OUR CONTROLLING SHAREHOLDERS

COH, our direct Controlling Shareholder, was incorporated in Hong Kong on July 18, 2007 as a limited liability company. COH is currently an investment holding company. As of the Latest Practicable Date, Chinalco, a Chinese state-owned enterprise, held 100% of the shares of COH.

Chinalco, through COH, indirectly held 100% of our issued share capital immediately prior to the Global Offering. Chinalco will indirectly hold approximately 85% of our issued share capital immediately upon completion of the Global Offering but before the exercise of the Over-allotment Option.

Chinalco is an investment management and holding company authorized by the State Council of the PRC. Chinalco's sole shareholder is the SASAC. Chinalco principally engages in the mining, smelting and processing of non-ferrous metals and related trading, engineering and technological services. It is currently the world's second largest alumina producer and the third largest primary aluminum producer. As of September 30, 2012, Chinalco's direct and indirect holdings include 48.17% of the shares in Yunnan Copper Co., Ltd, a company listed on the Shenzhen Stock Exchange, and 41.80% of the shares in Chalco, a company listed on the New York Stock Exchange, the Stock Exchange and the Shanghai Stock Exchange. Chalco, in turn, holds approximately 24% of the shares in JiaoZuo WanFang Aluminum Manufacturing Co., Ltd., a company listed on the Shenzhen Stock Exchange.

As of September 30, 2012, Chinalco had total assets of approximately RMB433.7 billion. In 2011, Chinalco produced approximately 430,700 tonnes of cathode copper and 3.92 million tonnes of electrolytic aluminum. Chinalco's revenues for 2009, 2010 and 2011 were approximately RMB135.6 billion, RMB195.4 billion and RMB231.7 billion, respectively.

The Chinalco Group principally operates within the PRC. As of the Latest Practicable Date, other than the Group, the subsidiaries and associates of Chinalco that engage in the exploration of copper and other non-ferrous metals outside of China include the following:

Yunnan Copper Group

As of September 30, 2012, Chinalco held 58% of the shares of Yunnan Copper Group. Yunnan Copper Group principally engages in the exploration, mining, smelting, processing and trading of copper and related engineering and technological services in China. As of December 31, 2011, Yunnan Copper Group had total assets of approximately RMB48 billion and net assets of approximately RMB16 billion. The total revenue of Yunnan Copper Group for the year ended December 31, 2011 was approximately RMB40 billion and its net profit was approximately RMB401 million for that period. The main suppliers of Yunnan Copper Group are producers of copper concentrates, blister copper, cold copper and the relevant raw materials. The main customers of Yunnan Copper Group are users of cathode copper and other by-products. There is no overlap between the board and senior management of Yunnan Copper Group and the Group.

As at the Latest Practicable Date, Yunnan Copper Group held 48.17% of the shares of Yunnan Copper Co., Ltd., which was consolidated in the accounts of Yunnan Copper Group as a subsidiary.

Yunnan Copper Co., Ltd. principally engages in the production, processing and sales of non-ferrous metals and precious metals, and mining and beneficiation of non-ferrous metals in China. As of September 30, 2012, Yunnan Copper Co., Ltd. had total assets of approximately RMB31 billion and net assets of approximately RMB8 billion. The total revenue of Yunnan Copper Co., Ltd. for the year ended December 31, 2011 was approximately RMB35 billion. The total profit and the profit from operations for that period were approximately RMB1 billion and RMB991 million respectively. The total revenue of Yunnan Copper Co., Ltd. for the nine months ended September 30, 2012 was approximately RMB30 billion. The net loss for that period was approximately RMB40 million. There is no overlap between the board and senior management of Yunnan Copper Co., Ltd. and the Group.

There is no material competition between the business of Yunnan Copper Group and Yunnan Copper Co., Ltd. in China and the core business of the Group. The Group specializes in the mining of copper and the processing of ore into concentrates containing copper and other minerals for subsequent sale to refineries, not end user customers. Although Yunnan Copper Group and Yunnan Copper Co., Ltd. also engage in mining activities, substantially all of the copper they mine is processed and refined in the refineries owned by Yunnan Copper Group and Yunnan Copper Co., Ltd. for subsequent sale to end-user customers. Further, China, as the largest copper consuming country in the world, is facing shortfalls in domestic supply and significantly relies on copper concentrate imports from its trading partners to meet demand.

Other than the investment in Yunnan Copper Australia set forth below, Yunnan Copper Group also engages in exploration activities in Laos through its unlisted subsidiaries Phongsaiy Mining and Uudomxay Mining[1].

Phongsaiy Mining, a subsidiary of Yunnan Copper Group, is currently engaged in the exploration of copper in Phongsaiy, Laos. As of June 30, 2012, Phongsaiy Mining had total assets of approximately RMB7.1 million and net assets of approximately RMB6.7 million. Phongsaiy Mining has not generated any revenue or profit. It has six employees. The directors and senior management of Phongsaiy Mining were appointed by Yunnan Copper Group and there is no overlap between the board and senior management of Phongsaiy Mining and the Group.

