You should read the following discussion and analysis of our Group's financial condition and results of operations together with our consolidated financial information as of and for each of the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2012 and the accompanying notes included in the Accountant's Report set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS. Potential investors should read the whole of the Accountant's Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis here and in other parts of this prospectus contain forward-looking statements that are subject to substantial risks and uncertainties. Our future results could differ materially from those projected in such forward-looking statements. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a resource development company acting as Chinalco's core platform for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects overseas. We envision capitalizing on China's growing demand for natural resources.

Currently, we are focusing on developing the Toromocho Project, which is located in central Peru in the core of the Morococha mining district. According to CRU, the Toromocho Project is the world's second largest pre-production copper project, as measured by proved and probable copper ore reserves, and the third largest pre-production copper project, as measured by average planned annual production between 2012 and 2020, among the top 20 firm copper mining projects scheduled to commence production of copper concentrates from 2012 to 2016. Three of these mining projects had commenced production as of December 31, 2012. According to the Competent Person's Report, the proved and probable JORC-compliant reserves of the Toromocho Project deposit are estimated to contain approximately 7.3 million tonnes of copper, 290,000 tonnes of molybdenum and 10,500 tonnes of silver. The Toromocho Project is currently our only mining asset, which we expect to rely on for substantially all of our revenue and cash flows for the foreseeable future. We expect to commence production during the fourth quarter of 2013 and reach full production capacity in the third quarter of 2014. Upon commencement of commercial production, we plan to process the copper sulphide ores on-site and sell the copper concentrates primarily to China for smelting and production of refined copper. We expect China to be our primary market. Subject to us receiving arm's-length commercial terms, we may also sell our products to Chinalco and its affiliates. We have entered into four binding offtake agreements including definitive pricing terms with four cornerstone investors for the sale of an aggregate 60% of the Toromocho Project's annual production of copper concentrates for a period of five years from the starting date of production at the Toromocho Project, two of which will automatically continue for another five years thereafter.

The Toromocho Project has a long estimated mine life with significant potential for further exploration. Based on the current estimated reserves and production plan, it is estimated that the Toromocho Project can produce ores for 32 years and thus has an estimated mine life of 32 years. Based on the current design, the processing facilities will continue to process recovered ores for four years after the end of the mine life, thus giving the Toromocho Project a projected operating life of 36 years. According to the Competent Person's Report, there are additional resources adjacent to the planned open pit, which are also covered by our mining concessions, and are estimated to contain approximately 2.7 million tonnes of copper, 92,000 tonnes of molybdenum and 5,200 tonnes of silver in measured, indicated and inferred JORC-compliant resources. We believe that we will be able to further explore and develop these resources once we complete the highway relocation plan in connection with the Toromocho Project. We are currently in discussion with and have submitted our proposed relocation plan to the MTC. Upon our receipt of approval from the MTC, we will commence the detailed engineering study, which we expect to complete in approximately four months.

We expect to enjoy competitive operating and mining costs as a result of the Toromocho Project's rich ore reserves, location and favorable geology. According to the Competent Person's Report, the Toromocho Project is estimated to have low operating cash costs after credits of approximately US$1,508.8 per tonne (or approximately US$0.684 per pound) of copper produced as compared with a large number of copper mines across the globe. For example, the average operating cash costs of the major copper mines in Peru and Chile are approximately US$3,624.0 per tonne of copper produced and US$3,963.0 per tonne of copper produced, respectively. Operating cash costs include mining costs, processing costs, general and administration costs, selling costs, environmental protection costs, production taxes, the resource compensation levy, other cash cost items and the by-product credit, and are generally recognized as a reliable indicator for measuring the operating and mining costs of copper mines. As a result of the geological characteristics, we are able to employ the conventional open pit mining technique, which entails lower costs and fewer risks than underground mining. The Toromocho Project also has a low estimated strip ratio at 0.79:1, meaning that for every tonne of ores we mine, 0.79 tonnes of waste materials will need to be removed. As a result, we expect to incur lower costs for the removal of waste materials, which results in lower per unit mining costs.

Established infrastructure support for the Toromocho Project reduces our construction and operational costs and lowers our operational risks. The Toromocho Project is easily accessible via readily available transportation networks, including public highways and railroads from both the Peruvian capital city of Lima and the major exporting port of Callao. Water and electricity supplies, which are essential to the mining activities, will also be available from nearby facilities developed by us. For example, water for the processing plant will be supplied to the Toromocho Project from the Kingsmill Tunnel water treatment plant developed and operated by us. Electricity will be supplied from the nearby Pomacocha power station, and a 220 MW transmission line will be installed between the power station and the Toromocho Project, which is expected to be ready by the first quarter of 2013.

Since the completion of our acquisition of the Toromocho Project in May 2008, we have devoted substantial effort to developing the Toromocho Project into an advanced development stage and accomplished all its key pre-production milestones. We have engaged Aker Solutions, a reputable leading mining consulting firm, for EPCM services in relation to the Toromocho Project. We have outsourced all of our exploration engineering work and most of the Toromocho Project construction work to third-party contractors, including Aker Solutions. We have also secured credit facilities with an aggregate amount of US$2,118.0 million from Eximbank and China Development Bank, which we believe, combined with our cash and cash equivalents, the net proceeds from the Global Offering and additional banking facilities we are negotiating, will provide sufficient funding for us to bring the Toromocho Project to production. The Environmental Impact Assessment in connection with all the material aspects of the Toromocho Project was approved by the Peruvian government in December

2010 and the construction permit for the Toromocho Project was issued by the Peruvian government in July 2011. Furthermore, we have purchased substantially all of the key long-lead equipment and machinery, completed the construction of a new town for local resident resettlement, constructed a water treatment plant to supply and treat water for the Toromocho Project and made investment in the Callao port. We plan to complete the construction of all the mining and processing facilities in the fourth quarter of 2013. We believe that the comprehensive preparation work that we have done for the Toromocho Project minimizes the risk of delay and puts us on track to achieve our target schedule for development and production.

As of the date of this prospectus, we have not commenced production at the Toromocho Project and have not recorded any revenues and our pre-production activities have not generated any positive operating cash flows.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

While we have not commenced commercial operation, our financial condition and results of operations have been and will continue to be affected by a number of factors, some of which are beyond our control. In addition to those discussed in the section titled "Risk Factors" of this prospectus, the principal factors affecting our financial condition and results of operations include:

- Development costs, completion of our project and commission schedule;
- Products pricing and demand;
- Production and sales volume;
- Production costs; and
- Future exploration success and costs.

