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 2020

RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	Notes	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	4	**347,541**	705,362
Cost of sales		**(315,841)**	(645,262)
Gross profit		**31,700**	60,100
Other gains and losses	6	**(688)**	(993)
Selling and distribution costs		**(11,946)**	(18,906)
Administrative expenses		**(3,132)**	(5,444)
Royalty tax		**(16,319)**	(14,244)
Impairment loss	7	**(8,590)**	–
Finance income		**665**	977
Finance costs		**(8,416)**	(11,119)
(Loss) profit before tax	8	**(16,726)**	10,371
Income tax expense	9	**(8,106)**	(2,680)
(Loss) profit for the period		**(24,832)**	7,691

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ***(continued)***

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	Notes	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(520)**	(32)
Other comprehensive expense for the period		**(520)**	(32)
Total comprehensive (expense) income for the period		**(25,352)**	7,659
(Loss) profit for the period attributable to:			
Owners of the Company		**(28,315)**	4,185
Non-controlling interests		**3,483**	3,506
		(24,832)	7,691
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(28,627)**	4,166
Non-controlling interests		**3,275**	3,493
		(25,352)	7,659
(Loss) earnings per share			
Basic *(US cents)*	11	**(0.22)**	0.03
Diluted *(US cents)*	11	**(0.21)**	0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	Notes	At 30 June 2020 US$'000 (unaudited)	At 31 December 2019 US$'000 (audited)
Non-current assets			
Property, plant and equipment		**689,826**	688,850
Right-of-use assets		**1,788**	2,704
Mineral rights		**485,303**	489,389
Exploration and evaluation assets		**121,970**	146,161
Other non-current assets		**13,335**	13,639
		1,312,222	1,340,743
Current assets			
Inventories		**197,608**	201,988
Trade and other receivables	12	**91,438**	156,468
Tax recoverable		**6,336**	209
Bank deposits with maturity over three months		**9,356**	–
Bank balances and cash		**116,098**	45,215
		420,836	403,880
Current liabilities			
Trade and other payables	13	**76,564**	70,626
Deferred income		**10,300**	–
Amount due to an intermediate holding company		**114,477**	128,284
Amount due to a fellow subsidiary		**5,047**	5,134
Amount due to a non-controlling shareholder of a subsidiary		**572**	482
Bank borrowings		**59,489**	28,365
Lease liabilities		**924**	1,371
Short-term provisions		**4,862**	7,049
Bank overdrafts		**–**	944
		272,235	242,255
Net current assets		**148,601**	161,625
Total assets less current liabilities		**1,460,823**	1,502,368

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(continued)***
AT 30 JUNE 2020

	Notes	**At 30 June 2020** **US$'000** **(unaudited)**	At 31 December 2019 *US$'000* (audited)
Non-current liabilities			
Deferred tax liabilities		**272,091**	268,805
Bank borrowings		**194,000**	209,000
Lease liabilities		**813**	1,367
Long-term provisions		**30,699**	33,007
		497,603	512,179
Net assets		**963,220**	990,189
Capital and reserves			
Share capital	14	**16,166**	16,166
Perpetual subordinated convertible securities	15	**88,462**	88,462
Reserves		**729,741**	759,985
Equity attributable to owners of the Company		**834,369**	864,613
Non-controlling interests		**128,851**	125,576
Total equity		**963,220**	990,189

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL

Jinchuan Group International Resources Co., Ltd. (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is 金川集團股份有限公司 (Jinchuan Group Co., Ltd*) ("**JCG**"), a state-owned enterprise established in the PRC. The address of registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is Unit 3101, 31/F, United Centre, 95 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 mining operations and trading of mineral and metal products.

Certain comparative figures have been reclassified to conform with current period's presentation. These reclassification have no effect on condensed consolidated financial position, loss for the period or cash flow of the Company.

* *for identification purposes only*

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("**IAS**") 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 (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.

Other than additional in accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to IFRS

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impact of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

4. REVENUE

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

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Sales of copper	**289,751**	506,964
Sales of cobalt	**61,895**	8,718
Sales of glycol	**–**	123,459
Sales of aluminum ingot	**–**	72,159
Revenue from sales of commodities	**351,646**	711,300
Provisional pricing adjustment	**(4,105)**	(5,938)
Revenue – reported measure	**347,541**	705,362

For certain sales of minerals, revenue is recognised initially at a selling price that is determined on a provisional basis. The final selling price is subject to the grades of minerals in the Group's minerals products and movements in mineral prices up to the date of final pricing, normally 0 to 90 days after the initial booking. The adjustment in respect of the final mineral price is shown as provisional pricing adjustment.

For the remaining sales of minerals, revenue is recognised under a fixed pricing arrangement. The selling price is determined with reference to the prices of related products listed on the LME on the date of contract inception with customers.

Revenue from the sale of commodities is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

All the revenue is recognised at a point in time.

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.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

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

- Mining operations
- Trading of mineral and metal products

Segment revenue 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 2020 (unaudited)

	Mining operations *US$'000*	Trading of mineral and metal products *US$'000*	Total *US$'000*
Segment revenue			
Revenue	**210,898**	**140,748**	**351,646**
Provisional pricing adjustment	**(4,105)**	**–**	**(4,105)**
	206,793	**140,748**	**347,541**
Segment results	**(16,383)**	**969**	**(15,414)**
Unallocated corporate income			**434**
Unallocated corporate expenses			**(1,746)**
Loss before tax			**(16,726)**

For the six months ended 30 June 2019 (unaudited)

	Mining operations *US$'000*	Trading of mineral and metal products *US$'000*	Total *US$'000*
Segment revenue			
Revenue	218,042	566,716	784,758
Inter-segment sales	(73,458)	–	(73,458)
Provisional pricing adjustment	(5,938)	–	(5,938)
	138,646	566,716	705,362
Segment results	11,162	1,032	12,194
Unallocated corporate income			926
Unallocated corporate expenses			(2,749)
Profit before tax			10,371

Inter-segment sales are charged at prevailing market price.

