

## HISTORY, REORGANIZATION AND GROUP STRUCTURE

### HISTORY

#### Our Company

Our Company was incorporated in the Cayman Islands on April 24, 2003 as an exempted company under the Companies Law. On incorporation, our Company's name was Peru Copper Syndicate, Ltd. Its authorized share capital was US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each.

On April 24, 2003, a single share in our Company was issued to the initial subscriber and then transferred to Catherine McLeod-Seltzer, 9,999 shares were issued to Catherine McLeod-Seltzer and 10,000 shares were issued to each of Lowell Mineral Exploration, L.L.C., La Ermita Ltda. and Sunbeam Opportunities Limited, giving an issued share capital of 40,000 shares of a par value of US\$1.00 each. On January 23, 2004, Catherine McLeod-Seltzer transferred 6,000 of her 10,000 shares to Fisherking Holdings Limited. On February 12, 2004, La Ermita Ltda. transferred all of its 10,000 shares to Ranchu Copper Investments Limited and Sunbeam Opportunities Limited transferred 3333.333 shares to Campania Holding Inc. and 3333.333 shares to Tangent International Limited. Following these issuances and transfers, our Company's issued share capital was held as follows:

<u>Name of shareholder</u>	<u>No. of shares held</u>	<u>Percentage of issued share capital (approx.)</u>
Lowell Mineral Exploration, L.L.C. ....	10,000.000	25.00
Catherine McLeod-Seltzer .....	4,000.000	10.00
Sunbeam Opportunities Limited .....	3333.334	8.34
Fisherking Holdings Limited .....	6,000.000	15.00
Ranchu Copper Investments Limited .....	10,000.000	25.00
Tangent International Limited .....	3333.333	8.33
Campania Holding Inc. ....	3333.333	8.33
Total .....	<u>40,000.000</u>	<u>100.00</u>

On February 20, 2004, our Company's authorized share capital was subdivided from US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each to US\$50,000 divided into 62,500,000 shares of a par value of US\$0.0008 each. All shares in issue prior to the subdivision were cancelled and new shares were issued to each shareholder in proportion to its cancelled shareholding. Following the subdivision, our Company's issued share capital was held as follows:

<u>Name of shareholder</u>	<u>No. of shares held</u>	<u>Percentage of issued share capital (approx.)</u>
Lowell Mineral Exploration, L.L.C. ....	12,500,000.000	25.00
Catherine McLeod-Seltzer .....	5,000,000.000	10.00
Sunbeam Opportunities Limited .....	4,166,667.500	8.34
Fisherking Holdings Limited .....	7,500,000.000	15.00
Ranchu Copper Investments Limited .....	12,500,000.000	25.00
Tangent International Limited .....	4,166,666.250	8.33
Campania Holding Inc. ....	4,166,666.250	8.33
Total .....	<u>50,000,000.000</u>	<u>100.00</u>

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On March 18, 2004, our Company issued 8,571,429 shares to Peru Copper Inc., a company incorporated under the Canada Business Corporations Act, and on April 19, 2004, Lowell Mineral Exploration, L.L.C. transferred all of its 12,500,000 shares to Lowell Family Trust UA. The resulting shareholdings were as follows:

<u>Name of shareholder</u>	<u>No. of shares held</u>	<u>Percentage of issued share capital (approx.)</u>
Lowell Family Trust UA .....	12,500,000.00	21.34
Catherine McLeod-Seltzer .....	5,000,000.00	8.54
Sunbeam Opportunities Limited .....	4,166,667.50	7.11
Fisherking Holdings Limited .....	7,500,000.00	12.80
Ranchu Copper Investments Limited .....	12,500,000.00	21.34
Tangent International Limited .....	4,166,666.25	7.11
Campania Holding Inc. ....	4,166,666.25	7.11
Peru Copper Inc. ....	<u>8,571,429.00</u>	<u>14.63</u>
Total .....	<u><u>58,571,429.00</u></u>	<u><u>100.00</u></u>

On April 30, 2004, each of the above shareholders transferred its entire shareholding in our Company to Peru Copper Inc., which thereby became our Company's sole shareholder. The shares in Peru Copper Inc. were subsequently listed on the Toronto Stock Exchange (under the trading symbol "PCR") and on the American Stock Exchange and the Lima Stock Exchange (in each case under the trading symbol "CUP").

On June 19, 2007, Chinalco Canada B.C. Holdings Limited, a company incorporated under the laws of the Province of British Columbia and a wholly-owned subsidiary of Chinalco, invested in Peru Copper Inc. by acquiring 13.2 million shares in Peru Copper Inc. at a price of CAD 5.30 per share. On June 20, 2007 Chinalco Canada B.C. Holdings Limited made a tender offer to buy all of the issued and outstanding common shares in Peru Copper Inc. on the basis of a cash payment of CAD 6.60 per share. The offer, unanimously recommended by the board of Peru Copper Inc., was successful and Chinalco Canada B.C. Holdings Limited acquired all the issued and outstanding shares in Peru Copper Inc., thereby becoming its sole shareholder. Later in 2007, the shares in Peru Copper Inc. were delisted from the Toronto Stock Exchange, the American Stock Exchange and the Lima Stock Exchange.

On October 1, 2007, Peru Copper Inc. was amalgamated with Chinalco Canada B.C. Holdings Ltd. to form Chinalco Canada, which thereby became our Company's sole shareholder. On October 12, 2007, Chinalco Canada transferred its entire shareholding in our Company to COH. At the date of this prospectus, COH remains the sole shareholder of our Company.

Subsequent changes to the capital structure of our Company are described under the heading "Reorganization" below.