Development Costs, Completion of Our Project and Commission Schedule

Our future financial success is closely related to our ability to control our development costs at the Toromocho Project and to timely commence production at the Toromocho Project. In 2009, 2010, 2011 and the nine months ended September 30, 2012, our capital expenditure paid in connection with the Toromocho Project amounted to US$142.4 million, US$372.9 million, US$712.0 million and US$771.5 million, respectively. We have devoted substantial effort to developing the Toromocho Project into an advanced development stage and accomplished all its key pre-production milestones. The Environmental Impact Assessment in connection with all the material aspects of the Toromocho Project was approved by the Peruvian government in December 2010 and the construction permit for the Toromocho Project was issued by the Peruvian government in July 2011. In addition, we have secured credit facilities with an aggregate amount of US$2,118.0 million from Eximbank and China Development Bank, completed the construction of the resettlement town, purchased substantially all of the key long-lead equipment and machinery and engaged Aker Solutions for EPCM services. Based on our current estimation, we will spend an additional US$1.5 billion in the development of the Toromocho Project for the period after September 30, 2012. We expect to commence production at the Toromocho Project during the fourth quarter of 2013. The timely commencement of production at the Toromocho Project is subject to various factors, including the timing of our obtaining certain government approvals, the processes of resettlement and the delivery of key equipment.

Product Pricing and Demand

Our principal product will be copper concentrates. There is no formal exchange for copper concentrates. Prices of copper concentrates are established through and governed by copper concentrates offtake contracts, which cover payment to the mine for the metal contents of the copper concentrates, and include a number of deductions to account for the costs of treatment and refining of the copper concentrates by the smelter. Prices of copper concentrates are usually denominated in US dollars. The main deductions made from the payable metal contents are the treatment charge and the refining charge. The amounts of the treatment charge and refining charge are closely related to the quality of the copper concentrates. In addition, demand from smelters also impacts the price of copper concentrates. According to CRU, global smelting production capacity is expected to maintain a moderate growth rate from 2012 to 2016. In particular, smelter production from copper concentrates in China is expected to increase at a CAGR of 14.3% from 2012 to 2016.

Our by-product will be molybdenum. Meanwhile, silver will be sold with copper concentrates as credit. The spot price of silver is determined by reference to the COMEX. The price of silver is also affected by the forces of supply and demand. According to CRU, the price of silver is expected to remain relatively stable from 2013 to 2015, and to decrease significantly in 2016. CRU estimated that, given non-recessionary conditions, the price of molybdenum will slightly decrease throughout 2013 and will begin to increase after 2013 as the consumption of molybdenum in stainless steel grows. CRU estimated that the growth in global demand for molybdenum will accelerate beginning in 2012, and the growth in demand for molybdenum in China is expected to outpace the growth in global demand from 2012 to 2016, as a result of expected growth in China's steel industry. See the section titled "Industry Overview" of this prospectus for further details.

Production and Sales Volume

Our production volume will be primarily determined by the reserves at the Toromocho Project and our production capacity. We expect to commence production in the fourth quarter of 2013 and reach full production capacity in the third quarter of 2014. We plan to process approximately 43.2 million tonnes of ore per annum from 2015 onwards and produce up to approximately 865,600 tonnes of copper concentrates (containing approximately 9.62 million ounces of silver as metal credit in copper concentrates) and approximately 9,300 tonnes of molybdenum in the form of molybdenum oxide per annum. Our sales volume will be largely dependent upon the global market demand, our production capacity and the transportation capacity, as well as changes in China's economy and market conditions.

Production Costs

As of the date of this prospectus, we have not commenced production and consequently, we did not had any cost of sales during the Track Record Period. Going forward, our production costs will be a key factor affecting our profitability. Our cost of production primarily includes mining costs, ore processing costs, other mine operating costs, relevant taxes, and depreciation and amortization. In line with the industry practice, we expect ore processing costs to be the largest component of our cost of production at the Toromocho Project. Ore processing costs are primarily affected by utility costs, including the costs of electricity, diesel fuel and water, labor costs and costs for the repair and maintenance of equipment and for other consumables, including chemicals and reagents. Mining costs are primarily affected by consumables, including explosives, utility costs, including the costs of electricity, diesel fuel and water. Additional capital expenditure will increase our depreciation and amortization, which will in turn increase our cost of production.

There can be no assurance that future increases in our production costs will be offset by increases in our selling prices in the future. If the increases in our per unit production costs outpace the increases in our realized average selling prices, such increases will have a negative impact on our margins and, thus, financial condition and results of operations.

Future Exploration Success and Costs

Our long-term success depends to a significant extent on our ability to locate and extract reserves at the Toromocho Project and any new mining projects that we may acquire in the future. We mainly carry out exploration activities in order to extract mineral resources and ore reserves. Additionally, some of our exploration is undertaken to meet relevant legal requirements and ensure retention of our exploration licenses. We expect to have ongoing exploration costs that will vary significantly due to factors including the number, location and characteristics of our projects and the legal and regulatory requirements. Mineral exploration and development involves substantial expense and a high degree of risk, which may not be sufficiently mitigated through any combination of experience, knowledge and careful evaluation. In addition, exploration expenses are not capitalized until commercial production is commenced. Increased exploration activities will increase our operation costs and may materially and adversely impact our margin, financial condition and results of operation. See "Risk Factors—Risks Relating to Our Industry—Our resources will decrease after we commence production. Failure to discover or develop new reserves, maintain or enhance existing reserves, develop new operations or expand our current operations could materially and adversely affect our business and results of operations."

PRINCIPAL STATEMENT OF COMPREHENSIVE INCOME COMPONENTS

Revenue

During the Track Record Period, our principal activities were exploration for minerals and the development and construction of the Toromocho Project. We did not generate revenue from these activities during this period and accordingly, no cost of sales was recorded over the Track Record Period.

Operating Costs

Operating costs consist of general and administrative expenses, including but not limited to employee benefit expenses, amortization and depreciation and other professional fees, utilities, operating lease, contract fees, travel and transportation, taxes other than income tax, advertising and supplies.

Finance Income/Costs

Finance income consists of net foreign exchange gains and interest income. Finance costs consist of interest expenses, bank charges and accretion of interest of asset retirement obligation as well as net foreign exchange loss, excluding amounts capitalized on qualifying assets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements prepared in accordance with IFRS. Our financial condition and results of operations are sensitive to accounting methods, assumptions and estimates. The estimates and assumptions are based on our industry experience and various factors including our Directors' expectations of future events which they believe to be reasonable. Actual results may differ from those estimates and assumptions. The selection of critical accounting policies, the judgments and other uncertainties affecting application of other policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial information. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial information.