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

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	30 June 2020 ***US$'000*** **(unaudited)**	31 December 2019 *US$'000* (audited)
Mining operations	**1,635,440**	1,653,780
Trading of mineral and metal products	**56,939**	87,227
Total segment assets	**1,692,379**	1,741,007
Unallocated corporate assets	**40,679**	3,616
Consolidated assets	**1,733,058**	1,744,623

Segment liabilities

	30 June 2020 US$'000 (unaudited)	31 December 2019 US$'000 (audited)
Mining operations	**490,857**	480,540
Trading of mineral and metal products	**13**	506
Total segment liabilities	**490,870**	481,046
Unallocated corporate liabilities	**278,968**	273,388
Consolidated liabilities	**769,838**	754,434

Note: Segment assets and segment liabilities comprise total assets (excluding tax recoverable and unallocated corporate assets) and total liabilities (excluding tax payable, deferred tax liabilities and unallocated corporate liabilities) of each segment, respectively.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Exchange losses, net	**(1,116)**	(1,274)
Others	**428**	281
	(688)	(993)

7. IMPAIRMENT LOSS

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Impairment loss recognised in respect of property, plant and equipment	**8,590**	–

As a result of persistent operational challenges and further deterioration of grade and sulphide ore availability, the Group has carried out further technical analysis and a decision was made to place the copper operation in Zambia under care and maintenance. The Group has provided an impairment loss of US$8,590,000 which represents the remaining property, plant and equipment value of the Zambia operation.

8. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(unaudited)	(unaudited)
(Loss) profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**36,985**	37,097
Depreciation of right-of-use assets	**600**	638
Amortisation of mineral rights	**4,086**	8,567
Impairment loss on inventories (included in cost of sales)	**1,017**	–

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The tax expense comprises:		
Current taxation		
Hong Kong profits tax	**–**	–
Corporate income tax in the PRC	**125**	418
Corporate income tax in the DRC	**4,585**	4,999
Corporate income tax in Zambia	**110**	8
Corporate income tax in South Africa	**–**	28
	4,820	5,453
Deferred taxation	**3,286**	(2,773)
	8,106	2,680

No provision for Hong Kong profits tax has been made as the Group does not have assessable profits arising in Hong Kong for both period.

Corporate income tax in the PRC is calculated at 25% on the assessable profits for the period (six months ended 30 June 2019: 25%).

Corporate income tax in Mauritius, South Africa, Zambia and the DRC are calculated at 15%, 28%, 30% and 30% (six months ended 30 June 2019: 15%, 28%, 30% and 30%) on the estimated assessable profits for the period, respectively.

10. DIVIDEND

During the current interim period, a final dividend in respect of the year ended 31 December 2019 of HK0.1 cent (2019: final dividend in respect of the year ended 31 December 2018 of HK0.1 cent) per ordinary share, in an aggregate amount of approximately HK$12,610,000, equivalent to approximately US$1,617,000 (2019: US$1,617,000), has been approved by the shareholders at the annual general meeting of the Company held on 18 June 2020.

No dividend was paid or declared by the Company in respect of the six months period ended 30 June 2020 (six months ended 30 June 2019: 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 June	
	2020	2019
	US$'000	*US$'000*
	(unaudited)	(unaudited)
(Loss) Earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	**(28,315)**	4,185
Add: Interest expense on PSCS	**44**	44
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(28,271)**	4,229

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**12,609,873,051**	12,609,873,051
Effect of dilutive potential ordinary shares: PSCS	**690,000,000**	690,000,000
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**13,299,873,051**	13,299,873,051

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

12. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	US$'000	*US$'000*
	(unaudited)	(audited)
Financial assets at fair value through profit or loss		
Trade receivables under provisional pricing arrangements	**40,241**	73,763
Financial assets at amortised cost		
Trade receivables	**481**	34,224
Other receivables	**8,410**	9,700
	8,891	43,924
Non-financial assets		
Other receivables	**2,800**	2,836
Prepayments	**3,016**	1,518
Value-added tax recoverable	**36,490**	34,427
	42,306	38,781
	91,438	156,468

Included in trade receivables as at 31 December 2019 was an amount due from a fellow subsidiary of US$7,933,000, which was of trade nature. The amount was fully settled during the current interim period. The Group provided this fellow subsidiary with a credit period of 8 days.

The Group provided customers (other than its fellow subsidiaries) with a credit period ranging from 5 days to 30 days (31 December 2019: 5 days to 30 days). Before accepting new customers, the Group performs a credit assessment to assess the potential customers' credit limit and credit quality.

As at 30 June 2020, the amounts of trade receivables under provisional pricing arrangements had been adjusted for US$6,059,000 (31 December 2019: US$5,895,000), being the difference between the average LME commodity prices for the duration up to the date of final pricing and the quoted price on the date of recognition of revenue when title and risks and rewards of the mineral and metal products are passed to customers.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The following is an ageing analysis of trade receivables, presented based on invoice date at the end of the reporting period.

	30 June 2020 *US$'000* **(unaudited)**	31 December 2019 *US$'000* (audited)
Within 3 months	**29,757**	93,922
4 to 6 months	**8,179**	5,133
7 to 12 months	**2,768**	999
Over 1 year	**18**	7,933
	40,722	107,987

As at 30 June 2020, included in trade receivables under provisional pricing arrangement with aggregated amount of US$40,241,000 was not yet past due (31 December 2019: an amount due from a fellow subsidiary of US$7,933,000 which was past due and trade receivables with aggregate amount of US$65,830,000 which was not yet past due) and was included in financial assets at fair value through profit or loss.

As at 30 June 2020, trade receivables at amortised cost with aggregate carrying amount of US$481,000 are past due (31 December 2019: US$34,224,000 was not past due).

13. TRADE AND OTHER PAYABLES

	30 June 2020 *US$'000* **(unaudited)**	31 December 2019 *US$'000* (audited)
Financial liabilities at fair value through profit or loss		
Trade payables under provisional pricing arrangements	**35,169**	24,453
Financial liabilities at amortised cost		
Other payables	**1,295**	3,662
Dividend payable	**1,617**	–
	2,912	3,662
Non-financial liabilities		
Other payables and accruals	**38,483**	42,511
	76,564	70,626

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

Certain purchase contracts of commodity contain a clause of provisional pricing arrangements, where the quoted price on the date of recognition of purchase, when title and risks and rewards of mineral and metal products passed from suppliers to the Group, will be adjusted for the difference between the average LME future commodity prices for the duration up to the date of final pricing. During the period ended 30 June 2020 and year ended 31 December 2019, the dates of recognition of purchase and the dates of final pricing for all purchase contracts are the same. Accordingly, no provisional pricing adjustments have been recognised.

