended 30 June 2014: US$51.6 million), mineral rights of nil (six-months ended 30 June 2014: US$9.5 million) and exploration and evaluation assets of US$12.0 million (2014: US$10.7 million), no other significant capital expenditures were made for the six months ended 30 June 2015.

Details of charges on the Group's assets

As at 30 June 2015, the Group's restricted cash deposits of US$2.7 million, non-current assets (including portions of property, plant and equipment, mineral rights and exploration and evaluation assets) of US$1,308.0 million, inventories of US$94.7 million and trade and other receivables of US$26.5 million, were pledged to secure general banking facilities granted to the Group.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2015.

Foreign exchange risk management

The reporting currency of the Group is in US$ and the functional currencies of subsidiaries of the Group are mainly in US$, HK$ or ZAR. The Group is exposed to foreign currency exchange risk in RMB and ZAR, as RMB is predominantly the currency with which the Group derives its revenue for its Mineral and Metal Products Trading business and ZAR is predominately the currency used for its Mining Operations in Africa. The Group monitors its exposure to foreign currency exchange risk on a continual basis.

Given the exchange rate peg between HK$ and US$, the Group is not exposed to significant exchange rate risk for transactions conducted in HK$. On the other hand, the exchange rate fluctuation of RMB and ZAR against US$ could substantially affect the performance and financial position of the Group.

There have been moderate fluctuations in the exchange rate of RMB against US$ for the period under review. During the six months ended 30 June 2015, the Company managed its foreign currency exchange risk arising from RMB denominated transactions by entering into specific foreign exchange deliverable forward contracts to lock in the exchange rate for certain future revenue receipts against US$.

PROSPECTS

It has been another challenging year for the metal and mining sector. The market concerns about China's economic growth and the strengthening of the United States Dollar against most other currencies as well as the recent deep depreciation of Renminbi against United Sates Dollar may also continue to place downward pressure on the copper price in the medium term. In the longer term, many forecasters and analysts support a view of a modest and gradual recovery in metals prices-the Company is of a similar view.

In this difficult environment the Company is focused on the two areas that it can influence in terms of performance, ie production and costs. The Company has initiated a number of activities to address the current difficulties presented by the market conditions. A number of senior management changes have taken place in order to ensure the right focus and drive to achieve not only an improved production profile but also to contain operating and capital costs. Management is focused on achieving the best outcomes for the business.

The LoM plans of the operating mines are required to be scrutinized frequently to ensure that every facet of the Mining Operations can be optimized to achieve the maximum benefits. Under different commodity price levels, it is necessary to rationalize mine design in a timely manner in order to generate the highest return to combat the prevailing weak copper price sentiment.

The Kinsenda Project, the only mine presently under development, is also the focus for achieving the short term growth of the Company. The process plant construction is completed but the mine development has been delayed due to unplanned water ingress issues and is now expected to be in operation in the first half of 2017.

The feasibility study of Musonoi Project (a copper and cobalt property with the same shareholding structure as Ruashi Mine) is scheduled to be approved and commence development within the forthcoming year. It would bring about medium term growth to the Group.

Other than the Mining Operations, the Company is also endeavouring to strengthen its Mineral and Metal Products Trading operations. This segment should be able to expand its business under all commodity price scenarios. The Company continues to leverage the senior management's exposure in the non-ferrous metal industry to develop new customers with good credibility to increase the trading volume.

Leveraging on the strong technical expertise and capital strength of JCG in the metal and mining sector, the Company will continue to seek suitable mining investment opportunities to expand its international presence in various resource regions. To fulfil the role of the Group as an overseas mining investment flagship platform for JCG, the Group is also seeking growth potential through undertaking acquisition opportunities.

EMPLOYEES

As at 30 June 2015, the Group had 4,889 (31 December 2014: 4,361) employees, which comprises 2,444 (31 December 2014: 2,426) permanent workers and 2,445 (31 December 2014: 1,935) contractor's employees. Employees receive competitive remuneration packages including salary and medical and other benefits. Key staff may also be entitled to performance bonuses and grant of options over the shares of the Company.

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014: nil).