Property, Plant and Equipment

Property, plant and equipment, including mine and plant development assets, are stated at cost less accumulated depreciation and accumulated impairment losses. Costs of interest on financings obtained for the construction or production of a qualified asset are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Mine and plant development assets and land related to the Toromocho Project will be, upon commencement of production, depreciated using the unit-of-production ("**UOP**") method based on the estimated economically recoverable reserves to which they relate or will be written-off if the property is abandoned. Land not related to Toromocho Project is not subject to depreciation. Depreciation for all other property, plant and equipment is calculated using the straight-line method to allocate their cost less their residual value over their estimated useful life, as follows:

Buildings and constructions	up to 50 years
Machinery and equipment	up to 35 years
Motor vehicles	up to 5 years
Furniture, fixtures and others	4 to 10 years

Construction in progress is not depreciated until the asset is ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (loss)/gain, net' in our consolidated statements of comprehensive income.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to: researching and analyzing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditure also includes the costs incurred in acquiring mining rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

During the initial stage of a project, exploration and evaluation costs are capitalized as incurred. Expenditure on a project after it has reached a stage at which there is a high degree of confidence in its viability is transferred to mine and plant development assets if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are expensed in the consolidated statement of comprehensive income. Exploration and evaluation assets are assessed for impairment, and any impairment loss recognized, before classification.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount.

One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing adjustment to the carrying amount of reported assets and liabilities are as follows:

(a) Recovery of the cost of mining exploration assets of the Toromocho Project and ore reserves estimates

We capitalize qualified expenditures, comprising exploration, and acquisition of goods, technical assessments and applicable taxes, directly attributable to the Toromocho Project.

In accordance to our relevant accounting policies, we evaluate, on a periodic basis, the ore reserves estimates of the Toromocho Project, which is the amount of unexploited copper in the mining concessions to which we are entitled and which may be produced and sold to generate revenues. Such evaluations are based on engineering tests performed on samples of drilling well and other mine pits combined with certain assumptions regarding copper market prices and production costs.

Based on Competent Person's Report, the estimated unexploited proved and probable ore reserve in the mining concessions to which we are entitled is approximately 1,540 million tonnes. Based on our projections of the future economic benefits expected from the ore reserves of the Toromocho Project, we concluded that no impairment was required as at September 30, 2012.

Because the economic assumptions used to estimate the value of reserves may change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial information in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortization charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities; or
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

(b) Provision for remediation and restoration

Provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbances are uncertain and management uses its judgment and experience to provide for these costs over the life of operations. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, our environmental policies, the emergence of new restoration techniques and the effects of inflation. Cost estimates are updated throughout the life of the operation.

We engaged Walsh Peru S.A., an independent valuer, to perform a mine closure plan including the estimated future expenditure in relation to remediation and restoration as well as other similar obligations on the Toromocho Mining Project. We have assessed and provided for remediation and restoration and similar obligations amounted to US$23.8 million, US$29.0 million, US$58.1 million and US$61.5 million as at December 31, 2009, 2010 and 2011 and September 30, 2012, respectively. Please refer to Note 19 of the Accountant's Report included in Appendix I to this prospectus for the details.

The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, or production rates, operating license or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Some expenditure can continue into perpetuity. Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgment. As a result of all of the above factors, there could be significant adjustments to the provision for close down, restoration and clean up costs which will materially and adversely affect our future financial results.

(c) Income taxes and VAT recoverable

The estimates of deferred income tax assets require estimates of future taxable profit and the corresponding applicable income tax rates of future years. Changes in future income tax rates and timing will affect our income tax expense or benefit, as well as deferred income tax balance. The realization of deferred income tax assets also depends on our sufficient profitability (taxable profit). Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets.

Determination of tax obligations and expenses requires interpretations of the applicable tax laws and regulations. We seek professional legal tax counsel before making any decision on tax matters. Our Directors consider that their estimates are prudent and appropriate; however, differences of interpretation may arise from the interpretation made by Peruvian tax authorities that may affect future charges for taxes. Similarly, the recoverability of VAT recoverable is determined by our Directors based on past experience, taking into account existing relevant Peruvian tax rules.

(d) Going concern

As set out in Note 2.1(a) of the Accountant's Report included in Appendix I to this prospectus, our ability to continue operations is dependent upon obtaining the necessary financing borrowings and/or financial support from our holding companies in order to obtain sufficient cash flow to meet our liabilities as they fall due. In the event we are unable to obtain adequate funding, there is uncertainty as to whether we will be able to continue as a going concern. Our consolidated financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should we and the Company be unable to continue as a going concern.

TAXATION

Income Tax

We were incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands, and, accordingly, are exempted from payment of Cayman Islands income tax. Our principal operating subsidiaries established in Peru were subject to income tax at a rate of 30% during the Track Record Period. As we recorded losses before taxation in each year or period during the Track Record Period, we were entitled to an income tax benefit at the same rate of 30%, subject to certain adjustments of other amounts. We are allowed to carry the tax benefit forward to offset our future income tax liability in full for the next four years, or in half for an unlimited period of time. We have determined to carry our tax benefit forward in full for four years.

VAT Recoverable

On September 14, 2010, we were authorized by the MEM to refund VAT actually paid on imports and local purchases of capital assets, new intermediate input, construction contracts and other services provided as part of the pre-production phase. Accordingly, qualified VAT paid by us on purchases can be used, not only to offset local sales, income taxes or any other taxes payable as required by the Peruvian tax authorities, but also be refunded in the form of negotiable credit notes or non-negotiable checks.

As part of the VAT refund regime, we signed an investment agreement with the MEM on June 16, 2009, which was modified under an addendum dated July 27, 2010. Under the investment agreement, we undertook to invest US$2,053 million in the Toromocho Project by the end of 2012. As a result, we were qualified to recover our VAT paid. On December 15, 2011, we signed an addendum to the investment agreement with the MEM to extend the period to complete our investment commitment until December 2013. On February 8, 2012, the MEM and the Peruvian government's Ministry of Finance approved the addendum.

VAT recoverable represents the VAT credit to which we are entitled for VAT paid on the acquisition of goods and services related to our exploration and development activities. In 2011, we received a refund in the amount of US$41.3 million with respect to the balance of VAT tax recoverable as of December 31, 2010. Furthermore, in the nine months ended September 30, 2012, we received approximately US$131.1 million refund with respect to the balance of VAT tax recoverable.