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

	30 June 2020 *US$'000* **(unaudited)**	31 December 2019 *US$'000* (audited)
Within 3 months	**33,022**	21,358
4 to 6 months	**1,049**	799
7 to 12 months	**–**	1,168
Over 1 year	**1,098**	1,128
	35,169	24,453

The credit period on purchases of goods ranges from 0 to 90 days.

14. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	20,000,000,000	200,000
Issued and fully paid:		
At 31 December 2019 (audited) and 30 June 2020 (unaudited)	12,609,873,051	126,099

Shown in the condensed consolidated financial statements as:

	Amount *US$'000*
At 31 December 2019 (audited) and 30 June 2020 (unaudited)	16,166

15. PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES

On 14 November 2013, the Company issued the PSCS with an aggregate principal amount of US$1,085,400,000, being part of consideration for the Combination. The fair value of the PSCS, which was determined based on a valuation carried out by Asset Appraisal Limited, an independent valuer not connected with the Group, on the date of completion of the Combination amounted to US$1,089,084,000.

The PSCS are convertible into a maximum of 8,466,120,000 ordinary shares of the Company at an initial conversion price of HK$1 per share, subject to anti-dilutive adjustments. On or at any time after three years after the date of issue of the PSCS, the Company may, at its sole discretion, elect to convert the PSCS in whole or in part into ordinary shares of the Company. At any time when a holder of the PSCS is not a connected person of the Company, a principal amount of the PSCS which upon conversion will result in the holder holding in aggregate under 10% of the issued share capital of the Company shall be automatically converted into ordinary shares of the Company.

The PSCS shall not bear any distribution for the first three years from the issue date but shall bear distribution at 0.1% of the principal amount per annum thereafter payable annually in arrears on 31 December each year and can be deferred indefinitely at the discretion of the Company. The PSCS have no fixed maturity and are redeemable at the Company's option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company may not, inter alia, declare or pay any dividends or distribution on any ordinary shares of the Company or redeem or buy-back any ordinary shares of the Company, for so long as any distributions which are due and payable have not yet been paid in full.

During 2018, various investors including Jinchuan (BVI) Limited ("**Jinchuan BVI**"), an indirect wholly-owned subsidiary of JCG, which in turn is the controlling shareholder of the Company, exercised the conversion of the PSCS in an aggregate principal amount of US$996,938,000 into ordinary shares at the conversion price of HK$1 per share ("**Conversion**").

As a result of the Conversion and pursuant to the terms of the PSCS, on 6 June 2018, the Company allotted and issued a total of 7,776,120,000 ordinary shares to the investors including Jinchuan BVI, representing approximately 61.66% of the number of issued shares as enlarged by the aforesaid allotment and issue of ordinary shares. These ordinary shares ranked pari passu with all the existing Shares at the date of allotment and among themselves in all respects. The aggregate outstanding principal amount of the PSCS has been reduced to US$88,462,000 immediately after the Conversion. The issued share capital of the Company has been increased to 12,609,873,051 shares upon abovementioned allotment and issue of the ordinary shares.

Movement of PSCS:

	PSCS	
	Number	*US$'000*
As at 31 December 2019 (audited) and 30 June 2020 (unaudited)	690,000,000	88,462

16. CAPITAL COMMITMENTS

	30 June 2020	31 December 2019
	US$'000	*US$'000*
	(unaudited)	(audited)
Capital expenditure in respect of property, plant and equipment and exploration and evaluation assets contracted for but not provided in the condensed consolidated financial statements	**23,708**	23,132

17. IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include: continuing normal production and resuming delivery in accordance with the arrangement of government authorities while maintaining strict disease monitoring and control and safety production measures, negotiating with customers on delivery schedule, and continuously monitoring the operations of our customers.

As far as the Group's businesses are concerned, the COVID-19 pandemic did not have material impact on the Group's mining operation in Africa, the Group will keep its contingency measures under review as the situation evolves.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

JCI and its subsidiaries are principally engaged in (i) the mining of metals, primarily copper and cobalt, in the DRC and Zambia; and (ii) the trading of mineral and metal products in the PRC and Hong Kong.

The drop of copper and cobalt prices in the six months ended 30 June 2020 ("**2020 1H**") as compared to the six months ended 30 June 2019 ("**2019 1H**") had given rise to negative impact on the overall financial performance for the period. The Group has increased its production volume in the period to compensate part of the negative price impact.

Mining Operations

The Group has majority control over two operating mines in Africa which are Ruashi Mine, a copper and cobalt mine located in Lubumbashi, the DRC, and Kinsenda Mine, a copper mine located in Katanga Province, the DRC and one mine in care and maintenance which is Chibuluma South Mine (including Chifupu Deposit), a copper mine located in Zambia.

In 2020 1H, the Group produced 39,006t of copper (2019 1H: 36,897t) and 2,635t of cobalt (2019 1H: 2,611t), and sold 34,000t of copper (2019 1H: 38,091t) and 2,970t of cobalt (2019 1H: 844t) which generated sales of US$148.9 million and US$57.8 million respectively (2019 1H: US$203.4 million and US$8.7 million respectively).

Copper production was 6% higher in 2020 1H as compared to 2019 1H. Production at Ruashi at 16,823t was slightly higher than 2019 1H production at 16,587t. The selling of 4,453t of crown pillar material impacted positively on Chibuluma's production at 7,964t during 2020 1H compared to 4,100t in 2019 1H. This was offset by lower production of 14,219t at Kinsenda in 2020 1H which was 12% lower than 16,210t in 2019 1H.

Cobalt production was slightly 1% higher in 2020 1H as compared to 2019 1H. Lower grade cobalt ore was mined in the period, but the higher volume of ore mined and milled cancelled out the drop in average grade, maintaining production at similar level as compared to 2019 1H.

The Group also has control over Musonoi Project, a copper and cobalt project at development stage, and Lubembe Project, a copper project in exploration stage. Both projects are located in the DRC.

Trading of Mineral and Metal Products

During the six months ended 30 June 2020, the trading divisions of the Group have recorded a turnover of US$140.7 million (2019 1H: US$493.3 million) via the trading of commodities, including copper cathode, copper matte and cobalt hydroxide.