Uudomxay Mining, a subsidiary of Yunnan Copper Group, is currently engaged in the exploration of copper in Uudomxay, Laos. As of June 30, 2012, Uudomxay Mining had total assets of approximately RMB3.9 million and net assets of approximately RMB3.1 million. Uudomxay Mining has not generated any revenue or profit. The directors and senior management of Uudomxay Mining were appointed by Yunnan Copper Group and there is no overlap between the board and senior management of Uudomxay Mining and the Group.

Yunnan Copper Australia

As at the Latest Practicable Date, Yunnan Copper Group, through its Australian subsidiary, indirectly held approximately 21.25% of the shares of Yunnan Copper Australia. Yunnan Copper

1 As of the Latest Practicable Date, (i) both Phongsaiy Mining and Uudomxay Mining were wholly-owned subsidiaries of Yunnan Copper Sanmu Mining Co., Ltd (雲南三木礦業有限責任公司); (ii) the shares of Yunnan Copper Sanmu Mining Co., Ltd were held as to 65.62% by Yunnan Copper Group, 22.80% by Yunnan Copper Australia and 11.58% by Yunnan Mineral Resources Exploration and Mining Co., Ltd (雲南銅業礦產資源勘查開發有限公司); and (iii) Yunnan Mineral Resources Exploration and Mining Co., Ltd, in turn, was a wholly-owned subsidiary of Yunnan Copper Group.

Australia is listed on the Australian Stock Exchange and engages in the exploration for and the development of minerals in Australia and elsewhere. Its principal projects include the exploration of copper, gold and/or uranium in Australia, Chile and Laos.

As at June 30, 2012, Yunnan Copper Australia's total assets and net assets were approximately AUD17 million and AUD16.2 million respectively. The revenue of Yunnan Copper Australia for the year ended June 30, 2012 was approximately AUD287,979 and it did not generate any profit for that period. There is no overlap between the board and senior management of Yunnan Copper Australia and the Group.

Chinalco Resources

As at the Latest Practicable Date, Chinalco held 100% of the shares of Chinalco Resources. Chinalco Resources principally engages in the exploration of copper, coal and other mineral resources through investing in the relevant companies. As at the Latest Practicable Date, Chinalco Resources held 9.9% of the shares of Pembrook Mining, a preliminary exploration company, which primarily engages in the exploration of copper, gold, nickel and other metallic ore deposits in Peru, Mexico and Canada.

As of June 30, 2012, the net assets of Pembrook Mining amounted to approximately CAD70.6 million and it has not generated any revenue or profit. Pembrook Mining has around 50 employees and there is no overlap between the board and senior management of Pembrook Mining and the Group. As Chinalco indirectly holds less than 10% of the shares of Pembrook Mining, the interest in Pembrook Mining does not fall within the scope of Rule 8.10 of the Listing Rules.

Other than its interest in Pembrook Mining, Chinalco Resources does not hold any interest in any exploration or mineral companies which engages in the exploration or development of copper or other non-ferrous metals outside of China.

Chalco

As of September 30, 2012, Chinalco held 41.80% of the shares in Chalco. Chalco principally engages in the mining of bauxite, the production and sales of alumina, primary aluminum and aluminum fabrication products, the operation of coal and iron ore businesses in China as well as trading in other non-ferrous metal products and the development of the Simandou iron ore project in Guinea jointly with Rio Tinto plc. As of September 30, 2012, Chalco had total assets of approximately RMB180 billion and net assets of approximately RMB58 billion. The total revenue of Chalco for the year ended December 31, 2011 was approximately RMB146 billion. Its total profit and its profit from operations were approximately RMB818 million and RMB617 million respectively for that period. The total revenue of Chalco for the nine months ended September 30, 2012 was approximately RMB109 billion. Its total loss and its loss from operations were approximately RMB5.53 billion and RMB5.87 billion respectively for that period.

The Company believes that there is no competition between the copper mining business of the Company and the mining business of Chalco as they involve different mineral resources. As regards Chalco's trading of non-ferrous metal products, since the Company specializes in the mining of copper and processing of ore into copper concentrates and other minerals and does not engage in the trading of any mineral resources, the business of the Company and the trading business of Chalco constitute different lines of businesses. There is no competition between the mineral trading business of Chalco and the business of the Group.

Chinalco does not intend to inject the above exploration projects into the Group. The Group currently focuses on developing the Toromocho Project located in central Peru, 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 firm copper mining projects scheduled to commence production of copper concentrates from 2012 to 2016. The Toromocho Project is expected to commence production by the fourth quarter of 2013.

The exploration projects of Yunnan Copper Group, Yunnan Copper Australia and Chinalco Resources are at a preliminary stage with insufficient exploration activities to define mineral resources. The exploration projects are different in nature from the business that the Group currently focuses on, as currently they focus on exploration only, with no integral plans for exploitation or production.