RESULTS OF OPERATIONS

The following table sets forth selected financial information for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2009	2010	2011	2011	2012
				(unaudited)	
	(US$ in thousands, except for per Share data)				
Revenue	—	—	—	—	—
Other (loss)/gain, net	(85)	317	205	130	671
Operating costs					
General and administrative expenses	(9,053)	(11,612)	(19,705)	(10,396)	(17,910)
Operating loss	**(9,138)**	**(11,295)**	**(19,500)**	**(10,266)**	**(17,239)**
Finance income	2,896	1,507	451	373	2,169
Finance costs	(1,723)	(1,088)	(2,744)	(1,545)	(1,887)
Finance income/(costs), net	1,173	419	(2,293)	(1,172)	282
Loss before income tax	(7,965)	(10,876)	(21,793)	(11,438)	(16,957)
Income tax benefit	3,266	3,411	5,281	2,973	3,731
Loss for the year/period	**(4,699)**	**(7,465)**	**(16,512)**	**(8,465)**	**(13,226)**
Other comprehensive income for the year/period, net of tax	**—**	**—**	**—**	**—**	**—**
Total comprehensive loss for the year/period	**(4,699)**	**(7,465)**	**(16,512)**	**(8,465)**	**(13,226)**
Loss per share for loss attributable to the equity holders of the Company (expressed in US$ per share)					
Basic and diluted	—	(0.001)	(0.002)	(0.001)	(0.001)
Dividends	**—**	**—**	**—**	**—**	**—**

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Revenue and cost of sales. Since we were substantially engaged in construction activities at the Toromocho Project's development stage, we have not commenced commercial production. Therefore, we did not generate revenue or record any cost of sales in the nine months ended September 30, 2011 and 2012.

General and administrative expenses. Our general and administrative expenses increased by 72.3% from US$10.4 million for the nine months ended September 30, 2011 to US$17.9 million for the nine months ended September 30, 2012. The increase was due primarily to an increase in the expenses related to wages, salaries and allowances that we paid to our employees, the listing expenses we incurred in connection with the proposed Global Offering and an increase in professional fees for consultants we hired in connection with the development of the Toromocho Project.

Finance income. Our finance income increased significantly from US$0.4 million for the nine months ended September 30, 2011 to US$2.2 million for the nine months ended September 30, 2012, primarily due to our net foreign exchange gains on financing activities for the nine months ended September 30, 2012.

Finance costs. Our finance costs increased by 22.1% from US$1.5 million for the nine months ended September 30, 2011 to US$1.9 million for the nine months ended September 30, 2012, primarily attributable to an increase in the accretion of interest of assets retirement.

Loss before income tax. As a result of the foregoing, our loss before income tax increased by 48.2% from US$11.4 million for the nine months ended September 30, 2011 to US$17.0 million for the nine months ended September 30, 2012.

Income tax benefit. Our income tax benefit increased by 25.5% from US$3.0 million for the nine months ended September 30, 2011 to US$3.7 million for the nine months ended September 30, 2012, as a result of an increase in deferred tax assets in relation to certain expenses capitalized for tax purposes.

Loss for the period. As a result of the foregoing, our loss for the period increased by 56.2% from US$8.5 million for the nine months ended September 30, 2011 to US$13.2 million for the nine months ended September 30, 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenue and cost of sales. Since we were substantially engaged in construction activities at the Toromocho Project's development stage, we have not commenced commercial production. Therefore, we did not generate revenue or record any cost of sales in 2010 and 2011.

General and administrative expenses. Our general and administrative expenses increased by 69.7% from US$11.6 million for the year ended December 31, 2010 to US$19.7 million for the year ended December 31, 2011. The increase was due primarily to an increase in the expenses related to wages, salaries and allowances that we paid to our employees as a result of increases in the number of our employees and the per capita payment, an increase in professional fees in connection with consultants that we hired to assist with approval applications, an increase in our utility expense, as well as penalty and compensation expenses in connection with certain judicial claims and administrative penalties.

Finance income. Our finance income decreased by 70.0% from US$1.5 million for the year ended December 31, 2010 to US$451,000 for the year ended December 31, 2011, as we incurred net foreign exchange loss on finance activities in 2011, which was the result of exchange rate fluctuation.

Finance costs. Our finance costs increased significantly from US$1.1 million for the year ended December 31, 2010 to US$2.7 million for the year ended December 31, 2011. The significant increase was attributable to an increase in the bank charge and our net foreign exchange loss on finance activities in 2011.

Loss before income tax. As a result of the foregoing, our loss before income tax increased by 100.4% from US$10.9 million for the year ended December 31, 2010 to US$21.8 million for the year ended December 31, 2011.

Income tax benefit. Our income tax benefit increased by 54.8% from US$3.4 million for the year ended December 31, 2010 to US$5.3 million for the year ended December 31, 2011, as a result of an increase in deferred tax assets in relation to certain expenses capitalized for tax purposes.

Loss for the year. As a result of the foregoing, our loss for the year increased significantly by 121.2% from US$7.5 million for the year ended December 31, 2010 to US$16.5 million for the year ended December 31, 2011.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenue and cost of sales. Since we were substantially engaged in construction activities at the Toromocho Project's development stage, we have not commenced commercial production. Therefore, we did not generate revenue or record any cost of sales in 2009 and 2010.

General and administrative expenses. Our general and administrative expenses increased by 28.3% from US$9.1 million for the year ended December 31, 2009 to US$11.6 million for the year ended December 31, 2010. The increase was due primarily to an increase in the amortization and depreciation expenses we recognized in connection with the computer software we purchased, as well as an increase in the expenses related to wages, salaries and allowances that we paid to our employees as the number of our employees increased and their salary level has risen.

Finance income. Our finance income decreased by 48.0% from US$2.9 million for the year ended December 31, 2009 to US$1.5 million for the year ended December 31, 2010. The decrease was attributable to a decrease in interest income.

Finance costs. Our finance costs decreased by 36.9% from US$1.7 million for the year ended December 31, 2009 to US$1.1 million for the year ended December 31, 2010. The decrease was attributable to a decrease in accretion of interest of assets retirement.

Loss before income tax. As a result of the foregoing, our loss before income tax increased by 36.5% from US$8.0 million for the year ended December 31, 2009 to US$10.9 million for the year ended December 31, 2010.

Income tax benefit. Our income tax benefit increased by 4.4% from US$3.3 million for the year ended December 31, 2009 to US$3.4 million for the year ended December 31, 2010, as a result of an increase in deferred tax assets in relation to certain expenses capitalized for tax purposes.

Loss for the year. As a result of the foregoing, our loss for the year increased significantly by 58.9% from US$4.7 million for the year ended December 31, 2009 to US$7.5 million for the year ended December 31, 2010.

LIQUIDITY AND CAPITAL RESOURCES

To date, our principal sources of cash have been cash flow from our financing activities. We obtained a banking facility of US$2.0 billion from Eximbank on December 1, 2010. In September and December 2012, we obtained additional credit facilities of US$83.0 million and US$35.0 million, respectively, from China Development Bank. Furthermore, we are in the process of negotiating additional credit facilities with an aggregate amount of US$239.0 million with China Development Bank and additional credit facilities with an aggregate amount of US$419.0 million with Eximbank. Both China Development Bank and Eximbank have issued memorandum to indicate their present commitment to provide the financing. See "— Indebtedness." Our primary uses of cash have been to fund capital expenditure related to the exploration and development of the Toromocho Project and the acquisition of new equipment. We also use an increasing portion of cash for our working capital requirements in connection with increases in inventories.