FINANCIAL REVIEW

The Group's operating results for the six months ended 30 June 2020 are a consolidation of the results from the mining operations and the trading of mineral and metal products.

Revenue

The revenue for the six months ended 30 June 2020 was US$347.5 million, representing a decrease of 51% compared to US$705.4 million for the six months ended 30 June 2019. Reasons for the decrease in revenue during the period are discussed below.

The Group's sales performance from its mining operations and trading of mineral and metal products was as follows:

	For the six months ended 30 June	
	2020	2019
Mining operations:		
Volume of copper sold *(t)*	**34,000**	38,091
Volume of cobalt sold *(t)*	**2,970**	844
Average price realized per tonne of copper *(US$)*	**4,381**	5,339
Average price realized per tonne of cobalt *(US$)*	**19,472**	10,324
Revenue from sales of copper *(US$'000)*	**148,961**	203,386
Revenue from sales of cobalt *(US$'000)*	**57,832**	8,718
Total revenue from mining operations – including provisional pricing adjustment *(US$'000)*	**206,793**	212,104
Trading of mineral and metal products:		
Revenue – trading of externally sourced mineral and metal products *(US$'000)*	**140,748**	493,258
Total Revenue *(US$'000)*	**347,541**	705,362

Note: Pricing coefficients were considered in actual sales revenue

The average benchmark LME copper and MB cobalt prices for 2020 1H were US$5,490/t and US$34,605/t respectively, representing a 11% and 5% decrease as compared to the average benchmark copper and cobalt for 2019 1H of US$6,167/t and US$36,365/t respectively.

The significant drop in benchmark copper prices impacted negatively on revenue during 2020 1H as compared to 2019 1H. The average realized copper price (including provisional pricing adjustments) for 2020 1H was US$4,381/t (2019 1H: US$5,339/t).

Copper revenue from mining operations for 2020 1H decreased by 27% as compared to 2019 1H. This was due to the 11% decrease in the average benchmark copper price in 2020 1H as compared to 2019 1H. Also, as a result of lower copper price as compared to the fourth quarter of 2019, there is a downward adjustment to the provisional sales price previously recognised.

The Group has decided to send copper concentrate produced by our Kinsenda Mine to a local smelter for processing into copper blister starting from March 2020. Although the refinery process initially caused a temporary disruption in the sales of copper products by Kinsenda for the months of March and April 2020 and caused an increase in the processing fees and transportation cost, it will in the long run enhance the copper products of Kinsenda and the Group will be benefited from the increased sales prices. Due to the additional time required for processing copper concentrate to copper blister, no sales was recorded by Kinsenda in March and April 2020. Kinsenda has started selling copper blister to international market in May 2020.

Cobalt revenue from mining operations for 2020 1H increased by 240% when compared to 2019 1H as a result of the increase in both volume of cobalt sold and the average realised cobalt price.

Despite market cobalt price was lower in 2020 1H as compared to 2019 1H, there was a provisional pricing adjustment in 2019 1H to recognise the drop in cobalt price from the fourth quarter of 2018 to the first quarter of 2019, leading to an abnormally low in cobalt revenue in 2019 1H.

The trading of mineral and metal products segment recorded a significant decrease in revenue on trading of externally sourced commodities of 71.4% from US$493.2 million for 2019 1H to US$140.7 million for 2020 1H. The decrease was due to the voluntary liquidation of Shanghai Jinchuan Junhe, one of the principal trading arms of the Group. For details, please refer to the “Significant Events” section. The Group is studying other trading opportunities in the commodities market.

Cost of Sales

Cost of sales represents the costs associated with the production of copper and cobalt from the Group's mining operations and the purchase cost for the trading of mineral and metal products. The major components of cost of sales are as follows:

	For the six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Mining operations:		
Realisation costs	**5,448**	2,324
Mining costs	**32,303**	30,427
Ore purchase	**4,835**	8,964
Salaries and wages	**24,916**	25,640
Processing costs	**41,712**	39,406
Engineering and technical costs	**7,168**	9,961
Safety, health, environment and community costs	**2,307**	2,707
Mine administrative expenses	**12,481**	15,609
Depreciation of property, plant and equipment	**36,976**	37,080
Depreciation of right-of-use assets	**48**	48
Amortisation of mineral rights	**4,086**	8,567
Movement in inventories	**3,591**	(26,871)
Sub-total	**175,871**	153,862
Trading of mineral and metal products:		
Purchase of commodities	**139,970**	491,400
Total Cost of Sales	**315,841**	645,262

Cost of mining operations increased by 14% to US$175.9 million for 2020 1H due to higher mining activities. Mining cost increased by 6% as Ruashi increased mining activities to compensate for lower foreign ore purchases. Processing cost increased by 6% due to higher throughput to compensate for the lower grades at Ruashi Mine and Kinsenda Mine. Increase in processing cost was in line with the increase in refining volume and production volume in the period.

Cost of trading of mineral and metal products decreased by 84% to US$140.0 million for 2020 1H, in line with the decrease in trading revenue.

Gross Profit

Gross profit of the Group decreased by 47.2% from US$60.1 million in 2019 1H to US$31.7 million in 2020 1H. The continuous decrease in copper price and delay in the sales of copper product by Kinsenda Mine were the main cause of the decrease in gross profit.

The gross profit margin increased from 8.5% for 2019 1H to 9.1% for 2020 1H as a result of the drop in contribution of revenue from trading segment. The trading segment contributes stable revenue but with a low gross profit margin. The lower contribution from trading segment in the period has led to an overall increase in gross profit margin.

Net Finance Costs

	For the six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Finance income	**665**	977
Finance costs	**(8,416)**	(11,119)
	(7,751)	(10,142)

The net finance costs decreased by 23.6% from US$10.1 million for 2019 1H to US$7.8 million for 2020 1H. Decrease in financing cost relates to the significant decrease in bank loan interest rates, which are mainly floating and valued based on LIBOR.

Other Gains and Losses

The decrease in other losses for 2020 1H was mainly due to the decrease in unrealised exchange losses from US$1.2 million for 2019 1H to US$1.1 million for 2020 1H.