There are different risks faced by exploration projects or trading businesses compared to the risks faced by the development of a pre-production copper project. In addition, exploration projects or trading businesses require a different skill set from those required in the development and operation of mineral resources. The Group has been operating as a separate business independent from the above exploration projects and trading business during the Track Record Period and it therefore would require a significant reorganization of the operations of the Group and the above exploration projects and trading business to achieve integration with the Group, which would not be justified given the lack of, or immaterial, competition between them.

Further, as Yunnan Copper Australia is listed on the Australia Stock Exchange and Chalco is listed on the New York Stock Exchange, the Stock Exchange and the Shanghai Stock Exchange, the divestment of the exploration projects of Yunnan Copper Australia or the trading business of Chalco may require the approval of the shareholders of Yunnan Copper Australia or Chalco — in Hong Kong this would constitute connected transactions. Such divestments may involve complicated procedures and would be difficult to complete in a cost effective or timely manner and may not be commercially viable given public shareholders' interests already existing in Yunnan Copper Australia and Chalco.

Based on the above, Chinalco has no intention to include the above exploration projects and trading business in our Group and the Company does not have an option to acquire the above exploration projects and trading business under the Non-Competition Undertaking as they are distinct from the core businesses of the Group.

OUR CURRENT BUSINESS AND THE BUSINESS OF CHINALCO

We believe that our current business operations either do not compete with or do not materially compete with the business of Chinalco based on the following reasons:

- Exploration and mining

We believe that there is no material competition between the above mentioned exploration activities outside China of the Chinalco Group and the business of the Group.

We have the exclusive rights to the defined mineral resources and reserves of the Toromocho Project and will develop the Toromocho Project in accordance with our business plans. As of the Latest Practicable Date, none of the copper mines owned by Chinalco or its other subsidiaries is located in Peru. Yunnan Copper Group's operations are principally in China, with exploration projects in Laos through Phongsaiy Mining and Uudomxay Mining and Yunnan Copper Australia's principal projects are situated in Australia, Chile and Laos. As the Toromocho Project and the mines of Chinalco are located in different geographical areas, our mining activities do not compete with those of the Chinalco Group for mineral and labor resources.

The size of the above copper mines outside the PRC owned by other members of the Chinalco Group is relatively insignificant as compared to the size of the Toromocho Project. The overseas exploration projects undertaken by Yunnan Copper Group, Yunnan Copper Australia and Chinalco Resources are currently at the exploration stage with insufficient exploration activities to define mineral resources. There are not yet any proven reserves at these projects nor is there any indication that there will be any significant resources at all. On the other hand the Group currently focuses on developing the Toromocho Project, with its proved and probable reserves estimated to contain approximately 7.3 million tonnes of copper, 290,000 tonnes of molybdenum and 10,500 tonnes of silver.

According to the Company's experience in the mining industry, it would normally take eight to ten years for an exploration project to move from the preliminary exploration stage into the production stage. Furthermore, the development of a copper mine with material resources would involve substantial capital expenditure in the range of billions of US dollars to reach a stage where it would be competing with the Company.

Considering (i) the above timing for the exploration projects to come into any production, and (ii) the uncertainty in (a) there being any reserves, (b) the ability to raise sufficient financing, and (c) the fact that the demand for copper has continued to outstrip supply in recent years and the global demand for copper is expected to grow in the next few years, the Company believes that Yunnan Copper Australia, Yunnan Copper Group and Chinalco Resources will not materially compete with the Company in the foreseeable future after the Listing.

- Processing, smelting and refining operations

We specialize in the mining of copper and the processing of ores into concentrates containing copper and other minerals for subsequent sale to smelters and refineries rather than end-user customers. We do not engage in any refining activities, whereas the Chinalco Group processes, smelts and refines raw materials supplied from its own mines or by third parties. Substantially all the copper mined by Yunnan Copper Group is processed and refined in refineries owned by Yunnan Copper Group for subsequent sale to end-user customers. Thus, we believe there is no competition between us and the Chinalco Group for processing, smelting and refining operations.

- Sale of products

Copper is a commodity product with a readily available market. Copper products are traded at prevailing international market prices determined by an open and ready market. The demand for copper has continued to outstrip supply in recent years and the global demand for copper is expected to grow in the next few years. Further, China, as the largest copper consuming country in the world, is facing shortfalls in domestic supply and significantly relies on copper concentrate imports from its trading partners to meet demand. Peru is the second largest copper concentrate supplier to China after Chile. The copper concentrates imported into China from Peru grew at a CAGR of 14.3% from 2006 to 2011, outpacing that of Chile at 2.5%. Furthermore, as mentioned in the above paragraph, the target customers of the Group are refineries, whereas Yunnan Copper Group sells to end-user customers. Therefore, we face little competition with the Chinalco Group in terms of sale of products.