As of September 30, 2012, we had cash and cash equivalents of US$191.0 million. We use bank and cash balances to finance working capital and part of our capital expenditure for our continuing growth and expansion plans. We determine the appropriate amount of cash to maintain on-hand by forecasting our future working capital and capital expenditure needs. We also aim to maintain a certain level of extra cash to meet unexpected circumstances and to use in relation to business expansion opportunities as they arise.

Based on the current estimation as detailed in "Appendix IV — Competent Person's Report," income generated by the Toromocho Project will exceed the annual operating costs starting from January 2014, which is the first full year of production. Based on our current estimation, we will spend another US$1.5 billion for the development of the Toromocho Project for the period after September 30, 2012 and before the commencement of commercial production in the fourth quarter of 2013.

The following table sets forth a summary of our consolidated cash flows for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2009	2010	2011	2012
	(US$ in thousands)			
Net cash used in operating activities	(10,450)	(7,020)	(22,823)	(38,601)
Net cash used in investing activities	(141,504)	(378,526)	(695,519)	(687,814)
Net cash generated from financing activities	160,000	530,000	660,000	819,882
Net increase/(decrease) in cash and cash equivalents	8,046	144,454	(58,342)	93,467
Cash and cash equivalents at beginning of the year	3,392	11,438	155,892	97,550
Cash and cash equivalents, end of year/period	**11,438**	**155,892**	**97,550**	**191,017**

Operating Activities

Net cash used in operating activities in the nine months ended September 30, 2012 was US$38.6 million, which was primarily attributable to the loss before income tax for the period of US$17.0 million, adjusted to reflect (i) net finance income of US$0.3 million and (ii) the depreciation of US$0.6 million, and taking into account of (i) an increase in prepayment and other receivables of

US$14.4 million; and (ii) an increase in inventories of US$13.2 million. The amount was partially offset by an increase in accruals and others of US$5.6 million. Our prepayment and other receivables increased substantially as we purchased fuel for our contractors. The substantial increase in our inventories was due to an increase in our supplies and spare parts as our construction progressed.

Net cash used in operating activities in 2011 was US$22.8 million, which was primarily attributable to the loss before income tax for the period of US$21.8 million, adjusted to reflect (i) net finance cost of US$2.3 million and (ii) the depreciation and amortization of US$1.7 million, and taking into account of (i) an increase in prepayment and other receivables of US$8.4 million; and (ii) an increase in inventories of US$4.4 million. The amount was partially offset by an increase in accruals and others of US$7.7 million. Our prepayment and other receivables increased substantially as we purchased fuel for our contractors. The substantial increase in our inventories was due to an increase in our supplies and spare parts as our construction progressed.

Net cash used in operating activities in 2010 was US$7.0 million, which was primarily attributable to the loss before income tax for the year of US$10.9 million, adjusted to reflect (i) the depreciation and amortization of US$1.8 million and (ii) net finance income of US$0.4 million, and taking into account of (i) an increase in inventories of US$1.6 million and (ii) an increase in prepayment and other receivables of US$0.4 million. The amount was partially offset by an increase in accruals and others of US$4.4 million. The substantial increase in our inventories was the result of an increase in our supplies and spare parts used in connection with our pre-operating activities.

Net cash used in operating activities in 2009 was US$10.5 million, which was primarily attributable to the loss before income tax for the year of US$8.0 million, adjusted to reflect (i) net finance income of US$1.2 million and (ii) the depreciation and amortization of US$0.8 million, and taking into account of a decrease in accruals and others of US$2.2 million.

Investing Activities

Net cash used in investing activities in the nine months ended September 30, 2012 was US$687.8 million, which was primarily attributable to our purchases of property, plant and equipment of US$771.5 million, which we used for exploration and construction activities and purchase of fixed assets. The amount was partially offset by the US$131.1 million of VAT refund we received.

Net cash used in investing activities in 2011 was US$695.5 million, which was primarily attributable to our purchases of property, plant and equipment of US$712.0 million, which we used for exploration and construction activities and purchase of fixed assets. The amount was partially offset by the US$41.3 million of VAT refund we received.

Net cash used in investing activities in 2010 was US$378.5 million, which was primarily attributable to our purchases of property, plant and equipment of US$372.9 million, which we used for exploration and construction activities and purchase of fixed assets.

Net cash used in investing activities in 2009 was US$141.5 million, which was primarily attributable to purchases of property, plant and equipment of US$142.4 million, which we used for exploration and construction activities and purchase of fixed assets.

Financing Activities

Net cash generated from financing activities in the nine months ended September 30, 2012 was US$819.9 million, which mainly represented the proceeds from our loans with Eximbank of US$820.0 million.

Net cash generated from financing activities in 2011 was US$660.0 million, which was the proceeds from our loans with Eximbank.

Net cash generated from financing activities in 2010 was US$530.0 million, which was the proceeds from our loans with Eximbank and COH.

Net cash generated from financing activities in 2009 was US$160.0 million, which was the proceeds from borrowings from COH.

CAPITAL EXPENDITURE

We made capital expenditure of US$142.4 million, US$372.9 million, US$712.0 million and US$771.5 million in 2009, 2010 and 2011 and the nine months ended September 30, 2012, respectively. In the past, our capital expenditure was used primarily for construction activities and purchase of fixed assets. We estimate that our capital expenditure in the fourth quarter of 2012 to be approximately US$300 million, which were used primarily for the construction of the processing facilities. We may adjust the timing and amounts of capital expenditure based on various factors such as market conditions. We funded our capital expenditures in the fourth quarter of 2012 with existing cash balances and credit lines.

We have incurred approximately US$2.0 billion of capital and operating expenditure for the development of the Toromocho Project as of September 30, 2012 and, based on our current estimation, we will spend another US$1.5 billion for the development of the Toromocho Project for the period after September 30, 2012. Part of expenditure will be accounted as cash used in operating activities and others will be accounted as cash used in investing activities. As of September 30, 2012, our cash and cash equivalents amounted to US$191.0 million, and we have secured a US$2.0 billion credit facility from Eximbank, of which US$320.0 million remained unused. We have also obtained a credit facility of US$83.0 million, from China Development Bank. We made the first drawdown of US$30.0 million in October 2012 and the second drawdown of US$53.0 million in November 2012. In December 2012, we obtained a credit facility of US$35.0 million from China Development Bank, which was fully drawn down by us in the same month. Furthermore, we are in the process of negotiating additional credit facilities with an aggregate amount of US$239.0 million with China Development Bank and additional credit facilities with an aggregate amount of US$419.0 million with Eximbank. Both China Development Bank and Eximbank have issued memorandum to indicate their present commitment to provide the financing. We also plan to allocate approximately 30% of the proceeds from this Global Offering to finance our investments in the Toromocho Project. Furthermore, we plan to allocate approximately 10% of the proceeds from the Global Offering as our working capital, part of which will be used as the working capital in connection with the Toromocho Project. Lastly, as a portion of the expenditure does not need to be made before we commence commercial production, we intend to fund this part by the operating cash flow after commencement of the commercial production.