Our Company is a holding company and operates the Toromocho Project through its subsidiaries in Peru.

## **Chinalco Peru**

Chinalco Peru was incorporated on May 20, 2003 in Lima, Peru and registered at the Peruvian Public Registry of Companies on June 5, 2003 with the name Minera Peru Copper Syndicate S.A., which was changed to Minera Peru Copper S.A. on May 17, 2005 and to Minera Chinalco Perú S.A. on July 25, 2008.

Chinalco Peru was established as a corporation (*sociedad anónima*). Its corporate purpose is the exploration, exploitation and commercialization of minerals, as well as engaging in any other mining business permitted under the laws of Peru.

Chinalco Peru's initial registered share capital consisted of 1,000 shares of S/. 1.00 each, with 999 shares (representing 99.9% of the equity interests in Chinalco Peru) held by our Company and one share (representing 0.1% of the equity interests in Chinalco Peru) held by Maria del Rosario Milagros Silva-Santisteban Concha. Each of the above transfers of shares in Chinalco Peru was executed in compliance with all applicable Peruvian laws.

On September 26, 2004, Maria del Rosario Milagros Silva-Santisteban Concha transferred her single share to James David Lowell. On July 31, 2007 James David Lowell transferred that single share to Chinalco Canada B.C. Holdings Ltd. which, as further described under the heading "Our Company" above, was amalgamated with Peru Copper Inc. to form Chinalco Canada on October 1, 2007. On October 12, 2007 Chinalco Canada transferred the single share to COH.

By means of a shareholder meeting held on July 30, 2008, 310 shares in Chinalco Peru were issued to our Company by means of a capitalization of certain debts of Chinalco Peru. On the same date, 66 shares in Chinalco Peru were issued on a pro-rata basis to the then shareholders for nil consideration, as a result of a capitalization of the inflation adjusted results of Chinalco Peru. As a result of these issuances, the capital of Chinalco Peru increased to S/. 1,376, consisting of 1,376 shares of S/. 1.00 each.

By means of a shareholder meeting held on July 31, 2008, 80,455,190 shares in Chinalco Peru were issued to our Company by means of a capitalization of the capital premium of Chinalco Peru. As a result, the capital of Chinalco Peru increased to S/. 80,456,566, consisting of 80,456,566 shares of S/. 1.00 each.

By means of a shareholder meeting held on December 30, 2010, Chinalco Peru changed the currency of its capital from New Peruvian Soles to US Dollars. This change was duly authorized by the Peruvian Tax Superintendency (*Superintendencia Nacional de Administración Tributaria — SUNAT*) by means of Letter N° 043-2010-SUNAT, dated March 9, 2010 and by the General Mining Bureau of the MEM by means of a certificate dated November 9, 2009. As a result, the capital of Chinalco Peru changed from S/. 80,456,566.00, represented by 80,456,566 shares of S/. 1.00 each, to US\$28,500,290, represented by 28,500,290 shares of US\$1.00 each.

By means of a shareholder meeting held on December 30, 2010, 355,000,000 shares in Chinalco Peru were issued to our Company, as a consequence of the capitalization of certain debts of

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Chinalco Peru. As a result, the capital of Chinalco Peru was increased to US\$383,500,290, represented by 383,500,290 shares of US\$1.00 each.

By means of a shareholder meeting held on December 30, 2011, 245,000,000 shares in Chinalco Peru were issued to our Company, as a consequence of the capitalization of certain debts of Chinalco Peru. As a result, the capital of Chinalco Peru was increased to US\$628,500,290 represented by 628,500,290 shares.

Following the above transfers and capital increases, the registered share capital of Chinalco Peru at the date of this prospectus consists of 628,500,290 shares of US\$1.00 each, of which 628,500,289 shares (representing approximately 99.9999999% of the equity interests in Chinalco Peru) are held by our Company and one share (representing approximately 0.0000001% of the equity interests in Chinalco Peru) is held by COH. COH is the legal owner of this one share (and as such is the registered owner in Chinalco Peru's stock register), but holds the beneficial interest in it as nominee on behalf of the Company.

Chinalco Peru's operations are currently focused on the construction and start-up of the Toromocho Project.

### **Centenario**

Centenario was incorporated on April 3, 2006 in Lima, Peru and registered with the Peruvian Public Registry of Companies on May 5, 2006. Its corporate purpose is the exploration, exploitation and commercialization of minerals, as well as other mining activities permitted under the laws of Peru.

Centenario owns 14 of the 67 key mining concessions that comprise the Toromocho Project. See "Appendix VI — Statutory and General Information — Mining Concessions" for more details.

Centenario was established as a closed corporation (*sociedad anónima cerrada*). A closed corporation is a private company in which each shareholder has pre-emptive rights on any transfer of the shares held by each other shareholder.

Centenario's initial registered capital consisted of 10,000 shares of S/. 1.00 each, divided into 9,900 Class "A" shares and 100 Class "B" shares. Centenario Class "A" and Class "B" shares differ in that, generally, the quorum for a meeting of the shareholders is shareholders holding at least 75% of all shares, which must include shareholders holding at least 10% of the Class "B" shares, and the threshold for passing shareholders' resolutions is votes representing at least 75% of the shares attending the meeting, which must include votes representing at least 10% of the Class "B" shares. There is a special rule governing the mandatory annual shareholders' meeting, for which the quorum is shareholders holding at least 75% of all shares, which must include shareholders holding at least 10% of the Class "B" shares, and at which the threshold for passing shareholders' resolutions is 75% of all shares, which must include votes representing at least 10% of the Class "B" shares. In addition, holders of Class "A" shares have the right to appoint two directors and holders of Class "B" shares have the right to appoint one director.