- Competition with listed subsidiaries of the Chinalco Group

In addition to the reasons stated above, we believe that the Chinalco Group does not compete with us through its listed subsidiaries for the following reasons:

(i) the listed subsidiaries' business decisions are decided by their respective senior management and their boards of directors, which are independent of their respective controlling shareholders. The directors of such listed subsidiaries are required to act in the best interest of the respective shareholders with respect to the affairs of the company and to comply with the requirements of the respective rules of stock exchanges and to seek independent shareholders' approval, if required;

(ii) after the Listing, if the Company were to consider a proposal which had competing business implications for Chinalco, pursuant to the Articles of Association of the Company, the directors who have overlapping offices with Chinalco would abstain from voting at the board meeting convened for this purpose. Hence, all decisions in this respect would be made by the other directors of the Company, including the independent non-executive Directors. The Company believes similar corporate governance requirements apply to the listed subsidiaries of the Chinalco Group. Without the participation in decision making by Chinalco in either the Company or the listed subsidiaries of Chinalco in respect of a proposal which has competing business implications for Chinalco, the Company and the listed subsidiaries of Chinalco will be competing on a level-playing field as if they were independent parties to each other; and

(iii) as the listed subsidiaries are independent of their respective shareholders, the Chinalco Group is not able to control all business decisions of its listed subsidiaries simply by virtue of its shareholding in such listed subsidiaries, including decisions on whether or not to compete with us.

However, as the listed subsidiaries are not subject to the Non-competition Undertaking, they may conduct future expansion and may potentially compete with the Group.

We and the members of the Chinalco Group operate our respective mines independently from each other. We and other members of the Chinalco Group have our own respective exploration and mining rights. There is no significant overlap of directors and senior management between us and other members of the Chinalco Group. Accordingly, we have been conducting, and will, following the Listing, continue to conduct, our business independently of the business of other members of the Chinalco Group.

NON-COMPETITION UNDERTAKING

In order to maintain a clear delineation of our respective businesses going forward, Chinalco has provided a non-competition undertaking in favor of the Company (the "**Non-Competition Undertaking**") to the effect that:

(i) it will not, and will procure its subsidiaries (excluding the Group and the listed subsidiaries of Chinalco) will not, directly or indirectly, either on its own account or with each other or in conjunction with or on behalf of any person, firm or company, except through a member of our Group, among other things, carry on, participate in or be interested in or engage in, acquire or hold any business that competes with our core business in the regions in which we operate (the "**Restricted Business**"). For the purpose of the Non-Competition Undertaking, our core businesses are the exploration and mining of copper and other non-aluminum and non-ferrous metals outside of China.

The Non-Competition Undertaking does not apply to the following circumstances:

- engaging in the Restricted Business resulting from any business opportunity which is notified to the Company in accordance with paragraph (ii) below that the Company decides not to take up; or
- the holding of securities in a company whose shares are listed on a recognized stock exchange which is engaged in the Restricted Business, provided that:

(a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

(b) Chinalco and its associates (excluding the Group and the listed subsidiaries of Chinalco) do not directly or indirectly hold or control the voting rights in respect of 10% or more of the issued share capital of such company; or

(c) Chinalco and its associates (excluding the Group and the listed subsidiaries of Chinalco) do not directly or indirectly control the board of directors of such company.

If Chinalco becomes aware that any member of the Chinalco Group (excluding the listed subsidiaries of Chinalco) engages in the Restricted Business, Chinalco will notify the Company immediately and use commercially reasonable efforts to procure that the Company has the right to acquire the Restricted Business according to the procedure set out in paragraph (ii) below.

(ii) Right of first refusal for competing business opportunities on acquisition by the Chinalco Group

If the Chinalco Group (excluding the listed subsidiaries of Chinalco) becomes aware of a business opportunity which directly or indirectly competes, or may lead to competition, with the Restricted Business, Chinalco will notify the Company of such business opportunity immediately upon becoming aware of such opportunity. Chinalco is obligated to use its best efforts to procure that such opportunity is first offered to the Company on terms and conditions no less favorable than those offered to Chinalco and/or its relevant subsidiaries. Our independent non-executive Directors will consider whether the Company should take up the business opportunity. Within 30 days (or such other period as may be agreed between the parties if Shareholders' approval is required) after receiving the notice, our independent non-executive Directors will notify Chinalco in writing as to whether, and the extent to which, the Company will take up the opportunity. Chinalco or any of its subsidiaries may take up the opportunity or offer it to a third party to the extent that the Company decides not to take up such opportunity.

(iii) Call option over competing business acquired by the Chinalco Group

Chinalco has granted to the Company options to acquire at any time any business of the Chinalco Group (excluding the listed subsidiaries of Chinalco) resulting from any business opportunity referred to in paragraph (ii) above which has been offered to, but has not been taken up by, the Company. If the Company decides to exercise its option, the exercise price shall be determined based on a valuation conducted by an independent valuer appointed by the Company and Chinalco jointly and on negotiation between the Company and Chinalco in accordance with any applicable legal requirements and procedures.

