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 2016

RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended **30/6/2016** ***US$'000*** **(unaudited)**	30/6/2015 *US$'000* (unaudited)
Revenue	4	**171,970**	255,771
Cost of sales		**(180,978)**	(249,171)
Gross (loss) profit		**(9,008)**	6,600
Other gains and losses	6	**581**	(5,561)
Selling and distribution costs		**(11,251)**	(13,141)
Administrative expenses		**(9,960)**	(13,659)
Impairment loss	7	**–**	(259,759)
Finance income		**209**	250
Finance costs		**(3,098)**	(2,963)
Loss before taxation	8	**(32,527)**	(288,233)
Income tax credit	9	**11,286**	74,453
Loss for the period		**(21,241)**	(213,780)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*
For the six months ended 30 June 2016

	Notes	Six months ended 30/6/2016 US$'000 (unaudited)	Six months ended 30/6/2015 US$'000 (unaudited)
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation		**–**	(1,208)
Fair value change on cash flow hedges, net of income tax		**511**	(58)
Other comprehensive income (expense) for the period		**511**	(1,266)
Total comprehensive expense for the period		**(20,730)**	(215,046)
Loss for the period attributable to:			
Owners of the Company		**(15,736)**	(168,392)
Non-controlling interests		**(5,505)**	(45,388)
		(21,241)	(213,780)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(15,322)**	(169,648)
Non-controlling interests		**(5,408)**	(45,398)
		(20,730)	(215,046)
Loss per share			
Basic (US cents)	11	**(0.36)**	(3.87)
Diluted (US cents)	11	**(0.36)**	(3.87)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	At 30/6/2016 US$'000 (unaudited)	At 31/12/2015 US$'000 (audited)
Non-current assets			
Property, plant and equipment		**685,180**	689,879
Mineral rights		**421,169**	421,215
Exploration and evaluation assets		**182,493**	172,685
Other non-current assets		**20,822**	22,195
		1,309,664	1,305,974
Current assets			
Inventories		**103,991**	102,961
Trade and other receivables	12	**89,551**	118,772
Derivative financial instruments		**13**	1,062
Restricted cash deposits		**2,600**	4,182
Bank balances and cash		**46,567**	47,422
		242,722	274,399
Current liabilities			
Trade and other payables	13	**81,095**	92,907
Amount due to an intermediate holding company		**2,648**	2,615
Amount due to a fellow subsidiary		**744**	744
Bank Borrowings		**65,574**	16,437
Short-term provisions		**7,776**	8,286
Tax payable		**2,199**	1,927
		160,036	122,916
Net current assets		**82,686**	151,483
Total assets less current liabilities		**1,392,350**	1,457,457

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 June 2016

	Notes	At 30/6/2016 US$'000 (unaudited)	At 31/12/2015 US$'000 (audited)
Non-current liabilities			
Bank Borrowings		**224,499**	257,000
Long-term provisions		**26,545**	26,184
Deferred tax liabilities		**281,076**	293,313
Amount due to an intermediate holding company		**115,000**	115,000
Amount due to a fellow subsidiary		**5,000**	5,000
		652,120	696,497
Net assets		**740,230**	760,960
Capital and reserves			
Share capital	14	**5,578**	5,578
Perpetual subordinated convertible securities		**1,089,084**	1,089,084
Reserves		**(418,018)**	(402,696)
Equity attributable to owners of the Company		**676,644**	691,966
Non-controlling interests		**63,586**	68,994
Total equity		**740,230**	760,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2016

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 Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, 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" ("IAS 34") 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 (The "Listing Rules").

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the six months ended 30 June 2016, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") and International Accounting Standard ("IAS") issued by the International Accounting Standards Board ("IASB") that are relevant for the preparation of the Group's condensed consolidation financial statements.