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Centenario's initial shareholders were Luis Rodríguez Mariátegui Canny holding 4,950 Class "A" shares, Jaime Rodríguez Mariátegui Blume holding 4,950 Class "A" shares and Chinalco Peru holding 100 Class "B" shares.

By means of a shareholder meeting held on September 22, 2006, Centenario underwent a corporate reorganization with Austria Duvaz. As a result of this corporate reorganization, Austria Duvaz transferred to Centenario a corporate block of mining concessions and certain bank debts, for a negative net value of US\$1,500. The corporate reorganization came into force on October 5, 2006 and was registered before the Peruvian Public Registry of Companies on November 2, 2006. Since the net value of the corporate block transferred was negative, the capital of Centenario was not increased and no shares were issued in favor of Austria Duvaz.

On October 13, 2006, Luis Rodríguez Mariátegui Canny and Jaime Rodríguez Mariátegui Blume each transferred 4,950 Class "A" shares to Chinalco Peru for an aggregate consideration of US\$8,000,000. This consideration was determined primarily through commercial negotiation with the sellers. On February 5, 2007, Chinalco Peru transferred one Class "A" share to Peru Copper Inc. for consideration of US\$10.00. On October 12, 2007 Peru Copper Inc. transferred that one Class "A" share to Chinalco Canada as part of the amalgamation of those two companies and on the same day Chinalco Canada transferred that one Class "A" share to COH for consideration of US\$782.14, its then book value. Each of these transfers of Centenario's shares was executed in compliance with all applicable Peruvian laws.

Following the above reorganization and transfers, the registered share capital of Centenario at the date of this prospectus consists of 10,000 shares of S/.1.00 each, divided into 9,900 Class "A" shares and 100 Class "B" shares. Chinalco Peru holds 9,899 Class "A" shares and 100 Class "B" shares (together representing 99.99% of the equity interests in Centenario) and COH holds one Class "A" share, representing 0.01% of the equity interests in Centenario. COH is the legal owner of this one "A" share (and as such is the registered owner in Centenario's stock register), but holds the beneficial interest in it as nominee on behalf of Chinalco Peru. As of the date of this prospectus Centenario has had no capital increases.

Centenario's 9,900 Class "A" shares were pledged in favor of Luis Rodríguez Mariátegui Canny and Jaime Rodríguez Mariátegui Blume. As a result of this pledge, Luis Rodríguez Mariátegui Canny and Jaime Rodríguez Mariátegui Blume were entitled to exercise the rights attaching to the Class "A" shares. The Class "A" shares could not be transferred or made subject to any other security interest without their consent until full payment of the sums secured. The main purpose of the pledge was to secure payment of US\$7,000,000 of the consideration for the transfer of the "A" shares from Luis Rodríguez Mariátegui Canny and Jaime Rodríguez Mariátegui Blume to Chinalco Peru. The final installment of the consideration was paid in February 2012, the pledge has been released and the former shareholders are no longer entitled to exercise any rights attaching to the Class "A" shares.

Under Centenario's by-laws, no shares issued by Centenario may be transferred, or made subject to any security interest, without the prior authorization of Centenario's shareholders. This prohibition will remain in force until April 16, 2015.

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Centenario is engaged in mining exploration and in performing as a concessionaire in the development of mining concessions owned by Chinalco Peru.

### Cal del Centro

Cal del Centro was incorporated as a closed corporation (*sociedad anónima cerrado*) on March 16, 2011 and registered before the Peruvian Public Registry of Companies on March 21, 2011. Its corporate purpose is the exploration, exploitation and commercialization of minerals, including the production of lime.

Cal del Centro's registered and paid-up share capital equals S/1,000.00, represented by 1,000 shares of common stock with a nominal value of S/1.00 each. Its share capital is owned by Chinalco Peru, holder of 999 shares, representing 99.9% of the total share capital and Centenario, holder of 1 share, representing 0.1% of the total share capital.

### Pesares

Pesares was incorporated on June 6, 1905, in Lima, Peru and registered with the Peruvian Public Registry of Companies in the same year. Its corporate purpose is the exploration, exploitation and commercialization of minerals, as well as other mining activities permitted under the laws of Peru.

Pesares owns three of the 67 key mining concessions that comprise the Toromocho Project. See "Appendix VI — Statutory and General Information — Mining Concessions" for more details.

Chinalco Peru acquired 10.37% of Pesares in 2004 for consideration of US\$60,000, an additional 66.66% in 2008 under the Toromocho Project Transfer Agreement and a further 6.25% on December 4, 2011 for consideration of US\$80,000, giving it a majority interest of 83.28% at the date of this prospectus. Under Peruvian law, such 83.28% holding gives Chinalco Peru full control of Pesares. Each of the above transfers of shares in Pesares was executed in compliance with all applicable Peruvian laws.

### Pomacocha Power

Pomacocha Power was incorporated as a closed corporation (*sociedad anónima cerrado*) on January 17, 2011 and registered before the Peruvian Public Registry of Companies on January 26, 2011. Its corporate purpose is to develop activities related to the transmission of electricity and the operation and maintenance of power transmission networks.

Pomacocha Power's registered share capital equals S/1,000.00, represented by 900 Class "A" shares and 100 Class "B" shares, with a nominal value of S/ 1.00 each. Its share capital is owned by Abengoa Perú S.A.C., holder of 900 Class "A" shares, representing 90% of the total share capital and Chinalco Peru, holder of 100 Class "B" shares, representing 10% of the total share capital.

Chinalco Peru has a call option over all the Class "A" shares in the capital of Pomacocha Power, exercisable until February 23, 2016. The total option price is S/1,080.00.



