



中国多金属矿业
CHINA POLYMETALLIC MINING

China Polymetallic Mining Limited

Announcement of 2014 Annual Results

[25th March 2015, Hong Kong] **China Polymetallic Mining Limited** (“**China Polymetallic**” or the “Company”, together with its subsidiaries, the “Group”) (Stock code: 2133.HK), a leading silver, lead and zinc mining company in China, today announces its audited annual results for the year ended 31 December 2014 (the “Reporting Period”).

It's reported that, during the Reporting Period, the Group recorded revenue of approximately RMB187.5 million, and a gross profit of approximately RMB97.2 million, while gross profit margin was approximately 51.8%. The Group's net profit for the Reporting Period was approximately RMB 11.8 million and net profit margin was 6.3%.

The Board does not propose payment of a final dividend for the Reporting Period (2013: HK\$0.008 per share).

During the Reporting Period, the global economy recovered slowly due to the significant adjustments in the global economic landscape. Impacted by the serious structural problems on a global scale, the prices of crude oil and other bulk commodities continued their downward trend. In respect of the currency and fiscal policies, the United States ended its quantitative easing policy yet maintaining a loose currency policy, while Europe and Japan ramped up their stimulus efforts with more fiscal investments. As the trend of currency policies of the emerging economies varies, international capital flows have differentiated and international competition arena has become increasingly fierce. Against this backdrop, global investors had to meet new challenges in the capital market in 2014. From the perspective of domestic trend, China still faced complicated environment where favorable and adverse factors co-existed. In 2014, China's GDP growth rate slowed down to 7.4% from 7.7% in 2013, and the economic downward pressure remained high.

The decrease in revenue was mainly due to lower ore output from the Shizishan Mine. During the Reporting Period, as the exploration and mining work of the Shizishan Mine shifted from the lower part of the 1,200 level to the upper part of the 1,150 level, ore bodies in these areas became more fragmented, resulting in higher dilution rate. This led to lower mining production volume and lower feed grade of the raw ores. Meanwhile, two earthquakes with magnitudes of 5.6 and 6.1 hit Yingjiang County where the Shizishan Mine is located on 24 May 2014 and 30 May 2014 respectively. The earthquakes and their

aftershocks caused damages to the tunnels of the Shizishan Mine. Progress in the mine was severely delayed due to the need to ensure a safer environment for our workforces. However, mining and production resumed gradually after a series of safety inspections and assessments.

As a result of the aforementioned factors, the total raw ore mined from the Shizishan Mine during the Reporting Period decreased by 185.0 kt to 268.8 kt, representing a drop of 40.8% as compared to 2013. The production volume of lead, zinc and silver also decreased by 14,985 t, 10,740 t and 35,966 kg respectively, dropping 63.7%, 60.0% and 66.5% respectively as compared to 2013.

The decrease in revenue was also a result of declining output in the Dakuangshan Mine. During the Reporting Period, the Dakuangshan Mine was unable to operate at full capacity, primarily due to the dry season of the local city during the first half of 2014, which led to lower hydroelectricity output that could only support the operation of one processing production line with a capacity of 300 tpd (designed capacity was 600 tpd). Besides, the difficulties encountered in tunnel construction also disrupted mining transport, reduced production volume. The output of by-product ores also led to the decrease in feed grade.

As a result of the aforementioned factors, the total raw ore mined from the Dakuangshan Mine during the Reporting Period decreased by 31.8 kt to 63.4 kt, representing a drop of 33.4% as compared to 2013. The total raw ore processed decreased by 8.2 kt to 74.5 kt, representing a drop of 9.9% as compared to 2013. The production volume of lead, zinc and silver decreased by 206 t, 399 t and 310 kg respectively, representing a decline of 22.9%, 21.9% and 22.7% respectively as compared to 2013.

Mr. Ran Xiaochuan, Chairman and Executive Director of China Polymetallic said, "As China's macro economy remains highly volatile and the non-ferrous metal industry shows a relatively weak performance, the Group would make efforts to overcome the external challenges and difficulties, and we are devoted to explore new mining methods and technologies and improve production efficiency to promote future growth. As a leading enterprise primarily engaged in the mining of non-ferrous metals in the PRC, we believe that the control of, or access to high-quality non-ferrous metals resources and reserves is essential to the long-term sustainable development of our businesses. The Group will proactively track premium mines in the domestic and overseas which meet our criteria and make acquisitions should appropriate opportunities arise. Meanwhile, we have a professional, experienced and organized team which consists of geological, mining, processing, finance and legal personnel. With Mr. Huang Zhonghua, who has extensive experience in exploration, mining and production management, joining the Company as the Vice President, the Company is provided with a solid foundation to further improve the

management of exploration and mining and safety production management. We are confident that all the high caliber human resources we built up will effectively upgrade our project development and production management capabilities and optimize cost control, which in turn would improve our core competitiveness, and realize the sustainable growth of the Group to bring a better return for shareholders.”

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About China Polymetallic Mining Limited

China Polymetallic Mining Limited (“China Polymetallic” or “The Company”) is one of the leading silver, lead and zinc mining companies in China and was the first company which solely engaged in mining non-ferrous metals to list on the Hong Kong Stock Exchange. With the Shizishan Mine and the Dakuangshan Mine having reached full capacity, the Company continues to develop and explore large and high-grade reserves. With all of our current operations in Yunnan Province, we own and operate the Shizishan Mine, a large-scale and high-grade lead-zinc-silver mine, and the Dakuangshan Mine, a lead-zinc-silver mine. The Company is developing the Liziping Mine, a lead-zinc-silver mine and the Menghu Mine, a lead-zinc mine. The Company also explored the lead-zinc-silver Dazhupeng Mine in a proactive and orderly manner. We have also secured the long-term ore supply from the Lushan Mine, a tungsten-tin mine, at low cost and on an exclusive basis. We will further leverage our unique position as a leading Chinese mining company and close proximity to our key customers to meet the demand for silver, lead and zinc while maximizing returns for our shareholders.

For more information on China Polymetallic, please visit <http://www.chinapolymetallic.com>