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initative
Amendments to IAS16 and IAS38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS16 and IAS41	Agriculture: Bearer Plants
Amendments to IFRS10, IFRS12 and IAS28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the above amendments to IFRSs and IAS in the six months ended 30 June 2016 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	
	30/6/2016	30/6/2015
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Sales of copper	**145,514**	214,863
Sales of cobalt	**26,456**	40,908
	171,970	255,771

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 2016 (unaudited)

	Trading of mineral and metal products	**Mining Operation**	**Total**
	US$'000	***US$'000***	***US$'000***
Segment revenue	**54,566**	**117,404**	**171,970**
Segment results	**(416)**	**(30,871)**	**(31,287)**
Unallocated corporate income			**1,020**
Unallocated corporate expenses			**(2,260)**
Loss before taxation			**(32,527)**

For the six months ended 30 June 2015 (unaudited)

	Trading of mineral and metal products *US$'000*	Mining Operation *US$'000*	Total *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)

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 loss before taxation of each segment (excluding exchange gains, finance income and other central administration costs), respectively.

6. OTHER GAINS AND LOSSES

	Six months ended	
	30/6/2016	30/6/2015
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Net exchange gains (losses)	**548**	(5,516)
License fee income	**46**	–
Loss on disposal of property, plant and equipment	**(13)**	(45)
	581	(5,561)

7. IMPAIRMENT LOSS

	Six months ended	
	30/6/2016	30/6/2015
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Impairment loss recognised in respect of mineral rights	**–**	(190,692)
Impairment loss recognised in respect of exploration and evaluation assets	**–**	(69,067)
	–	(259,759)

No impairment was considered necessary for the six months ended 30 June 2016 based on impairment assessments on the mining assets.

During the six months ended 30 June 2015, the Group recorded material non-cash impairment losses of US$190.7 million and US$69.1 million on mineral rights, exploration and evaluation assets respectively. The impairment loss was attributable to 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.

8. LOSS BEFORE TAXATION

	Six months ended	
	30/6/2016	30/6/2015
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**24,759**	34,824
Write-down of inventories	**619**	–
Amortisation of mineral rights and other intangible assets	**46**	3,985
Operating lease rentals in respect of equipment, premises and vehicles	**520**	433

9. INCOME TAX CREDIT

	Six months ended	
	30/6/2016	30/6/2015
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The tax credit comprises:		
Current taxation		
Hong Kong Profits Tax	**–**	–
Corporate income tax in Democratic Republic of Congo ("DRC")	**(989)**	(1,388)
Corporate income tax in Zambia	**(199)**	–
Corporate income tax in South Africa	**(27)**	–
Under provision in prior years	**–**	(914)
	(1,215)	(2,302)
Deferred taxation	**12,501**	76,755
	11,286	74,453

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2016.

Corporate income tax in Mauritius, South Africa and DRC are calculated at 15%, 28% and 30% (2015: 15%, 28% and 30%) on the estimated assessable profits for the period, respectively.

Corporate income tax in Zambia is calculated at 30% in the current period (2015: 0%). The tax rate applicable to the assessable profits for the period ranges from 30% to 45% (2015: 30% to 42%). The applicable tax rate is determined by a number of factors including the revenue of respective subsidiary and the average copper price of the period.

10. DIVIDEND

No dividends were paid or declared by the Company in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

11. LOSS PER SHARE

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

	Six months ended	
	30/6/2016	30/6/2015
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share	**(15,736)**	(168,392)

	Six months ended	
	30/6/2016	30/6/2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**4,350,753,051**	4,350,753,051

In both periods, the computation of diluted loss per share does not assume the conversion of the Company's outstanding perpetual subordinated convertible securities ("PSCS") into 8,466,120,000 ordinary shares since their conversion would result in a decrease in loss per share.

There were no other potential ordinary shares outstanding as at end of both reporting periods.