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Class “A” shares cannot be transferred for a period of 9 years from the date of Pomacocha Power’s Articles of Incorporation (February 23, 2011), whilst the Class “B” shares are freely transferable. The quorum for all shareholders meetings of Pomacocha Power is holders of at least 95% of all the shares, which must include holders of at least 50% of the Class “B” shares. The threshold to pass resolutions in all shareholders meetings of Pomacocha Power is votes representing 95% of all the shares attending the meeting, which must include at least 50% of the votes representing the Class “B” Shares. The Class “A” shares have the right to elect 2 directors. The Class “B” shares have the right to elect 1 director, who is the president of the board and without whose presence the board is not able to meet.

Pomacocha Power was established solely for the purpose of the construction of power transmission lines that connect the areas of the Toromocho Project to the power grid, which is financed entirely and to be used solely by the Group. Abengoa Perú S.A.C. is a company incorporated in Lima, Peru, whose business is the design and construction of civil, mechanical and electrical engineering works.

Despite holding only a 10% interest, the Group controls all economic benefits and is exposed to all the risks of Pomacocha Power and accordingly Pomacocha Power is treated as a member of the Group.

### **The Toromocho Project**

The Toromocho Project’s key milestones are as set out in the table below.

<u>Date</u>	<u>Milestone</u>
June 2003	Chinalco Peru and Centromin execute the Toromocho Project Option Agreement.
February 2006	Toromocho Project pre-feasibility assessment completed.
March 2006	Chinalco Peru and Austria Duvaz execute a framework agreement relating to certain mining concessions located near the Toromocho Project.
October 2006	Chinalco Peru acquires the entire capital stock of Centenario.
December 2007	Toromocho Project feasibility assessment completed.
April 2008	Chinalco Peru and Activos Mineros execute the Toromocho Project Transfer Agreement.
February 2009	Toromocho Project basic engineering report completed.
March 2009	Chinalco Peru and the Peruvian government execute the Stability Agreement.
September 2010	Transportadora Callao is incorporated. Chinalco Peru acquires a 7% stake in Transportadora Callao.
December 2010	The MEM approves the Environmental Impact Assessment.
February 2011	Toromocho Project capital cost estimate report completed.
July 2011	Chinalco Peru obtains the construction permit for the Toromocho Project.
Third quarter 2012	Construction of the new town of Morococha completed.

## **Toromocho Project Assessments and Reports**

In February 2006, a pre-feasibility assessment was completed for the Toromocho Project by SNC-Lavalin Chile S.A. Results demonstrated the existence of ore resources (copper and to a lesser extent molybdenum) within the Toromocho concession area.

In December 2007, a feasibility assessment was completed by Aker Solutions (formerly Aker Kvaerner). The results of this assessment confirmed the technical and economic feasibility of the Toromocho Project. Subsequently, basic engineering and additional studies were conducted by Aker Solutions and other subcontractors to further define the design of the plant and refine capital and operating costs. The basic engineering report was completed in February 2009. In February 2011, Aker Solutions issued a definitive estimate report on the estimated capital cost for the Toromocho Project.

## **Toromocho Project Major Contracts**

### ***Toromocho Project Option Agreement***

On May 14, 2003, our Company won the public bid for the Toromocho Project organized by Proinversion. Proinversion authorized Chinalco Peru to execute the Toromocho Project Option Agreement. On June 11, 2003, Chinalco Peru and Centromin executed the Toromocho Project Option Agreement, which gave Chinalco Peru the right to acquire certain full and partial interests held by Centromin in the mineral concessions and related assets of the Toromocho Project. This purchase option was exercisable during a period of one year following the execution date of the Toromocho Project Option Agreement. This one year period was extended for four additional years, expiring on June 11, 2008.

In 2006, Centromin assigned its rights and obligations under the Toromocho Project Option Agreement to Activos Mineros.

### ***Toromocho Project Transfer Agreement***

On April 7, 2008, Chinalco Peru exercised its acquisition rights under the Toromocho Project Option Agreement by entering into the Toromocho Project Transfer Agreement with Activos Mineros (acting on behalf of the Peruvian Government).

Under the Toromocho Project Transfer Agreement, Activos Mineros transferred to Chinalco Peru the title to certain mining concessions together with their surface land and buildings and water usage rights. For details of the key mining concessions currently held by us, see “Appendix VI — Statutory and General Information — Mining Concessions.” In consideration for this transfer, Chinalco Peru committed to pay mining royalties and to contribute US\$100,000 on a semi-annual basis from the start of commercial operations to finance community support programs. No end date is specified for these payments. In addition, Chinalco Peru committed to invest no less than US\$1.5 billion in the Toromocho Project over a five year period starting on the execution date of the Toromocho Project Option Agreement.



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In the event that Chinalco Peru fails to comply with its investment commitments under the Toromocho Project Transfer Agreement, it must pay a penalty to Activos Mineros equivalent to 30% of the unpaid investment. The terms of the Toromocho Project Transfer Agreement require Chinalco Peru to arrange a US\$30 million annually renewable bank guarantee in favor of Activos Mineros to secure its compliance with these investment commitments.

In addition, Chinalco Peru assumed an environmental remediation liability in relation to damages caused by mining activities carried out by previous concessionaires of the Toromocho Project. As of September 30, 2012, Chinalco Peru has estimated the present value of this liability to be approximately US\$61.5 million.

On December 1, 2010, in order to fund the development of the Toromocho Project and to comply with the investment commitments assumed under the Toromocho Project Transfer Agreement, Chinalco Peru and Eximbank executed a loan agreement under which Eximbank made available to Chinalco Peru a loan facility in an aggregate amount of US\$2 billion.