WORKING CAPITAL

The table below sets forth the details of our current assets and liabilities at the end of each period indicated:

	As of December 31,			As of September 30,	As of November 30,
	2009	2010	2011	2012	
					(unaudited)
	(US$ in thousands)				
Current Assets					
Inventories	93	1,647	6,024	19,196	18,474
Prepayment and other receivables	192	738	9,373	20,451	19,438
VAT recoverable	—	30,682	72,680	11,145	20,430
Cash and cash equivalents	11,438	155,892	97,550	191,017	153,168
Total current assets	**11,723**	**188,959**	**185,627**	**241,809**	**211,510**
Current Liabilities					
Accounts payable	23,988	55,177	128,152	233,351	160,116
Accruals and other payables	7,766	8,681	16,301	23,573	30,568
Amount due to immediate holding company	2,101	2,101	1,920	2,376	2,376
Borrowings	123,399	123,399	100,000	102,300	102,788
Total current liabilities	**157,254**	**189,358**	**246,373**	**361,600**	**295,848**
Net Current Liabilities	**145,531**	**399**	**60,746**	**119,791**	**84,338**
Borrowings					
Current	123,399	123,399	100,000	102,300	102,788
Non-current	156,634	639,228	1,003,399	1,826,698	2,030,394
Total borrowings	**280,033**	**762,627**	**1,103,399**	**1,928,998**	**2,133,185**

Our net current liabilities further decreased by 29.6% to US$84.3 million as of November 30, 2012 from US$119.8 million as of September 30, 2012. This was primarily attributable to a decrease in our accounts payable, as we settle them with our cash and cash equivalents as of September 30, 2012 as well as the additional cash from the drawdown of our banking facilities.

Our net current liabilities increased significantly to US$119.8 million as of September 30, 2012 from US$60.7 million as of December 31, 2011. This was primarily attributable to an increase in accounts payable in connection with the continued development of the Toromocho Project, which was partially offset by an increase in our cash and cash equivalents.

Our net current liabilities increased significantly to US$60.7 million as of December 31, 2011 from US$0.4 million as of December 31, 2010. This was primarily attributable to an increase in accounts payable as the development process of the Toromocho Project continued.

Our net current liabilities decreased significantly to US$0.4 million as of December 31, 2010 from US$145.5 million as of December 31, 2009, primarily due to a substantial increase in our cash and cash equivalent consisting primarily of proceeds from our loans with Eximbank and COH, a substantial portion of which were recorded as non-current liabilities.

Our Directors confirm that our current cash and cash equivalents, our available banking facilities and net proceeds from the Global Offering will be sufficient to meet 125% of our present working capital requirements for the period ending 12 months from the date of this prospectus.

Our future cash requirements will depend on many factors, including our development costs, operating income and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash to repay existing debt obligations or to re-finance our existing debts due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our shareholders' interests in our Company. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

INDEBTEDNESS

The following table sets forth a summary of our indebtedness as of the date indicated:

	As of December 31,			As of September 30,	As of November 30,
	2009	2010	2011	2012	
					(unaudited)
	(US$ in thousands)				
Current					
Borrowings from immediate holding company	123,399	123,399	100,000	102,300	102,788
Non-current					
Borrowings from banks	—	200,000	860,000	1,680,000	1,883,000
Borrowings from immediate holding company	156,634	439,228	143,399	146,698	147,397
Total borrowings	**280,033**	**762,627**	**1,103,399**	**1,928,998**	**2,133,185**

The borrowings from our immediate holding company were unsecured. On December 31, 2011, our immediate holding company agreed not to demand the payment of the borrowings amounting to US$400.0 million out of such US$520.0 million. Hence the US$400.0 million is considered as deemed capital contribution from our immediate holding company. The remaining balance of US$120.0 million together with borrowings from our immediate holding company of US$123.4 million as of December 31, 2011, totaling US$243.4 million, shall be repaid in full on or before September 30, 2021 or at any earlier date at our discretion, and bear an annual interest rate of LIBOR plus 2.00%. US$100.0 million and US$102.3 million as of December 31, 2011 and September 30, 2012, respectively, of such borrowings, which was the amount we intended to repay upon completion of the Global Offering by January 2013, were classified as current liabilities.

On December 1, 2010, we entered into an agreement with Eximbank for a banking facility of US$2.0 billion at an annual interest rate of 6-month LIBOR plus 1.85%, to finance the development of the Toromocho Project. We are required to comply with certain financial covenants related to the use of funds and other administrative resources. Our Directors confirm that we have complied with this loan agreement in all material aspects, and were not involved in any dispute associated with the performance of such loan agreement as of the Latest Practicable Date and during the Track Record Period. The banking facility is guaranteed by Chinalco and will be secured by our property, plant and equipment in relation to the Toromocho Project if Chinalco's credibility deteriorates or may deteriorate. As at December 31, 2010 and 2011, undrawn banking facility available to us was US$1.8 billion and US$1.14 billion which has an expiration date beyond one year, respectively. In 2012, we further drew down the credit facility from the Eximbank to fund our investments in the Toromocho Project. As of September 30, 2012, undrawn banking facility available to us was US$320.0 million. We made a further drawdown of US$120.0 million in November 2012.

On September 2, 2012, China Development Bank issued a memorandum indicating its present commitment to provide a banking facility of US$274.0 million to us for the development of the Toromocho Project. On December 25, 2012, we entered into a borrowing agreement with China Development Bank for a banking facility of US$35.0 million, which was fully drawn down by us in the same month. We are currently in the process of negotiating the borrowing agreement for the remaining committed amount of US$239.0 million.

On September 7, 2012, we entered into a borrowing agreement with China Development Bank for a banking facility of US$83.0 million at an annual interest rate of 6-month LIBOR plus 3.5% and due in October 2020. In addition, we are required to comply with certain financial covenants related to the use of funds and other administrative resources. Our Directors confirm that we have complied with this loan agreement in all material aspects, and were not involved in any dispute associated with the performance of such loan agreement as of the Latest Practicable Date and during the Track Record Period. We made the first drawdown of US$30.0 million in October 2012 and the second drawdown of US$53.0 million in November 2012.

In December 2012, Eximbank issued a memorandum indicating its present commitment to provide a banking facility of US$419.0 million to us for the development of the Toromocho Project. We are currently in the process of negotiating the borrowing agreement with Eximbank.

