

[English Translation for Reference Only]

Report of the Auditors

[2014]Jing Kuai Xing Shen Zi No. 07090060

To the board of directors of China Metallurgical Group Corporation,

We have audited the accompanying financial statements of China metallurgical Group Corporation ("The MCC Group") which comprise the consolidated balance sheet as on 31 December 2013, and the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in owners' equity for the year then ended and notes to these financial statements.

1. Management's Responsibility for the Financial Statements

Preparing of the Financial Statements according to Enterprise Accounting Standard is the responsibility of the management of The MCC Group. This responsibility includes (1) Preparing the financial statements according to Enterprise Accounting Standards and making them reflecting a fair basis; (2) Designing, implementing and maintaining the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentations due to cheating or error.

2. Auditor's Responsibility

Our responsibilities are to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Auditing Standards for Certified Public Accountants, which requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers the relevant internal control of the preparation of financial statements and fair presentation, in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing audit opinion.

3. Audit Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

4. Emphasis of Matter

As described in the Note 18(2), MCC Group's subsidiary MCC Huludao Nonferrous Metals Group Co.LTD reforming creditors' rights concerned creditor's rights of workers, the personnel shunt placement fees, which involves enterprises burdened with social responsibilities, owned factories operated by state-owned enterprises and retirement medical insurance, is undertaken or coordinately solved by Liaoning Province Government. MCC Group hasn't confirmed it as anticipation Liabilities.

Beijing XingHua Certified Public
Accountants Co., LTD.

Beijing, China

Certified Public
Accountants Registered
in the People's
Republic of China
Certified Public
Accountants Registered
in the People's
Republic of China
March 28, 2014

王巍
Wang Wei

崔晓彬
Cui Xiaobin