### ***Environmental Impact Assessment***

On December 14, 2010, by means of Director's Resolution N° 411-2010-MEM/AAM, issued by the MEM, the Toromocho Project's Environmental Impact Assessment was approved.

### ***Stability Agreement***

On March 9, 2009, Chinalco Peru and the MEM executed the Stability Agreement, under which the Peruvian Government granted Chinalco Peru stability in relation to its rights and benefits in the following areas:

- (i) the tax regime in force as of the date the Stability Agreement was entered into;
- (ii) free convertibility of local currency generated by local sales into foreign currency, as well as a regime of free foreign currency disposal;
- (iii) the legal-administrative regime applicable for mining concessions and mining royalties as of the date the Stability Agreement was entered into;
- (iv) extension of the annual depreciation rate on machinery, equipment and capital assets, up to a maximum annual rate of 20%, except for buildings, which will be depreciated at a maximum annual rate of 5%;
- (v) maintaining its accounting records in US dollars; and
- (vi) free marketing of its mineral products.

Under the terms of the Stability Agreement, Chinalco Peru undertook to invest US\$2,152.3 million in the Toromocho Project by the end of 2012. On July 22, 2011, Chinalco Peru and the MEM agreed to extend the period to complete the investment by December 2013. As of September 30, 2012, Chinalco Peru had invested US\$2.04 billion in the Toromocho Project. This

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amount comprised the acquisition of machinery and equipment, mine and plant construction, the payment of mining rights and commitments assumed to the Peruvian Government and to the communities surrounding the Toromocho Project area, as well as applicable taxes.

The guarantee regime granted by the Peruvian Government under the Stability Agreement applies to only 38 of the 67 key mining concessions that comprise the Toromocho Project. See “Appendix VI — Statutory and General Information — Mining Concessions.” Chinalco Peru is entitled to include more mining concessions into the regime granted by the Stability Agreement provided that the MEM approves the inclusion following the appropriate administrative procedure. Until such approval is obtained, the company must keep separate accounting for these 38 mining concessions for all purposes related to the Stability Agreement.

The guarantee regime granted by the Peruvian Government under the Stability Agreement has a 15-year term and will come into force in the year in which the investment referred to above is completed. Chinalco Peru may request that it comes into effect earlier in the investment stage within a maximum term of 8 years. Based on our current forecast of the Toromocho Project’s cashflow, we are confident that the committed investment level will be reached and that the guarantee regime under the Stability Agreement will come into force. As approved by the MEM, the income tax rate applicable to Chinalco Peru under the Stability Agreement is 32% per annum.

### ***Proinversion Stability Agreement***

In addition to the Stability Agreement as described above, on November 22, 2011 the Company and Proinversion entered into the Proinversion Stability Agreement, pursuant to which the Company was granted stability in relation to its rights and benefits in the following areas:

- (i) the tax regime in force as of the date the Proinversion Stability Agreement was entered into, which applies to tax on dividend payments made by Chinalco Peru to the Company;
- (ii) the free capital export regime; and
- (iii) free convertibility of local currency.

Under the Proinversion Stability Agreement, the Company agreed to invest US\$365,000,000 in the stock capital of Chinalco Peru by April 8, 2013. This investment target has already been satisfied. This guarantee regime will be in force for a period of 10 years from the date of execution of the Proinversion Stability Agreement.

### ***Investment in Transportadora Callao S.A.***

Transportadora Callao S.A. was incorporated on September 15, 2010 and registered at the Peruvian Public Registry of Companies on October 21, 2010. It was incorporated as a corporation (*sociedad anónima*) with an initial registered capital of S/. 10,000.00, represented by 10,000 shares of S/.1.00 each.

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Transportadora Callao was established by our Group and four other independent investors. Our Group contributed a total of US\$3,513,000 in cash for which it received a 7% equity interest. Set out below is the shareholding structure of Transportadora Callao on the date of its incorporation:

<u>Name of shareholder</u>	<u>No. of shares held</u>	<u>Percentage of equity interest</u>
Impala Perú S.A.C. ....	3,000	30
PeruBar S.A. ....	3,000	30
Chinalco Peru ....	700	7
Sociedad Minera El Brocal S.A.A. ....	800	8
Santa Sofia Puertos S.A. ....	2,500	25
Total .....	<u>10,000</u>	<u>100</u>

Impala Peru S.A.C., formerly known as Cormin Callao S.A.C., is a company incorporated in Lima, Peru, whose business is the storage and transportation of mineral concentrates. Perubar S.A. is a company incorporated in Lima, Peru whose business is the storage and transportation of mineral concentrates. Sociedad Minera El Brocal S.A.A. is a company incorporated in Lima, Peru, whose business is mineral exploitation and mining activities in general. Santa Sofia Puertos S.A. is a company incorporated in Lima, Peru, whose business is the operation of ports.

By means of a shareholder meeting held on November 18, 2010, 51,800,000 shares were issued on a pro-rata basis to the shareholders of Transportadora Callao as a result of monetary contributions from the shareholders. Consequently, the capital of Transportadora Callao was increased to S/.51,810,000, represented by 51,810,000 shares of S/.1.00 each, owned by the following shareholders:

<u>Name of shareholder</u>	<u>No. of shares held</u>	<u>Percentage of equity interest</u>
Impala Perú SAC .....	15,543,000	30
PeruBar S.A. ....	15,543,000	30
Chinalco Peru ....	3,626,700	7
Sociedad Minera El Brocal S.A.A. ....	4,144,800	8
Santa Sofia Puertos S.A. ....	12,952,500	25
Total .....	<u>51,810,000</u>	<u>100</u>

The above capital increase was effected in order to comply with the requirements of the Callao Concession Agreement.