Selling and Distribution Costs

The costs mainly represent the off-mine costs incurred when the Group sells its copper and cobalt products under the mining operations, and they primarily comprise of transportation expenses and custom clearing expenses. The breakdown of selling and distribution costs is as follows:

	For the six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Off-mine costs:		
Clearing costs of export	**7,430**	12,707
Transportation	**3,204**	3,422
Others	**1,312**	2,777
Total Selling and Distribution Costs	**11,946**	18,906

Selling and distribution costs decreased by 37% from US$18.9 million for 2019 1H to US$11.9 million for 2020 1H. The decrease in selling and distribution costs was primarily due to the decrease in clearing costs of export and transportation costs as part of the copper concentrate previously sold by our DRC operations to refineries in Zambia was now being toll treated in the DRC.

Administrative Expenses

Administrative expenses decreased by 42% from US$5.4 million for 2019 1H to US$3.1 million for 2020 1H. The decrease in administrative expenses was mainly due to the stricter control on cost and the depreciation of ZAR in the period.

Royalty Tax

Royalty tax increased from US$14.2 million for 2019 1H to US$16.3 million for 2020 1H in line with the increase in cobalt sales volume and cobalt sales revenue.

Income Tax Expense

The Group is subject to taxes in the PRC, Hong Kong, the DRC, Zambia and South Africa due to its business operations in these jurisdictions. An income tax expense of US$8.1 million was derived for 2020 1H as compared to an income tax expense of US$2.7 million for 2019 1H. Tax expenses increased in the period mainly represents deferred tax on unrealised profit as calculated under DRC, Zambia and South Africa jurisdiction.

The reporting currency of the Group is US$ and the functional currencies of subsidiaries of the Group are mainly US$ and RMB, while the Group's significant assets are located in areas including the DRC, Zambia and South Africa where local currency was used for tax calculation purposes in certain situation. Due to the significant drop in the foreign exchange rate of ZAR to US$ in 2020 1H, the Group's subsidiaries in South Africa recorded a significant foreign exchange gain for tax computing purposes which, if realised, will be subject to taxation.

Impairment Loss

With the Group's assets located in the Zambia approaching end of mine life, the further decline in ore grade and plant recovery rate in 2020 1H has led to the Group's revisit of the mine's operation and the Group's decision to put the operation in Zambia under care and maintenance. Further provision of impairment loss of US$8.6 million and US$1.02 million was made to the property, plant and equipment and inventories respectively by the Group in 2020 1H.

Loss for the Period

As a result of the above, the Group recorded a consolidated loss of US$24.8 million for 2020 1H as compared to that of a consolidated profit of US$7.7 million for 2019 1H.

Loss Attributable to Shareholders

The Group has recorded a loss attributable to shareholders of the Company in 2020 1H of US$28.3 million, as compared to profit attributable to shareholders of the Company in 2019 1H of US$4.2 million.

The turnaround of the Group's result attributable to shareholders of the Company in 2020 1H as compared to 2019 1H was mainly due to: (1) The continuous drop in copper price; (2) Delay in the sales of copper products by Kinsenda Mine; (3) Provision made for the taxable foreign exchange gain; (4) Impairment loss; and (5) Cancellation of GHL's Investment Return amounted approximately to US$817,000, as defined and detailed in the section "Significant Events" below.

Non-IFRS Financial Measure

C1 cash cost

The term "C1 cash cost" is a non-IFRS performance measure included in this "Management Discussion and Analysis" and is prepared on a per tonne of copper sold basis. The term C1 cash cost does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. C1 cash cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with industry standard definitions. C1 cash costs include all mining and processing costs, mine site overheads, realization costs through to refined metal and off-site costs.

The table below reconciles the Group's C1 cash costs to the statement of comprehensive income in the financial statements of the Group for the financial periods indicated.

	For the six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**143,103**	153,867
Adjustment for change in copper inventory	**(2,530)**	6,873
C1 cash costs (excluding by-product credit)	**140,573**	160,740
Less: cobalt (by-product) revenue	**(57,832)**	(8,718)
Adjustment for change in cobalt inventory	**6,121**	(33,744)
C1 cash costs (including by-product credit)	**88,862**	118,278
Copper sold *(t)*	**34,000**	38,091
C1 cash cost per tonne of copper (excluding by-product credit) *(US$/t)*	**4,134**	4,220
C1 cash cost per tonne of copper (including by-product credit) *(US$/t)*	**2,614**	3,105

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

EBITDA is used by the management to evaluate the financial performance of the Group and identify underlying trends in business that could otherwise be distorted if the impact of items that do not consider indicative of the performance of the business and/or which we do not expect to be recurring are not eliminated. Companies may use different methods of depreciating assets. Management considered the impairment loss and fair value gains are non-recurring in nature and are not relevant to our core business operations. Management believes that these measures better reflect the Company's performance for the current period and are a better indication of its expected performance in future periods. EBITDA is intended to provide additional information, but does not have any standardized meaning prescribed by IFRS.

The EBITDA of the Group is derived as follows:

	For the six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
(Loss) profit for the period	**(24,832)**	7,691
Add: Net finance costs	**7,751**	10,142
Add: Income tax expense	**8,106**	2,680
Add: Depreciation of property, plant and equipment	**36,985**	37,097
Add: Depreciation of right-of-use assets	**600**	638
Add: Amortisation of mineral rights	**4,086**	8,567
Add: Impairment loss recognised in respect of property, plant and equipment	**8,590**	–
EBITDA	**41,286**	66,815

The Company believes that in addition to conventional measures prepared in accordance with IFRS, certain investors will use the above tool and related information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation nor as a substitute for measures of performance prepared in accordance with IFRS.

Issue of New Shares

During the six months periods ended 30 June 2020 and 30 June 2019, no new shares have been issued by the Company.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2020, the Group had bank balances and cash (including bank deposits) of US$125.5 million as compared to US$45.2 million as at 31 December 2019.

As at 30 June 2020, the Group had total bank borrowings and overdrafts of US$253.5 million (31 December 2019: US$238.3 million) in which the bank borrowings and overdrafts of US$59.5 million (31 December 2019: US$29.3 million) are due within one year, bank borrowings of US$194.0 million (31 December 2019: US$209.0 million) are due within 2 to 5 years and no bank borrowings due over 5 years.