The non-current borrowing from COH was interest free long-term loan. The liability is initially recognized at its fair value which is estimated as the present value of the future cash to be paid discounted using the prevailing market rate for a similar instrument with a similar credit rating. The discount rate was LIBOR plus 1.25%. The excess of proceeds over the fair value of the carrying value of the borrowing from COH is credited to reserve as capital contribution from COH. The borrowing from COH is subsequently carried at amortized cost.

As at the dates indicated, our borrowings were repayable as follows:

	As of December 31,			As of September 30,	As of November 30,
	2009	2010	2011	2012	
					(unaudited)
	(US$ in thousands)				
Within 1 year	123,399	123,399	100,000	102,300	102,788
Between 1 and 2 years	—	—	—	—	—
Between 2 and 5 years	12,294	198,829	232,000	282,000	459,397
Over 5 years	144,340	440,399	771,399	1,544,698	1,571,000
	280,033	**762,627**	**1,103,399**	**1,928,998**	**2,133,185**
Wholly repayable within 5 years	123,399	123,399	100,000	102,300	102,788
Wholly repayable after 5 years	156,634	639,228	1,003,399	1,826,698	2,030,397
	280,033	**762,627**	**1,103,399**	**1,928,998**	**2,133,185**

MAJOR LIQUIDITY RATIOS

The following table sets forth the major liquidity ratios as at the respective dates:

	As of December 31,			As of September 30,
	2009	2010	2011	2012
			(%)	
Debt ratio[(1)]	77.8	81.8	65.3	73.6
Current ratio[(2)]	7.5	99.8	75.3	66.9
Quick ratio[(3)]	7.4	98.9	72.9	61.6

Notes:

(1) Debt ratio is calculated by dividing total borrowings by total assets.

(2) Current ratio is calculated by dividing current assets by current liabilities.

(3) Quick ratio is calculated by dividing current assets less inventory by current liabilities.

Debt Ratio

As of December 31, 2009, 2010 and 2011 and September 30, 2012, our debt ratios were approximately 77.8%, 81.8%, 65.3% and 73.6%. Historically, we have funded our pre-mining operation and capital expenditure through borrowings from banks and our immediate shareholder. As of December 31, 2009 and 2010, our debt ratio remained relatively stable at 77.8% and 81.8%. As of December 31, 2011, our debt ratio improved to 65.3%, primarily as a result of the capitalization of a portion of our loans due to COH. As of September 30, 2012, our debt ratio increased to 73.6% as we increased our total borrowings for the development of the Toromocho Project.

Current Ratio

As of December 31, 2009, 2010 and 2011 and September 30, 2012, our current ratios were approximately 7.5%, 99.8%, 75.3% and 66.9%. As of December 31, 2010, our current ratio improved significantly to 99.8% from 7.5% as of December 31, 2009, primarily due to a substantial increase in our cash and cash equivalent consisting primarily of proceeds from our loans with Eximbank and

COH, a substantial portion of which were recorded as non-current liabilities. As of December 31, 2011, our current ratio decreased to 75.3%, primarily due to an increase in our accounts payable and a decrease in our cash and cash equivalent, both in connection with the continued development of the Toromocho Project. Our current ratio further decreased to 66.9% as of September 30, 2012, primarily due to increases in our account payables in connection with the continued development of the Toromocho Project, partially offset by proceeds from our loan with Eximbank.

Quick Ratio

As of December 31, 2009, 2010 and 2011 and September 30, 2012, our quick ratios were approximately 7.4%, 98.9%, 72.9% and 61.6%. As of December 31, 2010, our quick ratio improved significantly to 98.9% from 7.4% as of December 31, 2009, as we received the proceeds from our loans with Eximbank and COH, a substantial portion of which were recorded as non-current liabilities. As of December 31, 2011, our quick ratio decreased to 72.9%, primarily due to an increase in our accounts payable and a decrease in our cash and cash equivalent, both in connection with the continued development of the Toromocho Project. Our quick ratio further decreased to 61.6% as of September 30, 2012, primarily due to increases in our account payables in connection with the continued development of the Toromocho Project, partially offset by proceeds from our loan with Eximbank.

LISTING EXPENSES

As of September 30, 2012, we had incurred expenses in connection with the proposed Global Offering of US$4.0 million, which were accounted for as our general and administrative expenses for the nine months ended September 30, 2012. By the completion of the Global Offering, we expect to further incur an estimated amount of US$11.0 million of expenses which is subject to adjustment to be agreed by the Company, the Joint Bookrunners and other parties. We do not believe the additional expenses will have a material impact on our results of operations.

COMMITMENTS AND CONTINGENCIES

Set forth below is the capital expenditure we contracted for as at the dates indicated but not recognized:

	As of December 31,			As of September 30,
	2009	2010	2011	2012
	(US$ in thousands)			
Property, plant and equipment	300,667	157,054	828,549	747,011

We lease various offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As of December 31,			As of September 30,
	2009	2010	2011	2012
	(US$ in thousands)			
No later than 1 year	522	586	719	601
Later than 1 year and no later than 5 years	786	429	600	610
Later than 5 years	—	—	80	120
	1,308	1,015	1,399	1,331

Under the Toromocho Project Transfer Agreement, we committed to investing not less than US$1,507 million over a five year term starting from May 2008. If we fail to fulfill the commitment, we will have to pay a penalty to Activos Mineros equivalent to a 30% of the unrealized investment. As a way to secure compliance with the investment commitment and payment of penalties, we have issued a letter of credit in favor of Activos Mineros in the amount of US$30 million, renewable annually.

As part of the VAT refund regime, we have also committed to invest US$2,053 million for the Toromocho Project until December 2013. See "— Taxation — VAT Recoverable."

We have contingent liabilities in respect of legal claims and administrative procedures arising in the ordinary course of business. However, we believe we have made adequate provision for these contingent liabilities, and it is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for. For the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2012, the amounts of the provision made by the Group for contingent liabilities in respect of legal claims were nil, nil, US$4.0 million and nil, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT CERTAIN FINANCIAL RISK

Foreign Exchange Risk

We mainly operate in Peru with most of the transactions denominated and settled in US dollars which are mainly related to the acquisition of services and loans received from related parties.

Accordingly, we are exposed to foreign exchange risk that may arise from fluctuations in the exchange rate of the New Peruvian Soles. Our Directors estimate that the impact of any changes in the New Peruvian Soles exchange rate will not have a significant impact on our financial condition and results. As a result, we do not maintain a hedging policy against our foreign exchange risk. Although we maintain a net liability position expressed in New Peruvian Soles that, in its appreciation trend, may have a negative impact upon liquidation of these monetary assets and liabilities, public estimates available do not anticipate a severe devaluation of the local currency in the short term that may cause a major impact in our financial condition and results of operation.