Transportadora Callao was incorporated with the exclusive purpose of providing the services set out in the Callao Concession Agreement, which was executed by Transportadora Callao and the Peruvian Government on January 28, 2011. Under the Callao Concession Agreement, the Peruvian Government granted to Transportadora Callao the concession for the design, construction and operation of a specialized transfer conveyor belt, ship loading facility and dock for mineral concentrates located in the north of the Callao port, near to Lima. The new port is necessary in order to facilitate the transportation of the copper concentrates that we will produce, among other products.

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Under the Callao Concession Agreement, the amount to be invested in the specialized transfer conveyor belt, ship loading facility and dock is approximately US\$120,330,000 (including VAT). According to the Callao Concession Agreement, Transportadora Callao granted a US\$27 million performance bond in favor of the Peruvian Government in order to secure compliance with its obligations thereunder. In relation to this performance bond, as of December 31, 2010 Chinalco Peru had deposited, in proportion to its 7% equity interest in Transportadora Callao, an amount of US\$1.89 million into a restricted bank account.

Pursuant to the Callao Concession Agreement, Transportadora Callao is obligated to pay the Peruvian Government for the right granted to it to operate the mineral concentrate loading terminal in Callao port. This payment is equivalent to 2% of the monthly income obtained by Transportadora Callao from providing these services in the port.

### ***Investment in Juanita***

Juanita was incorporated on July 3, 1986, in Lima, Peru and registered before the Peruvian Public Registry of Companies on October 2, 1986. Its corporate purpose is the exploration, exploitation and commercialization of minerals, as well as other mining activities permitted under the laws of Peru.

Juanita owns 1 of the 67 key concessions that comprise the Toromocho Project. See “Appendix VI – Statutory and General Information — Mining Concessions” for further details.

On November 10, 2006, we acquired a 50% equity interest in Juanita from Austria Duvaz for consideration of US\$3,500,000. This transfer was completed in compliance with all applicable Peruvian laws. The remaining 50% interest is currently held by Volcan Compañía Minera S.A., a company incorporated in Lima, Peru whose business is mineral exploitation and mining activities in general. We are currently negotiating with Volcan Compañía Minera S.A. to acquire its remaining 50% equity interest, which would make Juanita our wholly-owned subsidiary.

Juanita has no significant business activities other than the holding of a single mining concession.

### ***Agreements with Austria Duvaz and Argentum***

On March 16, 2006, Chinalco Peru and Austria Duvaz executed a framework agreement under which Chinalco Peru acquired a purchase option over certain mining concessions in the Toromocho Project and its vicinity. Subsequently, transfers of direct and indirect mining concessions were made by Austria Duvaz to Chinalco Peru in 2006, in 2010 and in 2011. For details of the key mining concessions currently held by us see “Appendix VI — Statutory and General Information — Mining Concessions.”

Chinalco Peru and Argentum entered into several agreements in 2010, by which Chinalco Peru assigned certain mining concessions to Argentum for a period of 20 years (until 2030). On April 1, 2011, Chinalco Peru and Austria Duvaz entered into an agreement pursuant to which Chinalco Peru assigned certain mining concessions to Austria Duvaz for a period of 4 years from the date of the

## HISTORY, REORGANIZATION AND GROUP STRUCTURE

public deed of this agreement (April 1, 2011). Such 4-year term can be extended for 18 more months at Austria Duvaz's option.

The mining concessions so assigned relate to small producing mines around the core mine area of the Toromocho Project and the purpose of Chinalco Peru's acquisition of those mining concessions was primarily for access to the core mine area. Argentum and Austria Duvaz are currently mining these mining concessions.

We have been advised by our Peruvian legal advisor, Rebaza, Alcázar & De Las Casas Abogados Financieros, that under Peruvian law, the assignment contracts entered into with Argentum and Austria Duvaz referred to above comply with the terms of the Group's mining concessions and Peruvian laws and regulations applicable to them.

### *Grants and Community Support*

Under a 2004 addendum to the Toromocho Project Option Agreement, Chinalco Peru contributed US\$1 million to a fund to improve the economic and social conditions in the area influenced by the Toromocho Project and a second payment of US\$1 million in 2005 as an advance against future royalties. Under the Toromocho Project Transfer Agreement, Chinalco Peru committed to contribute US\$100,000 on a semi-annual basis from the start of commercial operations to finance community support programs.

On October 3, 2006, Chinalco Peru acquired from the Yauli community a three-year option to purchase 1,289 hectares of land for the construction of a tailing dam. The total consideration agreed was US\$650,000, of which US\$225,000 was to be paid at the execution of the public deed and the remainder in the event of exercise of the option. This money would be used by the Yauli community for the implementation of community-related projects. On August 23, 2007, Chinalco Peru paid both amounts to the Community, thereby acquiring the lands.

On October 10, 2006, in order to resolve a dispute that arose between the Pucara community and Centromin (involving lands within the boundaries of the Toromocho Project), Chinalco Peru agreed to provide the Pucara community with land, equipment and vehicles with a total value of US\$1.95 million and to make a payment of US\$1.86 million. These commitments were fulfilled in January 2007, with the result that the Pucara community ceased its legal actions against Centromin. Additionally, Chinalco Peru agreed to indemnify the Pucara community up to US\$1 million in the event that the Pucara community is sued by certain third parties in relation to this dispute. To date the Pucara community has not been so sued and no claim has been made under the indemnity. The Company believes that the probability of the Pucara community being sued and a claim being made under the indemnity in future is low and therefore no provision is made in our financial statements in relation to this indemnity.