(iv) Right of first refusal for competing business on disposal by the Chinalco Group

Chinalco has also granted to the Company a right of first refusal to acquire the interests referred to in paragraph (iii) above. Where the Chinalco Group (excluding the listed subsidiaries of Chinalco) proposes to dispose of such interests, it must first offer such interests to the Company on terms no less favorable than those offered to third parties. The offer must be made in writing, setting out full terms of the proposed disposal and any information which may be required by the Company in order to make a decision as to whether the Company wishes to exercise the right of first refusal. The Company's independent non-executive Directors will review the terms of the offer and consider whether the Company should or should not exercise the right of first refusal. Within 30 days after receiving the offer (or such other period as may be agreed between the parties if Shareholders' approval is required), the Company will notify Chinalco in writing as to whether it will exercise the right of first refusal to require the Chinalco Group (excluding the listed subsidiaries of Chinalco) to sell its interest to the Company. The Company will notify Chinalco if it decides not to exercise the right of first refusal, in which case the Chinalco Group (excluding the listed subsidiaries of Chinalco) may dispose of its interest to a third party, provided the terms must not be more favorable than those offered to the Company.

The Non-Competition Undertaking will remain effective until (a) Chinalco ceases to be a Controlling Shareholder of the Company; or (b) our Shares are no longer listed on the Stock Exchange.

The Company will fully disclose whether a business opportunity referred to in paragraph (ii) above is taken up or not taken up by the Company, the background of such business opportunity and the basis of acceptance or rejection either through the annual report or interim report or by way of announcement to the public.

The Company will adopt the following measures to manage any conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

(i) the Company's independent non-executive Directors will review, on an annual basis, Chinalco's compliance with the Non-Competition Undertaking;

(ii) Chinalco has undertaken to provide all information requested by the Company which is necessary for the annual review by the Company's independent non-executive Directors and the enforcement of the Non-Competition Undertaking;

(iii) the Company will disclose decisions on matters reviewed by its independent non-executive Directors relating to compliance and enforcement of the Non-Competition Undertaking in the annual reports of the Company; and

(iv) Chinalco will confirm compliance with its undertaking under the Non-Competition Undertaking in the annual reports of the Company.

To further enhance its support for the Company, Chinalco has provided an undertaking to the Company that the Group will act as Chinalco's core platform for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects overseas.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that our Company will be able to operate independently from our Controlling Shareholders and their associates:

Financial Independence

We have established an independent finance department with a team of independent financial staff, as well as a sound and independent audit system, a standardized financial and accounting system and a complete financial management system. We can make financial decisions independently and Chinalco does not intervene with our use of funds.

The following table presents the details of the financial assistance provided by Chinalco to our Group as of the Latest Practicable Date:

Date	Parties	Nature and amount of financial assistance	Duration	Key terms	Proposal/actual use of proceeds
December 1, 2010	Chinalco, Eximbank	Guarantee of a loan facility for the sum US$2.0 billion (Note 1)	Fifteen years	Unconditional guarantee of the facility	To invest in the Toromocho Project
September 30, 2011	COH, our Company	Shareholder loan for the sum of approximately US$243.4 million	Ten years	Interest at the rate of LIBOR +200 basis points per annum	Debt reorganization (Note 3)
October 16, 2012	Chinalco, China Development Bank	Guarantee of a loan facility for the sum of US$83 million (Note 2)	Eight years	Unconditional guarantee of the facility	Construction, maintenance and operation of additional projects
December 25, 2012	Chinalco, China Development Bank	Guarantee of a loan facility for the sum of US$35 million	Eight years	Unconditional guarantee of the facility	Construction, maintenance and operation of additional projects

Notes:
(1) As of September 30, 2012, the aggregate principal amount of drawdown under this facility was US$1.68 billion.
(2) As of September 30, 2012 there were no amounts outstanding under this facility.
(3) See "History, Reorganization and Group Structure — Reorganization — Assignment of receivables and amendment of debt terms."

With respect to the financial assistance provided by Chinalco to the Group as set forth in the table above, as of September 30, 2012,

- the total amount of the loan facilities guaranteed by Chinalco to the Group amounted to US$2.0 billion and the total amount of the drawdown by the Group was US$1.68 billion; and
- the total amount of loans provided by Chinalco to the Group amounted to approximately US$249 million.

Eximbank facility

In respect of the guarantee provided by Chinalco to our Group for the facility from Eximbank, for the reasons set out below either replacing the guarantee from Chinalco or refinancing the existing loan facility would be impractical and not in the best interests of the Company and its shareholders.

A replacement of the parent guarantee would constitute a major change of the existing loan facility, which would necessarily lead to re-negotiation of the existing facility agreement. Considering the size of the Toromocho Project, being the world's second largest pre-production copper project, as measured by proved and probable 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, and the amount of loan involved, it is expected that any due diligence and renegotiation of the loan facility agreement would take several months. The renegotiation could affect the drawdown of the existing loan facility, which would, in turn, adversely affect the normal operation of the Toromocho Project. In addition, the Group may incur substantial costs, such as the fees associated with the due diligence exercise and the legal fees, which would not be beneficial to the Company and its shareholders. The existing loan facility was granted by Eximbank originally in 2008. Given the prevailing economic climate and more cautious lending requirements from banks in general, if the Company were to renegotiate the terms of the facility agreement, the new terms would most likely to be less favorable than the existing ones.