12. TRADE AND OTHER RECEIVABLES

The Group provided customers (other than the ultimate holding company and a fellow subsidiary) 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 analysis of trade and other receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	At 30/6/2016	At 31/12/2015
	US$'000	*US$'000*
	(unaudited)	(audited)
Within 3 months	**22,943**	44,714
4 to 6 months	**357**	18,049
7 to 12 months	**3,196**	2,584
	26,496	65,347

Included in trade and other receivables as at 30 June 2016 was an amount due from the ultimate holding company of US$707,000 (31 December 2015: US$18,430,000) an amount due from a fellow subsidiary of US$4,730,000 (31 December 2015: US$nil), which was of trade nature. The Group provided the ultimate holding company and a fellow subsidiary with a credit period ranging from current to 180 days.

13. TRADE AND OTHER PAYABLES

	At 30/6/2016	At 31/12/2015
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade payables	**58,015**	59,022
Other payables and accruals	**23,080**	33,885
	81,095	92,907

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

The following is an analysis of trade payables by age, presented based on the invoice date.

	At 30/6/2016 US$'000 (unaudited)	At 31/12/2015 US$'000 (audited)
Within 3 months	**38,492**	54,287
4 to 6 months	**13,232**	1,794
7 to 12 months	**6,073**	2,732
Over 1 year	**218**	209
	58,015	59,022

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

14. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016	**20,000,000,000**	200,000
Issued and fully paid		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016	**4,350,753,051**	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 2015 and 30 June 2016	**5,578**

15. CAPITAL COMMITMENTS

	At 30/6/2016 US$'000 (unaudited)	At 31/12/2015 US$'000 (audited)
Capital expenditure in respect of property, plant and equipment, mineral rights and other intangible assets and exploration and evaluation assets contracted for but not provided	**5,743**	11,017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 2016 has been characterised by the significant economic volatility materially impacting the business of the Group.

Mining Operations

The Mining Operations segment is run 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 2016, Metorex produced 20,333 tonnes of copper and 1,754 tonnes of cobalt, and sold 20,355 tonnes of copper and 1,674 tonnes of cobalt which generated sales of US$90.9 million and US$26.5 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

During the six months ended 30 June 2016, the Company purchased and sold a total of approximately 10,563 tonnes (2015: 9,386 tonnes) of copper blister and 6,166 tonnes (2015: 25,567 tonnes) of copper concentrate to customers over its Mineral and Metal Products Trading business. Its revenue from sales of copper blister and copper concentrate for the six months ended 30 June 2016 amounted to US$49.3 million, US$5.3 million respectively (2015: US$52.9 million and US$26.9 million respectively).

During the six months ended 30 June 2016, a shipment of remaining 6,166 tonnes copper concentrate was sourced from a European supplier under a 2015 contract and sold all to the Company's ultimate holding company (namely JCG). Since then, no renewal contract of copper concentrate for 2016 has been entered into. The copper blister was sourced from a Zambian producer under a renewed 2016 contract with annual quantity of 20,000 tonnes and sold directly to copper refineries in China as well as through traders and also a joint venture partner of JCG.

FINANCIAL REVIEW

The Company's operating results for the six months ended 30 June 2016 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 2016 was US$172.0 million, representing a decrease of 32.8% compared with US$255.8 million for the six months ended 30 June 2015.

The decrease in revenue from Mining Operations was predominantly affected by the decrease in the copper and cobalt price in the market due to the volatility in the commodities market. The average copper cash price received over the six months ended 30 June 2016 fell by 23.7% to US$4,468 per tonne as compared to that for the six months ended 30 June 2015. The average cobalt price received (after adjusting for the contracted basis coefficient) has significantly decreased by 17.2% for the first half of 2016 to US$15,805 per tonne, as compared to that for the same period in 2015. Revenue was also negatively affected due to the decrease in the sales volume for the six months ended 30 June 2016, with copper volume decreasing by 11.7% and cobalt sales decreasing by 21.9%, compared to sales volumes for the six months ended 30 June 2015.