## **REORGANIZATION**

In order to prepare for the Global Offering, COH and the Group have undertaken the Reorganization, as set out in more detail below.

### **Share Consolidation and Increase in Authorized Share Capital**

On September 30, 2011, our Company's shares were consolidated at a ratio of 50:1, as a result of which its authorized share capital became US\$50,000 divided into 1,250,000 ordinary shares of par value US\$0.04 each and its issued share capital became 1,171,428.58 ordinary shares of par value US\$0.04 each. The authorized share capital of our Company was then increased to US\$1,000,000,000 divided into 25,000,000,000 ordinary shares of par value US\$0.04 each by the creation of an additional 24,998,750,000 shares.

### **Assignment of Receivables and Amendment of Debt Terms**

On September 30, 2011 our Company, COH and Chinalco Peru entered into the Debt Reorganization Agreement, pursuant to which COH assigned approximately US\$94,899,500 of receivables to our Company. These receivables were debts owing from Chinalco Peru. Consideration for the assignment was US\$94,899,476.88, which was left outstanding as an interest-free intercompany debt between our Company and COH, payable on demand and in any case payable on or before June 30, 2012.

As at the date of the Debt Reorganization Agreement (September 30, 2011), our Company owed US\$520,000,000 to COH under two promissory notes and a further intra-group debt of US\$28,500,000. Under the Debt Reorganization Agreement, the terms of each of these debts were amended to be interest-free and payable on demand, and in any case payable on or before June 30, 2012.

### **Capitalization**

Under the Debt Reorganization Agreement, on December 31, 2011 our Company capitalized US\$400,000,000 of the debt owing from it to COH in consideration for the issue by our Company, on February 28, 2012, of 10,000,000,000 new Shares to COH, representing a price per Share equal to the par value of US\$0.04. Since the date of this share issue, the issued share capital of our Company has been 10,001,171,428.58 Shares of US\$0.04 par value each.

Following the capitalization referred to above, in accordance with the terms of the Debt Reorganization Agreement, those debts remaining outstanding between COH and the Company bear interest at a rate of LIBOR plus 200 basis points and are repayable ten years after the date of the Debt Reorganization Agreement or on any earlier date at the Company's option.

### **Change of Name**

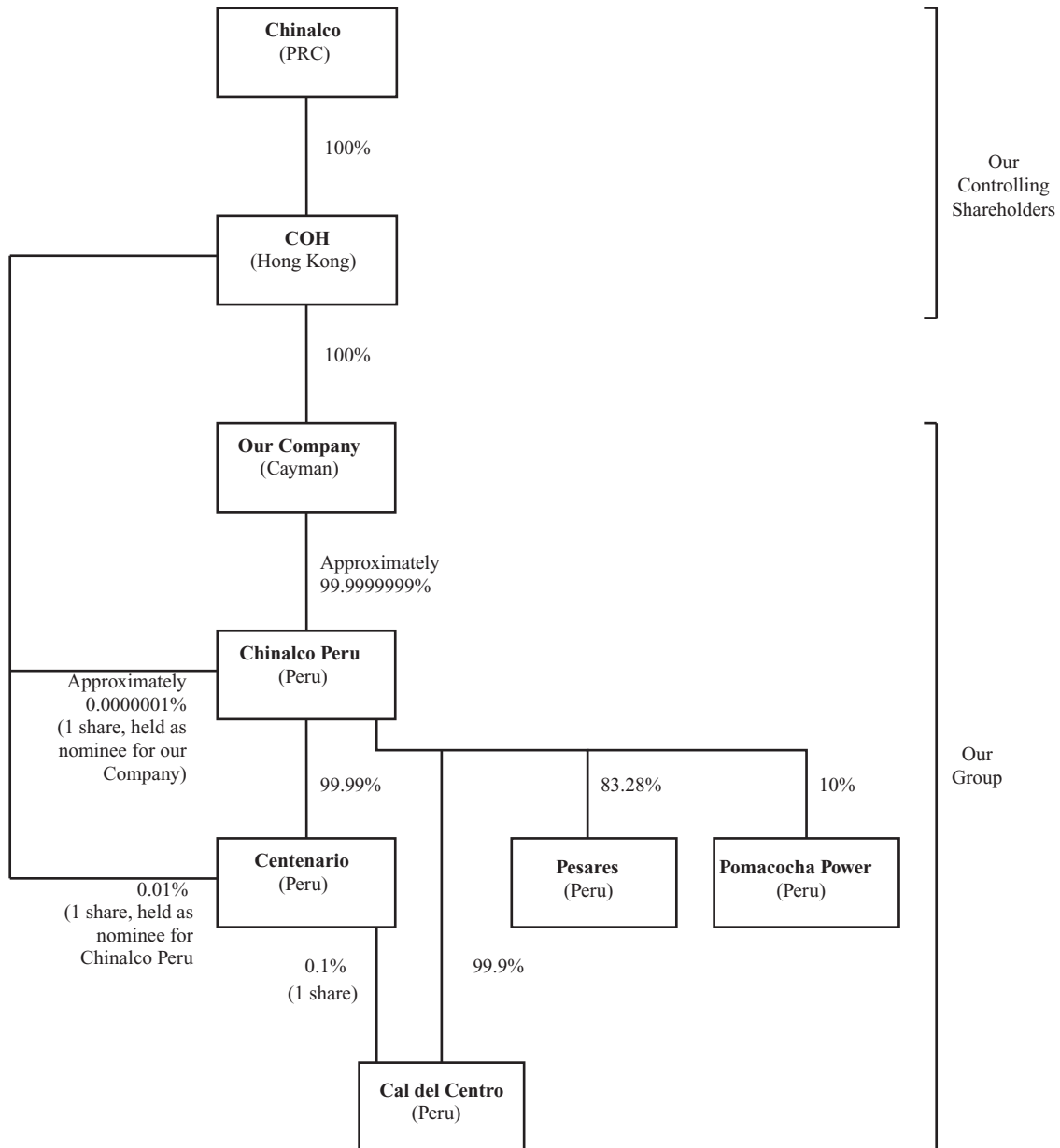
On September 30, 2011, our Company's name was changed from Peru Copper Syndicate, Ltd. to Chinalco Mining Corporation International and 中鋁國際礦業 was adopted as our Company's Chinese name. On February 23, 2012, our Company's Chinese name was changed to 中鋁礦業國際.