If Chinalco Peru were to terminate the guarantee, it would give rise to early termination liabilities. In that case, according to the terms of the loan facility, Eximbank could cancel the unutilized loan and declare all outstanding loans to be immediately due and require Chinalco Peru to immediately repay all outstanding principal, interest on the loan and other sums payable, which will have a material adverse effect on the business operation of the Group. As of November 30, 2012, the total amount of drawdown by the Group was approximately US$1.80 billion. In order to repay the outstanding loan to Eximbank, Chinalco Peru would need to refinance the existing Eximbank loan facility with other loan facilities from another bank. By entering into new loan facilities, Chinalco would inevitably incur substantial costs and the costs of financing would most likely be much higher compared with the costs under current loan policies from another bank.

Based on the above, the Company considers that it is not commercially viable to replace the guarantee or refinance the existing loan facility as the Company would need to spend a considerable amount of time, effort and costs while the terms of any new facility agreement would most likely be less favorable compared to the existing loan facility.

Chinalco Peru has received a letter of undertaking from Eximbank in December 2012 for a loan facility amounting to an aggregate of US$419 million which is guaranteed by Chinalco. Chinalco Peru is continuing to negotiate with Eximbank and intends to enter into a facility agreement with Eximbank post-listing.

The Company has received indicative term sheets which is sufficient to cover the December 1, 2010 guarantee and the December 2012 letter of undertaking referred to above, on normal commercial terms without the guarantee or other financial support from Chinalco. The indicative term sheets already serve as testimony presented by independent third parties without reliance on the guarantee by the parent company.

China Development Bank facility

The Company has received a letter from China Development Bank estimating that, if the US$83 million loan facility guaranteed by Chinalco that it has provided (and the further China Development Bank loan facilities currently under negotiation) were not guaranteed by Chinalco, the interest rate would have been approximately 100 basis points higher than the interest rate with the Chinalco guarantee. This letter demonstrates our ability to obtain finance without Controlling

Shareholder support, albeit at a higher cost. Taking into account the higher cost, the Company has also entered into a facility agreement with China Development Bank on December 25, 2012 for a further US$35 million guaranteed by Chinalco.

The Company has received indicative term sheets from China Development Bank for loan facilities amounting to an aggregate of US$357 million (sufficient to cover the existing US$83 million and US$35 million loan facilities from China Development Bank and the US$239 million credit facility currently under negotiation) on normal commercial terms without the guarantee or other financial support from Chinalco. The indicative term sheets already serve as testimony protected by independent third parties without reliance on the guarantee by the parent company.

COH loan

It is expected that part of the shareholder loan provided by COH to the Group will be repaid by the Group using a portion of the net proceeds of the Global Offering. The Company has received indicative terms from independent third parties without reliance on the guarantee by the parent company and such indicative terms will be sufficient to cover the outstanding amount of the COH shareholder loan post-listing. See the section "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus for further information.

Currently, the Company is at the pre-production stage. As of September 30, 2012, the Company had incurred approximately US$2.0 billion of capital and operating expenditure for the development of the Toromocho Project. The Company is expected to incur total capital and operating expenditure for the development of the Toromocho Project in the amount of approximately US$3.5 billion. The Company plans to use existing cash, the undrawn portion of the Eximbank facility, the China Development Bank facility, part of the IPO proceeds and additional banking facilities we are negotiating to fund such capital investment for the commissioning and ramp-up of the Toromocho Project. Upon completion of the construction of the Toromocho Project by the end of 2013, the Company does not expect any significant capital investment during the production stage.

Since the completion of our acquisition of the Toromocho Project in May 2008, we have devoted substantial effort to developing the Toromocho Project to an advanced development stage and accomplished all its key milestones for pre-production mining. Barring unforeseen circumstances, the Toromocho Project is expected to commence production in the fourth quarter of 2013 and generate significant positive cash flow in 2014. According to the Competent Person's Report and based on its assumptions, in 2014 and 2015 it is expected that the Toromocho Project will generate over US$0.9 billion and US$1.1 billion net cash flow from operations, respectively, which in total exceeds the amount of the current loan facility guaranteed by Chinalco. Further, it is expected to generate over US$4.9 billion from operations in the first 5 years of production.

While we may still choose to obtain financing with guarantees or securities provided by Chinalco if the terms of such financing are in the best interest of our Shareholders, we believe that we are able to arrange and obtain new financings and extend existing financings from commercial banks on normal commercial terms without guarantees or security from Chinalco following the Listing. Thus, we believe we will not be financially dependent on Chinalco or its associates after the Listing.