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

	Six months ended 30 June	
	2016	2015
Volume of copper sold (tonne)	**20,355**	23,050
Volume of cobalt sold (tonne)	**1,674**	2,144
Revenue from sales of copper (US$ million)	**90.9**	135.0
Revenue from sales of cobalt (US$ million) (including those sold to Lanzhou Jinchuan through Golden Harbour)	**26.5**	40.9
Total Revenue from Mining Operations (US$ million)	**117.4**	175.9
Average price received per tonne of copper (US$)	**4,468**	5,857
Average price received per tonne (after adjusting for the contracted basis coefficient) of cobalt (US$)	**15,805**	19,080

The tonnes of copper sold from both the Operating Mines in Central Africa was reduced in the first half of 2016 as compared to the same period in 2015. At Chibuluma South Mine in Zambia, the management had executed an organisational restructuring to curtail its operation scale to reduce the labour and other running costs in order to cope with the low copper price impact during this interim period. At Ruashi Mine in the DRC unstable power supply conditions and longer maintenance period for enhancing better future efficiency on plant impacted production negatively. The revenue impact of these difficult 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 31.6% from US$79.8 million for the six months ended 30 June 2015 to US$54.6 million for the six months ended 30 June 2016. The decrease in revenue was mainly due to the significant decrease of approximately 19,400 tonnes of copper concentrate by 75.9%, the decline in the copper price due to the volatility in the copper market, and net off with a mild increase of approximately 1,200 tonnes of copper blister by 12.5%.

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	
	2016	2015
	US$'000	*US$'000*
Purchases for Mineral and Metal Products Trading	**54,004**	78,632
Mining Operations:		
Realisation costs	**2,855**	3,238
Mining costs	**21,541**	25,958
Salaries and wages	**21,555**	29,894
Processing fees	**36,975**	52,894
Engineering and technical costs	**9,884**	12,444
Safety, health, environment and community costs	**1,393**	1,417
Depreciation of property, plant and equipment and amortisation of mineral rights and other intangible assets	**24,767**	37,300
Other costs	**8,004**	7,394
	126,974	170,539
Total Cost of Sales	**180,978**	249,171

Cost of sales for the six months ended 30 June 2016 decreased by 27.4% to US$181.0 million from US$249.2 million for the six months ended 30 June 2015.

The decrease in purchases for the Mineral and Metal Products Trading was primarily due to the decrease in trade volume of copper concentrate 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 volumes and cost savings initiatives. The labour costs have reduced by 27.9%, as a result of the restructuring at Chibuluma South Mine as well as the Metorex Head Office in South Africa. Mining expenditure showed a 17.0% decrease due to cost savings initiatives and revised mine plan at Chibuluma South Mine.

The decrease in processing costs was mainly as a result of the decrease in baseload at Ruashi Mine due to lower utilization of diesel generator power and the lower production profile.

The decrease in the depreciation was mainly due to extension of the useful life of the SX-EW plant at Ruashi Mine, and the consequential reduction of the depreciation charge during the period under review. Other costs include certain administrative expenditures from Mining Operations.

Gross loss

The Group recorded a gross loss of US$9.0 million for the six months ended 30 June 2016 as compared to a gross profit of US$6.6 million for the six months ended 30 June 2015. Predominantly, this is attributable to the Group's Mining operation gross loss of US$9.6 million for the interim period as compared with gross profit of US$5.4 million for the corresponding period of 2015 due to the relatively lower copper price in the market over the period under review and a decrease in production volume.

Net Financing cost

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
Financing income	**209**	250
Financing cost	**(3,098)**	(2,963)
	(2,889)	(2,713)

There was a slight increase in net financing cost to US$2.9 million for the six months ended 30 June 2016 from US$2.7 million for the six months ended 30 June 2015. This slight increase was mainly due to the increase in finance cost of Mining Operations of US$0.1 million.

Other gains and losses

For the six months ended 30 June 2016, other gains and losses amounted to a gain of US$0.6 million mainly comprising a net exchange gain as compared to a loss of US$5.6 million for the six month ended 30 June 2015. A significant loss was noted in the corresponding period of 2015 mainly due to a significant unrealized exchange loss of approximately US$5.3 million derived from the conversion of USD-loans by Metorex, a wholly owned subsidiary of the Company, whose functional currency was South Africa Rand ("ZAR"), when the currency of ZAR against US$ depreciated in the corresponding period of 2015. Since the functional currency of Metorex, amongst others, was changed from ZAR to US$ to align the primary currency received and expended in those operations in mid-2015, there has been less USD exposure to the Group and less foreign exchange difference has resulted in the period under review.