During the Track Record Period, we have not used any financial instrument to hedge the foreign exchange risk.

For the years ended December 31, 2009 and 2010 and the nine months ended September 30, 2012, if the US dollars had strengthened/weakened by 5% against the New Peruvian Soles with all other variables held constant, loss for the years and the period would have been US$65,000, US$70,000 and US$79,000 higher/lower, respectively. For the year ended December 31, 2011, if the US dollars had strengthened/weakened by 5% against the New Peruvian Soles with all other variables held constant, loss for the year would have been US$47,000 lower/higher. During the past five years, the fluctuation of exchange rate between the US dollars and the New Peruvian Sols has been within approximately 5%.

Considering our assets and scale of operation and the historical exchange rate between the US dollars and the New Peruvian Soles, we do not believe the impact ranging from US$47,000 to US$79,000 to be material.

Cash Flow and Fair Value Interest Rate Risk

Other than cash held in bank deposits included in cash and cash equivalents, we have no significant interest-bearing assets. Our operation has limited exposure to interest rate risks. Our interest rate risk arises from borrowings. See "— Indebtedness" for a detailed analysis of our borrowings together with their respective effective interest rates and maturity dates.

For the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2012, if interest rate had increased/decreased by 10 basis-point with all other variables held constant, interest expenditure would have been lower/higher by US$80,400, US$304,000, US$734,300 and US$1,240,000, respectively.

Credit Risk

Credit risk is managed on group basis. The carrying amounts of bank deposits (including restricted cash), other receivables included in the consolidated statement of financial position represent our maximum exposure to credit risk in relation to our financial assets.

As of December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2012, cash and cash equivalents and restricted cash, were deposited in the major financial institutions in Peru and the PRC, which our Directors believe are of good credit quality. For banks and financial institutions, we place substantially all of our cash and cash equivalent only with major international and local banks which are publicly listed locally and/or internationally.

Liquidity Risk

Our liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

The table below analyzes the financial liabilities classified into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of December 31, 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	(US$ in thousands)			
Accounts payable	23,988	—	—	—
Accruals and other payables	6,057	—	—	—
Amount due to immediate holding company	2,101	—	—	—
Short-term borrowings	123,399	—	—	—
Long-term borrowings	—	—	15,000	175,000
	155,545	—	15,000	175,000

As of December 31, 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	(US$ in thousands)			
Accounts payable	55,177	—	—	—
Accruals and other payables	6,708	—	—	—
Amount due to immediate holding company	2,101	—	—	—
Short-term borrowings	123,399	—	—	—
Long-term borrowings	5,273	5,273	223,835	511,375
	192,658	5,273	223,835	511,375

As of December 31, 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	(US$ in thousands)			
Accounts payable	128,152	—	—	—
Accruals and other payables	4,956	—	—	—
Amount due to immediate holding company	1,920	—	—	—
Short-term borrowings	100,000	—	—	—
Long-term borrowings	22,346	22,346	292,990	818,918
	257,374	22,346	292,990	818,918

As of September 30, 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	(US$ in thousands)			
Accounts payable	233,351	—	—	—
Accruals and other payable	8,966	—	—	—
Amount due to immediate holding company	2,376	—	—	—
Short-term borrowings	102,300	—	—	—
Long-term borrowings	42,969	42,969	400,355	1,445,946
	389,962	42,969	400,355	1,445,946

NO OTHER OUTSTANDING INDEBTEDNESS

Save as disclosed in this prospectus, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities as of November 30, 2012, being our indebtedness statement date. Our Directors confirm that, as at the Latest Practicable Date, there is no material change in the Company's indebtedness since November 30, 2012.

DIVIDEND POLICY

We have not declared or paid any dividends since our incorporation. We do not anticipate paying any dividends in the foreseeable future.

Subject to the Companies Law and its Articles of Association, the Company in a general meeting may declare dividends in any currency but dividends may not exceed the amount recommended by the Directors. Dividend may not be declared or paid other than out of the profits and reserves of the Company which are lawfully available for distribution, including share premium.

Unless the rights attached to any Shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the Shares during any period or the portion of any period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company.

The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

WORKING CAPITAL SUFFICIENCY CONFIRMATION

Taking into account the financial resources available to us, including the estimated net proceeds from the Global Offering and our available banking facilities maintained with our banks and financial institutions, our Directors are of the opinion that we have sufficient working capital for 125% of our present requirements, which is for at least the next 12 months from the date of this prospectus.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2012

The Directors believe that, on the bases as set out in "Appendix III — Loss Estimate for the year ended December 31, 2012" to this prospectus, our loss attributable to equity owners of the Company for the year ended December 31, 2012 is unlikely to be more than US$21 million. On a pro forma fully diluted basis and on the assumption that our Group had been listed since January 1, 2012 and a total of 11,766,084,428.58 Shares were issued and outstanding during the entire year (not taking into account of any Shares which may be issued upon exercise of the Over-allotment Option), the estimated loss per Share for 2012 is unlikely to be more than US$0.002.

DISTRIBUTABLE RESERVES

As of September 30, 2012, we did not have any distributable reserves.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets of our Group are prepared in accordance with Rule 4.29 of the Listing Rules for illustration purposes and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to equity holders of our Company as of September 30, 2012 as if the Global Offering had taken place on September 30, 2012. The unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of September 30, 2012 or at any future date.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of September 30, 2012[1]	Estimated net proceeds from the Global Offering[2],[5]	Unaudited pro forma net tangible assets attributable to equity holders of our Company	Unaudited pro forma adjusted net tangible assets per Share	
		(US$ in thousands)		(US$)[3]	(HK$)[5]
Based on an Offer Price of HK$1.52 per Share	364,637	332,939	697,576	0.06	0.46
Based on an Offer Price of HK$1.91 per Share	364,637	421,184	785,821	0.07	0.52

Notes:

(1) The audited consolidated net tangible assets attributable to the equity holders of the Company as of September 30, 2012 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as of September 30, 2012 of US$365,045,000 with an adjustment for the intangible assets as of September 30, 2012 of US$408,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$1.52 and HK$1.91 per Share after deduction of the underwriting fees and other related expenses payable by the Company which is subject to adjustment to be agreed by the Company, the Joint Bookrunners and other parties and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 11,766,084,428.58 Shares were in issue assuming that the Global Offering has been completed on September 30, 2012 but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the General Mandate to Issue New Shares or the General Mandate to Repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2012.

(5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in US dollars are converted into Hong Kong dollars at a rate of US$1.00 to HK$7.80. No representation is made that US dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, as of the date of this prospectus, there has been no material adverse change in our financial or trading condition or prospects since September 30, 2012, being the date of our latest audited financial results as set out in the "Accountant's Report" in the Appendix I to this prospectus.