Management Independence

Our board comprises three non-executive Directors, three executive Directors and four independent non-executive Directors. The non-executive Directors of the Company, namely Dr. Xiong Weiping ("**Dr. Xiong**"), Mr. Ren Xudong ("**Mr. Ren**") and Mr. Xie Weizhi ("**Mr. Xie**") also hold offices as directors and senior management within the Chinalco Group. Dr. Xiong is the general manager of Chinalco, the chairman and chief executive officer of Chalco, the chairman of COH and the chairman of Chinalco Finance Co., Ltd. Mr. Ren is the vice general manager of Chinalco and the director of Chinalco Finance Co., Ltd. Mr. Xie is the assistant to the general manager of Chinalco, an executive director and president of COH and an executive director of Chinalco Finance Co., Ltd. Other than as disclosed above, there is no overlapping senior management between the Company and the Chinalco Group. Dr. Xiong, our Chairman and a non-executive Director, is principally responsible for formulating our corporate and business strategies and making our major corporate and operational decisions. Mr. Ren and Mr. Xie, both non-executive Directors, are involved in our high level decision-making of important strategic and policy matters. Dr. Xiong, Mr. Ren and Mr. Xie are not involved in our day-to-day management. Upon listing, none of our current three executive Directors will serve as a director or hold any position within the Chinalco Group. As a result, they are able to devote their time fully to the management and operation of the Group.

Each of the Directors is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and avoids any conflict between his duties as a Director and his personal interest. In the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant Board meetings of the Company in respect of such transaction and shall not be counted in the quorum. In addition, the interested Director(s) will abstain from participating in the relevant Board meetings of the Company in respect of such transactions, unless specifically requested by the majority of the independent non-executive Directors. In the event that the overlapping Directors are required to abstain from attending our Board meetings, our Board can function effectively given the qualifications, expertise and experience of the executive Directors and independent non-executive Directors. See "Directors and Senior Management — Independent Non-executive Directors" for details of international mining experience of our independent non-executive Directors.

Based on the above, we consider that our Board will function independently from Chinalco and is capable of properly discharging its duties and acting in the best interests of our Shareholders as a whole.

Operational Independence

The operation of the business of our Group is carried out at its own mining and processing facilities, which are separate and distinct from those of the business of Chinalco. Our Company has an independent work force to carry out its mining business and has not shared its operations team with

Chinalco. Our senior management is experienced in the mining industry. We are thus capable of operating our mine and expanding our resource base independently of Chinalco.

Cooperation Agreement between Chinalco, Yunnan Copper Group and Yunnan SASAC

On October 30, 2007, Chinalco, Yunnan Copper Group (then a wholly-owned subsidiary of Yunnan SASAC) and Yunnan SASAC entered into the Yunnan Copper Group Strategic Cooperation and Share Subscription Agreement (the "**Cooperation Agreement**") in order to enhance the cooperation between Chinalco and Yunnan Copper Group and their competitiveness so as to achieve the sustainable development of both companies. Pursuant to the Cooperation Agreement, Chinalco agreed to acquire certain shares of Yunnan Copper Group from Yunnan SASAC and also subscribe new shares to be issued by Yunnan Copper Group. Upon completion of the Cooperation Agreement, Chinalco and Yunnan SASAC held 49% and 51% of the shares of Yunnan Copper Group, respectively. Yunnan SASAC transferred 17.4% of the shares of Yunnan Copper Group to Yunnan Industrial Investment Holding Group Co., Ltd. (雲南省工業投資控股集團有限責任公司) in 2008 and further transferred 2% and 7% of the shares of Yunnan Copper Group to Chinalco in 2010 and 2011. As of the Latest Practicable Date, Chinalco and Yunnan SASAC directly held 58% and 24.6% of the shares of Yunnan Copper Group, respectively.

Clause 3.9 of the Cooperation Agreement provides that, (i) Chinalco shall be entitled to the primary investment in the copper resources it acquired in China or overseas (including but not limited to the Toromocho Project); (ii) Yunnan Copper Group may invest in the above mentioned copper resources at its own option; (iii) Yunnan Copper Group may be involved in the construction and management of the Toromocho Project; and (iv) copper concentrates shall be first offered to Yunnan Copper Group in order to satisfy its production requirements at prevailing market prices (the "**Investment Arrangements**"). Thus, according to this clause, subject to Chinalco being the primary investor of Yunnan Copper Group, Yunnan Copper Group has the right to invest in the copper resources Chinalco acquired in China or overseas and to be involved in the construction and management of the Toromocho Project. To the best knowledge and information of the Company, Yunnan Copper Group has not indicated any intention to exercise such rights. In addition, if Yunnan Copper Group were to consider whether to exercise such rights, according to the articles of association of Yunnan Copper Group, Chinalco, being Yunnan Copper Group's majority shareholder holding more than one-third of its shares, can veto the relevant decision.