CORPORATE GOVERNANCE INFORMATION

AUDIT COMMITTEE

The audit committee's primary duties include review of the effectiveness of the Group's financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties as may be assigned by the Board from time to time. The Group's condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the audit committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Based on specific enquiry to all Directors, the Directors of the Company have confirmed that they have complied with required standards as set out in the Model Code for the six months ended 30 June 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

Non-compliance with paragraph A.2.1

Corporate Governance Code provision A.2.1 stipulates that the roles of Chairman of the Board ("Chairman") and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. During the six months ended 30 June 2015, Mr. Yang Zhiqiang held the offices of Chairman and CEO of the Company. On 1 July 2015, Mr. Yang resigned as CEO, but remains as an executive director and Chairman. On the same date, Mr. Peter Geoffrey Albert was appointed as an executive director and CEO. Since then, the roles of Chairman and CEO of the Company have been separated and performed by different individuals, and therefore, the Company has complied with the Corporate Governance Code provision A.2.1.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

GLOSSARY

"Acquisition"	the acquisition by the Company of the entire equity interest in Jin Rui (along with the Metorex Group) in November 2013 pursuant to the sales and purchase agreement dated 27 August 2013, the details of which are set out in the circular of the Company dated 30 August 2013; with a total consideration of US$1,290,000,000 was satisfied by the allotment and issue of 1,595,880,000 new ordinary shares of the Company at an issue price of HK$1 per share and the issue of PSCS of the Company in the aggregate amount of US$1,085,400,000
"Board"	the Board of Directors
"Chibuluma plc"	Chibuluma Mines plc, a company incorporated in Zambia and a subsidiary of Metorex
"Chibuluma South Mine"	an underground copper mine owned by Chibuluma plc situated in Zambia near the town of Kalulushi
"Chifupu deposit"	an adjacent copper deposit to Chibuluma South Mine under exploration which is located approximately 1.7 km southwest of Chibuluma South Mine
"Company" or "JCI"	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"DRC"	the Democratic Republic of Congo
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jinchuan Group" or "JCG"	金川集團股份有限公司 (Jinchuan Group Co., Ltd*), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
"Jin Rui"	Jin Rui Mining Investment Limited (金瑞礦業投資有限公司), a company incorporated in the Republic of Mauritius and an indirect wholly-owned subsidiary of Jinchuan Group (Hongkong) Resources Holdings Limited
"Jin Rui Group"	Jin Rui, Metorex Holdings and the Metorex Group
"Kinsenda Project"	a brownfields copper project owned by Kinsenda Sarl and situated in the Katanga Province, the DRC
"Kinsenda Sarl"	Kinsenda Copper Company Sarl, a company incorporated in the DRC and a subsidiary of Metorex
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LME"	the London Metal Exchange
"LoM"	Life of mine
"Lubembe Project"	a greenfield copper project owned by Kinsenda Sarl and situated in the Katanga Province, DRC
"Metorex"	Metorex (Proprietary) Limited, a company incorporated in South Africa and an indirect wholly-owned subsidiary of the Company
"Metorex Group"	Metorex and its subsidiaries (including Chibuluma plc, Kinsenda Sarl and Ruashi Mining), which comprise (amongst other investment holding companies) the operating companies within the Group
Metorex Holdings	Metorex Holdings (Proprietary) Limited
"Musonoi Project"	a greenfield copper and cobalt project owned by Ruashi Mining and situated in the Katanga Province, DRC

* *For identification purposes only*

“Operating Mines”	Ruashi Mine and Chibuluma South Mine
“PRC”	the People’s Republic of China
“PSCS” or “Convertible Securities”	the perpetual subordinated convertible securities to be issued by the Company to satisfy part of the purchase price for the Acquisition
“RMB”	“Renminbi”, the lawful currency of the PRC
“Ruashi Mine”	an opencast oxide copper and cobalt mine owned by Ruashi Mining and situated in the DRC on the outskirts of Lubumbashi, the capital of Katanga province
“South Africa”	the Republic of South Africa
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US$”	United States dollars, the lawful currency of the US
“Zambia”	the Republic of Zambia
“ZAR”	South African Rand, the lawful currency of South Africa
“%”	percentage
“km”	kilometre(s)

By Order of the Board
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
Mr. Yang Zhiqiang
Chairman

Hong Kong, 21 August 2015

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Zhang Zhong, Mr. Chen Dexin, Mr. Peter Geoffrey Albert and Mr. Douglas Campbell Walter Ritchie; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Neil Thacker Maclachlan.