Selling and distribution costs

Selling and distribution costs decreased by 14.4% to US$11.3 million for the six months ended 30 June 2016 from US$13.1 million for the six month ended 30 June 2015. 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	
	2016	2015
	US$'000	*US$'000*
Off-mine costs:		
Transportation	**154**	246
Ocean freight	**6,296**	7,656
Clearing costs of export	**4,507**	5,195
Others	**294**	44
Total Selling and distribution costs	**11,251**	13,141

The decrease in selling and distribution costs was mainly due to lower sales volumes in 2016 as compared with that for the corresponding period of 2015.

Administrative expenses

Administrative expenses decreased by 27.0% to US$10.0 million for the six months ended 30 June 2016 from US$13.7 million for the six months ended 30 June 2015. 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 decrease in administrative expense was mainly due to a decrease in mining royalties as a result of decrease in revenue from the Mining Operations and decrease in rehabilitation expenses for the six months ended 30 June 2016.

Impairment loss

During the six months ended 30 June 2015, the Group recorded material non-cash impairment losses of US$190.7 million and US$69.1 million on mineral rights, exploration and evaluation assets respectively. The impairment loss was attributable to 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.

No further impairment was considered necessary for the six months ended 30 June 2016 based on impairment assessments on the mineral rights and related operating assets.

Income tax credit

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$11.3 million was derived for the six months ended 30 June 2016 as compared with that of US$74.5 million. The decrease in income tax credit is primarily due to absence of a significant deferred tax credit resulting from the impairment loss of mineral rights and exploration and evaluation assets for the six months ended 30 June 2016. The income tax credit for the period under review mainly resulted from recognition of estimated tax losses and the deferred tax credit from the movement in the property, plant and equipment, mineral rights and exploration and evaluation assets arising from the Mining Operations.

Loss for the period

As a result of the above, the Group incurred a consolidated loss for the six months ended 30 June 2016 of US$21.2 million, as compared with a consolidated loss of US$213.8 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	
	2016	2015
	US$'000	*US$'000*
Loss for the period	**(21,241)**	(213,780)
Add: Net finance cost	**2,889**	2,713
Less: Income tax credit	**(11,286)**	(74,453)
Add: Depreciation of property, plant and equipment and amortisation of mineral rights	**24,805**	38,809
Add: Impairment loss on mineral rights and exploration and evaluation assets	**–**	259,759
EBITDA	**(4,833)**	13,048

Liquidity, Financial Resources and Capital Structure

As at 30 June 2016, the Group had bank balances and cash of approximately US$49.2 million (of which US$2.6 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$51.6 million (of which US$4.2 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 2015.

As at 30 June 2016, the Group had bank borrowings of US$65.6 million and loans from related companies of US$3.4 million both of which are due within one year, bank borrowings of US$143.5 million and loans from related companies of US$120.0 million both of which are due within 2 to 5 years and bank borrowings of US$81.0 million which are due over 5 years.

The gearing ratio of the Group as at 30 June 2016 was 49.2% compared to 45.4% as at 31 December 2015. 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 bank balances and cash. The increase in the gearing ratio was caused by additional bank borrowings to fund the capital expenditures of Mining Operations and reduction in the total equity as a result of operating loss made for the period under review.

For the period under review, the Group had generally financed its operations with banks borrowings 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 2016.

Significant capital expenditures

Save for the purchase of property, plant and equipment of US$20.4 million (six months ended 30 June 2015: US$14.3 million) and exploration and evaluation assets of US$9.8 million (six months ended 30 June 2015: US$12.0 million), no other significant capital expenditures were made for the six months ended 30 June 2016.