As at 30 June 2020, the Group had loans from related companies of US$120.1 million (31 December 2019: US$133.9 million) which are due within one year.

The gearing ratio of the Group as at 30 June 2020 was 25.7% compared to 33.0% as at 31 December 2019. Gearing ratio is defined as net debt over total equity, and net debt is derived from total borrowings and overdrafts (including amount due to related companies) less bank balances and cash (including bank deposits). The decrease in the gearing ratio was due to the decrease in loan from related parties as at 30 June 2020 as compared to 31 December 2019 and increase of bank balance and cash (including bank deposits) as at 30 June 2020.

For the six months ended 30 June 2020, the Group financed its operations with loan facilities provided by banks, borrowings from related companies and internally generated cash flows.

Material Acquisitions and Disposals of Investments

During the six months ended 30 June 2020, there was no material acquisition or disposal of subsidiaries, associates and joint ventures.

Significant Events

MOU with JCHX

On 29 March 2019, Metorex, a wholly-owned subsidiary of the Company, and 金誠信礦業管理股份有限公司 (JCHX Mining Management Co., Ltd.*) ("**JCHX**") entered into a non-legally binding memorandum of understanding (the "**MOU**"). Pursuant to the MOU and subject to the entering into of a formal agreement, Metorex shall cause its wholly-owned subsidiary incorporated in South Africa, Ruashi Holdings, to allot new shares in favour of JCHX. If the proposed allotment of shares contemplated under the MOU materializes, and depending on the final terms to be agreed between the parties, Ruashi Holdings will become a non wholly-owned subsidiary of the Group. The proposed allotment of shares will be a deemed disposal of an interest in a subsidiary of the Company for purpose of the Listing Rules.

The MOU merely provides a framework of cooperation between Metorex and JCHX. The terms of cooperation contemplated under the MOU are subject to the terms of any definitive agreement(s) which Metorex and JCHX may subsequently enter into from time to time.

As Metorex and JCHX did not enter into any legally binding contract within 365 days from the date of the MOU, the MOU was deemed to be terminated automatically and ceased to have any effect.

The MOU is non-legally binding and neither the Company nor JCHX will have any obligation and liabilities to each other. The Board considers that the lapse of the MOU does not have any material adverse impact on the business operation and financial position of the Group.

* *for identification purposes only*

The Group will continually endeavour to explore other means of cooperation which may or may not involve JCHX. Further announcement(s) will be made by the Company to keep the shareholders of the Company and potential investors informed as and when required under the Listing Rules.

Voluntary Liquidation of Shanghai Jinchuan Junhe

On 24 March 2020, written resolutions were passed by all shareholders of Shanghai Jinchuan Junhe, to voluntarily liquidate Shanghai Jinchuan Junhe. Shanghai Jinchuan Junhe is an indirect non wholly-owned subsidiary of the Company.

As disclosed in the Company's announcement dated 7 September 2018, with respect to the actual investment amount contributed by GHL in Shanghai Jinchuan Junhe, Junhe Holdings had guaranteed to provide a return of at least 8% per annum on such investment amount ("**GHL's Investment Return**") to GHL.

Up to 31 December 2019, the operation results of Shanghai Jinchuan Junhe managed to cover the GHL's Investment Return, but overall operation, performance and the growth prospect of Shanghai Jinchuan Junhe had not been as promising as originally planned, in particular under the current challenging market conditions impacted by, among others, the spread of COVID-19. After negotiation concerning the way forward, both GHL and Junhe Holdings agreed unanimously to liquidate Shanghai Jinchuan Junhe by way of shareholders' voluntary liquidation. After liquidation, Shanghai Jinchuan Junhe will cease to be a subsidiary of the Company.

Cancellation of GHL's Investment Return

As disclosed in the Company's announcement published on 30 June 2020, the Board had considered, among other factors, (i) to minimise the uncertainties of the liquidation process; (ii) to maintain a good relation with Junhe Holdings and Junhe Group (a major participant of commodities market in the PRC), and (iii) to expedite the liquidation process so as to recoup the amount of the Group's capital contributed to Shanghai Jinchuan Junhe, GHL, as approved by the Board, agreed to accept to distribute the investment return in the ratio corresponding to the parties' respective shareholding in Shanghai Jinchuan Junhe (that is, 60% and 40%) and to waive the payment of the outstanding GHL's Investment Return otherwise payable by Junhe Holdings or Mr. He Qi, the de facto controller of Junhe Group ("**Cancellation of GHL's Investment Return**"). As at 30 June 2020, the liquidation of Shanghai Jinchuan Junhe is still in progress.

Care and Maintenance of Zambia Operation

With the Group's assets located in Zambia approaching end of mine life, the further decline in ore grade and plant recovery rate in 2020 1H has led to the Group's revisit of the mine's operation and the Group has decided to put the operation in Zambia under care and maintenance. The Group is evaluating different options available for the Group to recoup the remaining value of the assets.

Significant Capital Expenditures

During the six months ended 30 June 2020, the Group acquired property, plant and equipment amounting to US$20.0 million (2019 1H: US$19.0 million), and incurred expenditures on exploration and evaluation assets amounting to US$2.3 million (2019 1H: US$2.0 million) for the Group's mining operations. During the reporting period, the Group derecognized US$0.3 million of right-of-use assets.

Details of Charges on the Group's Assets

As at 30 June 2020, none of the Group's assets were pledged or subject to encumbrance to secure general banking facilities granted to the Group.

Details of Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk Management

The reporting currency of the Group is US$ and the functional currencies of subsidiaries of the Group are mainly US$ and RMB. The Group is also exposed to currency change in HK$, ZAR, CDF and ZMW. Given the exchange rate peg between HK$ and US$, the Group is not exposed to significant exchange rate risk of HK$. The Group's significant assets are located in the DRC, Zambia, South Africa and the PRC and the Group is exposed to fluctuation in CDF, ZMW, ZAR and RMB. The Group monitors its exposure to foreign currency exchange risk on an on-going basis.

PROSPECT

Global mining industry underwent severe challenges in the past six months caused by the disruption of COVID-19 and the on-going trade war between the PRC and the US, the two largest economies in the world. Commodities price has been in a roller coaster in 2020 1H and likely to remain unstable in the short term future.