## HISTORY, REORGANIZATION AND GROUP STRUCTURE

### CORPORATE STRUCTURE

Our Company is a wholly-owned subsidiary of COH, which is a wholly-owned subsidiary of Chinalco. The corporate structure of our Group at the date of this prospectus is as follows:

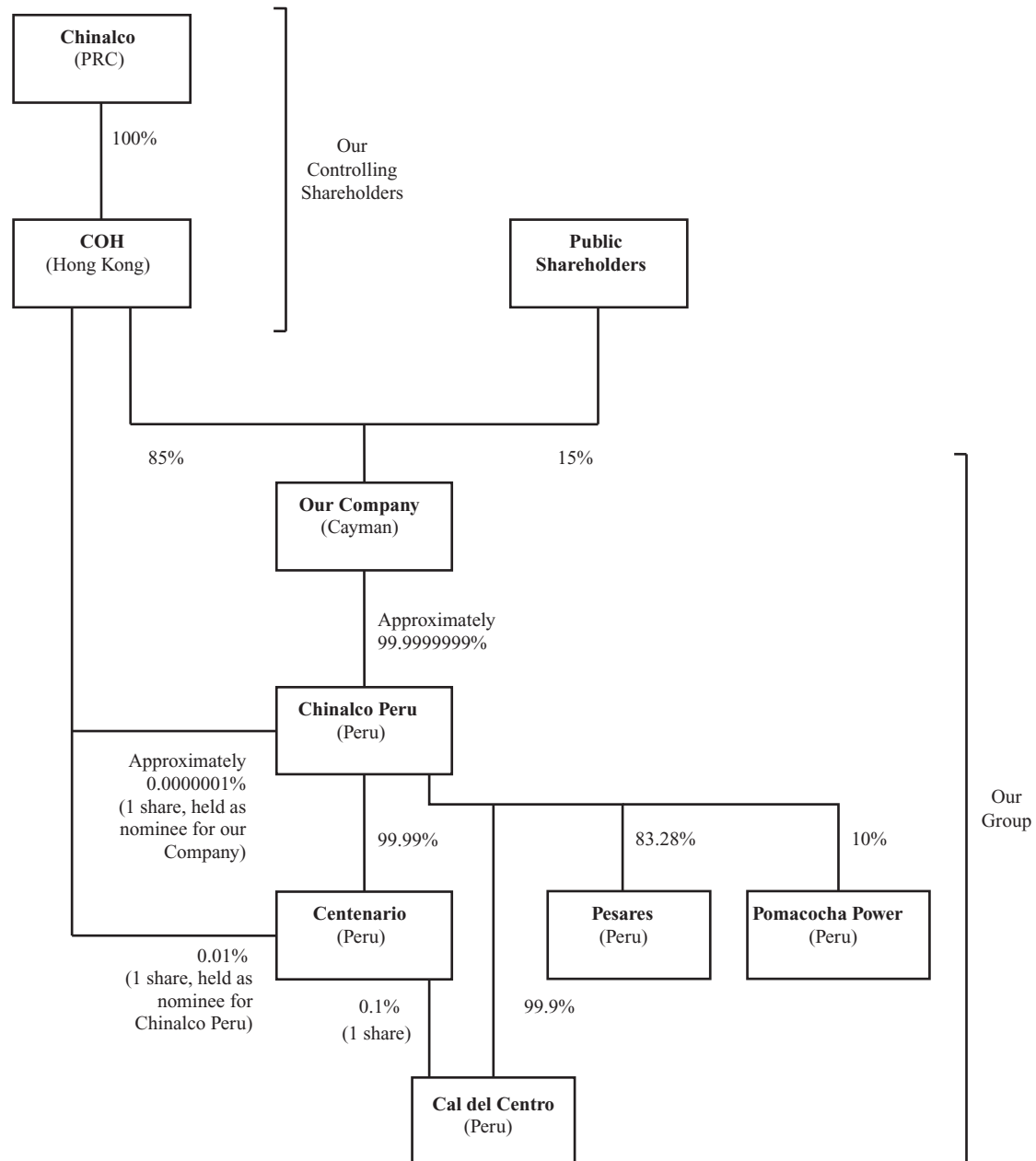


Note:

Chinalco Peru also holds a stake in Transportadora Callao SA (3,626,700 shares, representing 7% of the total share capital). Centenario holds a 50% interest in Juanita.

## HISTORY, REORGANIZATION AND GROUP STRUCTURE

Following the Global Offering (assuming the Over-allotment Option is not exercised), Chinalco, through its wholly-owned subsidiary, COH, will continue to be our Company's substantial shareholder, beneficially interested in 85% of our issued share capital. Following the Global Offering (assuming the Over-allotment Option is not exercised), the corporate structure of our Group will be as follows:



Note:

Chinalco Peru also holds a stake in Transportadora Callao SA (3,626,700 shares, representing 7% of the total share capital). Centenario holds a 50% interest in Juanita.