Details of charges on the Group's assets

As at 30 June 2016, the Group's restricted cash deposits of US$2.6 million, non-current assets (including portions of property, plant and equipment, mineral rights and exploration and evaluation assets) of US$59.6 million, inventories of US$4.1 million and trade and other receivables of US$5.0 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 2016.

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$. For its mineral and metal products trading activities, the Group is exposed to foreign currency exchange risk in RMB, the currency the Group receives as its revenue for part of its mineral and metal products trading, though the RMB trading transactions have been reducing as a result of no renewal of copper concentrate trading business, and ZAR, the currency the Group mostly expends as its expenses for its office of the Mining Operations in South 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 2016, 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

For first half of 2016, commodities, in particular, copper and cobalt price remain sluggish, which had a material impact on the Group's 2016 first half results. Although we have reduced costs by continuously strengthening cost control, and through technical reformation with, the financial performance in first half of 2016 has significantly improved as compared to the corresponding period of last year, the Company's overall results still failed to meet its target because copper price has further decreased compared to last year.

Apart from the operating mines of Ruashi Mine and Chibuluma South Mine in the Group's African mining operations, there are encouraging upcoming development for other two mines in the pipeline. The Company looks forward to the production of first ore underground from Kinsenda Project in the fourth quarter of 2016; and re-commissioning of on-site processing plant in first quarter of 2017. Musonoi Project, a quality copper and cobalt property with the same shareholding as Ruashi Mine, has undergone its optimisation and is moving to its next stage of development phase upon raising the appropriate funding.

Going forward, global politics and economy remain turbulent and complicated; however, commodities price has gradually steadied and showed signs of bottoming after falling cliff-style over the past few year. In the coming year, the Group strives to focus on the four areas. Firstly, exercise all necessary measures to turn Metorex Group, our mining operations group in Africa, into a profitable mining company. Secondly, enhance, consolidate and strengthen our international trading business segment. Thirdly, actively seek opportunities to further develop into new businesses. Fourthly, leveraging on the advantage of Hong Kong as an international financial center to strongly engage in investment and financing businesses. With the emphases on the above four areas, JCI also plans to leverage on its parent company Jinchuan Group's experience and skills in areas such as mining, concentrating and metallurgy of non-ferrous metal, equipment manufacturing, engineering design, construction, industrial automation and operation management, to vigorously expand its businesses and services in such areas, and ultimately, to establish JCI as a world-class mining company that focuses on selling copper and cobalt products, with systematic integration of mining, concentrating and metallurgy process from upstream to downstream and jointly developed trading and related businesses, to repay its shareholders, community and country.

EMPLOYEES

As at 30 June 2016, the Group had 4,058 (31 December 2015: 4,581) employees, which comprises 2,152 (31 December 2015: 2,367) permanent workers and 1,906 (31 December 2015: 2,214) 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 2016 (six months ended 30 June 2015: 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 2016 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 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2016.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2016, 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
"EBITDA"	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment loss
"Golden Harbour"	Golden Harbour International Trading Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
"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

* *For identification purposes only*

"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 a direct wholly-owned subsidiary of the Company
"Kinsenda Project"	a brownfields copper project owned by Kinsenda SA and situated in the Katanga Province, the DRC
"Kinsenda SA"	Kinsenda Copper Company SA, a company incorporated in the DRC and a subsidiary of Metorex
"Lanzhou Jinchuan"	蘭州金川新材料科技股份有限公司 (Lanzhou Jinchuan Advanced Materials Technology Co., Ltd.*), a company incorporated in the PRC, approximately 99% interest of which is indirectly held by Jinchuan Group
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LME"	the London Metal Exchange
"LOM"	Life of mine
"Lubembe Project"	a greenfield copper project owned by Kinsenda SA 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 SA 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
"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
"Ruashi Mining"	Ruashi Mining SAS, a company duly incorporated in the DRC, a subsidiary of Metorex
"South Africa"	the Republic of South Africa
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SX-EW"	Solvent extraction – electrowinning
"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

Beijing, the PRC, 18 August 2016

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