Copper price is highly susceptible to swings in global policy and economic uncertainty. The fundamental of the copper market is sound and with the entrance of US-China Phase 1 trade deal in January 2020, copper price has rebounded healthily to US$6,300/t level. However, the widespread of COVID-19 has affected normal logistics arrangement globally and have delayed the resumption of refineries and factories production in the PRC after the Chinese new year, which dragged down short term copper price in February and March 2020. Copper price reached a bottom of as low as US$4,618/t in March 2020. Following the drop in new COVID-19 cases in the PRC, the PRC has gradually reopened its economy and business started to resume and the demand for fundamental metal supply increased. Copper refineries have recommenced operations and the demand of copper concentrate has increased since then. LME copper price has recovered by nearly 30% from its lowest point in the period and reached US$6,000/t level by the end of June 2020, the highest point of copper since January 2020 and closed the first half of the year at US$6,038/t on 30 June 2020. LME copper price has reached a two years high of US$6,667/t on 19 August 2020.

Copper demand from the PRC started to turn strong since June 2020. Import of copper concentrate into the PRC was 1.795 million tonnes in July 2020 according to PRC Custom figures, representing an increase of 12.6% compared to June 2020, which being the lowest monthly total since September 2019, but was 13.5% lower than the same period last year. With COVID-19 still impacting heavily on copper producing countries in Southern America including the two of the largest producing countries Peru and Chile, copper smelters in the PRC are struggling to secure enough concentrates from the world and LME inventories have fallen by over 50% in the past three months to lowest level since 2008. Copper market forecasted to be remain tight in the short term future.

While the precise timing of COVID-19 to be contained is still unknown, copper fundamental factors are still strong and copper price is expected to stay strong after COVID-19 is contained. Chile's Mining Minister predicted that the copper price will surge to US$6,600/t this year once the coronavirus passed.

According to market research, electric vehicle ("**EV**") industry worldwide will need 250% more copper by 2030 for charging stations, and each electric vehicle consumes double to triple copper as compared to conventional internal combustion engine-powered vehicle, copper will benefit from the modest growth of the electric vehicle industry in the long term.

In the case of cobalt, since retreating by more than 70% from the all time high of US$43.7/lb recorded in April 2018 to US$12.1/lb by the end of July 2019 as a result of the rising supplies produced by artisanal miners in the DRC, and a surplus in supply of cobalt chemicals for the production of rechargeable batteries for EV in the PRC, demand for cobalt remained weak in the recent period.

In August 2019, one of the largest cobalt miners in the DRC announced a temporary suspension of production for an expected two years limiting the global cobalt supply in the near future, cobalt price has since rebounded to US$15.1/lb by the end of 2019 and reached US$17.0/lb by the end of February 2020.

Cobalt price stayed relatively stable in 2020 1H and benchmark MB cobalt price has been transacted within the range of US$14.15/lb to US$17.0/lb in 2020 1H while cobalt was traded between US$13.3/lb to US$26.5/lb in 2019 1H. Cobalt has reached a year-to-date low of US$13.75/lb in July 2020 and has since rebounded to US$15.25/lb level as at the date of this announcement.

The major cobalt miner in the DRC supplied over 18% of the global cobalt market and with the mine under care and maintenance scheduled for two years, global cobalt supply will remain shorthanded in the short term future. At the same time, the DRC Government has placed stricter control on the source of cobalt and has initiated plan to regulate artisanal and illegal cobalt mining in the DRC. Together with the pressure from international organization to limit the supply of minerals from mine with child labour, and stricter logistics requirement for transporting cobalt material, market research estimated that the full year supply in 2020 will shrink by 2.4% as compared to 2019 actual figure and by 6.4% as compared to 2018 actual figure.

On the demand side of cobalt, the two main usage of cobalt is for the manufacturing of alloy and industrial chemical and for the manufacturing of batteries. According to a recent cobalt research, in 2019, around 53% of cobalt usage was for manufacturing of batteries, and in which approximately 74% of the battery demand is for non-EV purpose, including telecommunication equipment, computer and labtop, while the remaining approximately 26% is for manufacturing EV's batteries.

Analyst predicts that the increase in EV battery demand is estimated to be 21.3% compound annual growth rate from 2019 to 2025. The long term demand for cobalt will grow from 134,000t in 2019, of which the EV battery sector accounts for 14%, to 225,000t in 2025, of which the EV battery sector account for 28%. Together with the increase in non-EV battery demand by approximately 9.1% compound annual growth rate from 52,000t in 2019 to a predicted 87,000t in 2025. We also anticipate that as manufacturers and traders drain their stock, the year long downward trend of cobalt price will come to an end, and heathier and more sustainable demand for it will lead to the gradual recovery of cobalt price.

Cobalt market will continue to be difficult to operate in the second half of 2020. The Group will continue to monitor all factors causing market fluctuation and will ensure the Group is able to respond to any market changes in a prepared and timely manner.

With Kinsenda Mine has already been producing at full capacity, the Group's focus in the near future is the construction of the Musonoi copper-cobalt mine in Kolwezi, the DRC and the development of the Ruashi's sulphide deposit. Construction work at Musonoi Project has progressed well in the period and the Group is on the way of finalizing the financing plan of Musonoi Project together with Gécamines SA, the state-owned mining company of the DRC Government and also the minority shareholder of Musonoi Project.

Since the Group's business spans different regions and countries, our overseas business is therefore susceptible to the stability of and changes in the local government policies, social and economic environments, and international relations. If there are any material adverse changes in the aforesaid factors, our business, financial condition and operating results may be adversely affected. We endeavour to closely monitor the aforesaid situation and to promptly adjust our strategies in response thereto.

Exploration work will continue in Ruashi's sulphide zone below oxide zone, Musonoi Project deeper area and Kinsenda Mine infill drilling.

To be a world-class mineral corporation is the ultimate goal of the Group. Apart from the existing operations in Africa, the Group will actively look into the market and seek for investment opportunities which can provide the Group with growth and synergies while strictly comply with the regional regulations in order to give investors and Shareholders confidence in supporting the Group.

Also, with the continuous support of JCG and prudent strategic planning of the Board, the Group remains confident that the performance of the Group will overcome the disadvantages and stand out from the crowd under such unfavorable market conditions, and create values for the stakeholders of the Company.

More efforts had been put towards new business development, in particular in identifying opportunities at Southern Africa which was close to our existing mines to look for synergy. We will continually, prudently and actively pursue any new business development opportunity.

We will continue to improve quality, efficiency and production. The Company strives to continuously reduce production costs, with its strategy of "Improvement on Cobalt and Maintaining Growth on Copper" to increase production and sales and achieve better profitability.

EMPLOYEES

As at 30 June 2020, the Group had 1,757 (31 December 2019: 1,761) permanent workers and 3,057 (31 December 2019: 2,778) contractor's employees. Employees of the Group receive competitive remuneration packages including salary and medical and other benefits. Key staff may also be entitled to performance bonuses and grant of option shares of the Company.

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "**Audit Committee**") 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 2020 have been reviewed by the Audit Committee.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to establishing and maintaining high standards of corporate governance to enhance shareholders' interest and promote sustainable development. The Company has applied the principles and complied with all applicable code provisions of the CG Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code, as set out in Appendix 10 to the Listing Rules, as its own code of conduct regarding Director's dealings in the Company's securities. Based on specific enquiry made to all Directors, the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2020.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

Special thanks to all our shareholders, community and business partners for their tremendous support, and to all employees for their dedicated hard works, especially in this difficult time under COVID-19 pandemic. Lastly, thanks to the People's Government of Gansu Province for their special support to JCG and the Company.

PUBLICATION OF FINANCIAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is available for viewing on the websites of the Stock Exchange and the Company. The interim announcement of the Company for the six months ended 30 June 2020 will be dispatched to Shareholders and published on the Stock Exchange and the Company's websites respectively in due course.

GLOSSARY

"%"	percentage
"Acquisition" or "Combination"	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 which 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
"BVI"	the British Virgin Islands
"CDF"	Congolese Franc, the lawful currency of the DRC
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chibuluma"	Chibuluma Mines plc, a company incorporated in Zambia and an indirect non wholly-owned subsidiary of the Company
"Chibuluma South Mine"	an underground copper mine owned by Chibuluma situated in Zambia near the town of Kalulushi
"Chifupu Deposit"	an underground copper mine owned by Chibuluma which is located approximately 1.7km southwest of Chibuluma South Mine
"Conversion"	The conversion exercised by various investors including Jinchuan (BVI) Limited, an indirect wholly-owned subsidiary of JCG, which in turn is the controlling shareholder of the Company, in respect of the conversion of the PSCS in an aggregate principal amount of US$996,938,461 into conversion shares at the conversion price of HK$1.00 per Share
"COVID-19"	Novel coronavirus pneumonia epidemic
"Director(s)"	the director(s) of the Company

“DRC”	the Democratic Republic of Congo
“EBITDA”	Earning before interest (net finance cost), income tax, depreciation and amortisation and impairment loss
“Gécamines SA”	La Générale des Carrières et des Mines, a state-owned mining company in the DRC
“GHL”	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 and associates controlled by the Company from time to time
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“JCI” or “Company”	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 (Stock Code: 2362)
“Jin Rui”	Jin Rui Mining Investment Limited, a company incorporated in the Republic of Mauritius and a direct wholly-owned subsidiary of the Company
“Jinchuan BVI”	Jinchuan (BVI) Limited, an indirect wholly-owned subsidiary of JCG
“Junhe Group”	Shanghai Junhe Group Co., Ltd, a company established in the PRC and the holding company of Junhe Holdings
“Junhe Holdings”	Junhe Holdings Limited, a company established in the PRC and a subsidiary of Junhe Group

“Kinsenda”	Kinsenda Copper Company SA, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company
“Kinsenda Mine”	an underground copper mine owned by Kinsenda and situated in Katanga Province in the DRC
“km”	kilometer(s)
“lb”	pound(s) (2.204 pounds=1 kilogram)
“LIBOR”	the London Interbank Offering Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LME”	London Metal Exchange, a recognized investment exchange regulated by the Financial Conduct Authority of the United Kingdom and a recognised publisher of reference prices for various metals which are timely published on its designated website (www.lme.com) on a daily basis for metal and investment communities
“Lubembe Project”	a greenfield copper project owned by Kinsenda and situated in the Katanga Province in the DRC
“MB”	Metal Bulletin, a premium intelligence service for metal and steel professionals, being part of the Euromoney Institutional Investor Plc Group of companies and a recognized publisher of reference prices for long-term cobalt trading contracts which are timely published on its designated website (www.metalbulletin.com) on a daily basis for subscribed members and publications
“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, Kinsenda and Ruashi), the mining operation arm of the Group

"Mineral and Metal Products"	mineral products, metal products and other raw materials, including but not limited to copper or nickel ores and concentrates, copper or nickel cathodes and other forms of copper, nickel or other metals bearing raw materials, cobalt and its related products
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Musonoi Project"	a brownfield copper and cobalt project owned by Ruashi and situated in Katanga Province in DRC
"PRC"	the People's Republic of China
"PSCS"	the perpetual subordinated convertible securities issued by the Company to satisfy part of the purchase price for the Acquisition
"RMB"	Renminbi, the lawful currency of the PRC
"Ruashi"	Ruashi Mining SAS, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company
"Ruashi Mine"	an opencast oxide copper and cobalt mine owned by Ruashi and situated in the DRC on the outskirts of Lubumbashi, the capital of Katanga Province
"Shanghai Jinchuan Junhe"	上海金川均和經濟發展有限公司(Shanghai Jinchuan Junhe Economic Development Co., Ltd*), a company incorporated in the PRC and a 60% owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company listed on the Stock Exchange
"Shareholder(s)"	the holder(s) of the Share(s)
"South Africa"	the Republic of South Africa
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"t"	tonne(s)

"US$"	United States dollars, the lawful currency of the United States of America
"Zambia"	the Republic of Zambia
"ZAR"	South African Rand, the lawful currency of South Africa
"ZMW"	Zambian Kwacha, the lawful currency of Zambia

* *for identification purposes only*

By order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Hok Bun Mario
Company Secretary

Hong Kong, 21 August 2020

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Gao Tianpeng and Mr. Cheng Yonghong; three non-executive directors, namely Mr. Zhang Youda, Mr. Liu Jian and Mr. Wang Qiangzhong; and three independent nonexecutive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.