We believe that the Investment Arrangements under the Cooperation Agreement will not affect the management or operational independence of the Group due to the following reasons:

(i) the Cooperation Agreement was entered into between Chinalco, Yunnan Copper Group and Yunnan SASAC. As the Company is not a party to the Cooperation Agreement, the PRC counsel of the Company has confirmed that the Investment Arrangements cannot be enforced against the Company directly by Yunnan Copper Group and/or Yunnan SASAC;

(ii) any transaction between Yunnan Copper Group and the Group (including any construction agreement and supply agreement) will be subject to the same procedures of the Group (including the procurement procedures) as a transaction between a third party and the Group;

(iii) upon Listing, the operation of the Company will be subject to the requirements of the Listing Rules. Yunnan Copper Group, being a subsidiary of Chinalco, is a connected person of the Company. Any transaction between Yunnan Copper Group and the Group (including any construction agreement and supply agreement) will, upon Listing, constitute a connected transaction and shall be on normal commercial terms and comply with reporting, announcement and independent shareholder approval requirements under the Listing Rules. For any connected transaction that requires shareholders' approval, Chinalco will abstain from voting in favor of such transaction as required under the Listing Rules;

(iv) the procedure for the appointment of Directors has been set out in the Articles. Appointment of Directors needs to be approved by the Shareholders of the Company. The Board has power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board and any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Company has also set up a nomination committee with written terms of reference. The nomination committee will assess and review the skills, knowledge and experience of the directors at least annually and make recommendations to the Board on the appointment or re-appointment of Directors.

(v) we have adopted a system of corporate governance to avoid potential conflicts of interest. In particular, our Articles provide that, except in certain limited circumstances, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting. In the case of any transaction involving Yunnan Copper Group, the Directors with overlapping offices with Chinalco will abstain from voting thereon. In addition, the Directors with overlapping offices with Chinalco will abstain from participating in the relevant board meetings of the Company in respect of such transaction, unless specifically requested by the majority of the independent non-executive Directors; and

(vi) we have appointed Scott McKee Hand, Ronald Ashley Hall, Lai Yat Kwong Fred and Francisco Augusto Baertl Montori as our independent non-executive Directors. Our independent non-executive Directors account for more than one-third of the Board. Three out of the four independent non-executive Directors have substantial experience in the mining industry. We believe our independent non-executive Directors are of sufficient caliber and experience, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders.

Thus, despite the Investment Arrangements between Chinalco and Yunnan SASAC under the Cooperation Agreement, upon Listing, any transaction between the Group and Yunnan Copper Group shall be conducted in accordance with the requirements of the Listing Rules and the Group's internal corporate governance system.

If Yunnan Copper Group were to exercise its right under the Cooperation Agreement to invest in or manage the Toromocho Project, Chinalco would still have control over the mining assets as (i) the option granted to Yunnan Copper Group to invest in the Toromocho Project is subject to Chinalco being the primary investor in the Toromocho Project; and (ii) Yunnan Copper Group itself is a 58% owned subsidiary of Chinalco. If Yunnan Copper Group were to exercise its right to be involved in the construction of the Toromocho Project, the construction cost payable to Yunnan Copper Group would be similar to the construction costs charged by the third party contractors engaged by the Company. Further, if Yunnan Copper Group were to exercise its right to purchase copper concentrates from the Company, the purchase terms would be subject to mutual agreement after arm's-length negotiation with the Company with reference to prevailing prices and terms in the market.

The Company believes that the provision that copper concentrates shall be first offered to Yunnan Copper Group will not affect its operational independence as the demand for copper concentrates has continued to surpass supply in recent years and the global demand for copper is expected to grow in the next few years.

Further, Chinalco has given an undertaking to the Company that Chinalco undertakes to use available measures to procure that, in respect of the Toromocho Project, Yunnan Copper Group will not exercise the rights under the above mentioned Clause 3.9 of the Cooperation Agreement.

Jincheng Tongda & Neal, the Company's PRC counsel (the "**PRC Counsel**") has advised that:

(a) Chinalco's provision of the undertaking would not necessarily constitute a breach of the Cooperation Agreement because there are no contractual obligations under the Cooperation Agreement that would prevent Chinalco from providing the undertaking to the Company;

(b) the additional requirement for Yunnan Copper Group to obtain the Company's independent Shareholders' approval to exercise its rights under the Cooperation Agreement (if applicable) would not necessarily constitute a breach of the Cooperation Agreement by Chinalco for the following reasons:

  (i) there are no contractual obligations in the Cooperation Agreement that prevent Chinalco from reorganizing the Company through which the Toromocho Project is funded, constructed, and managed;

  (ii) there are no provisions in the Cooperation Agreement on how these rights are exercised. In this respect, it is the view of the PRC Counsel that the exercise of these rights by Yunnan Copper Group would be subject to the compliance of the corporate governance requirements of the Company by both Chinalco and Yunnan Copper Group at the time when such rights are exercised, if Yunnan Copper Group were to exercise these rights, which may include independent shareholder approval, if so required by the corporate governance documents of the Company then effective; and

(iii) the exercise of these rights by Yunnan Copper Group will be subject to the compliance with laws and regulations of the applicable jurisdictions by both Chinalco and Yunnan Copper Group at the time when the rights are exercised, if Yunnan Copper Group were to exercise these rights, which, it is of the view of the PRC Counsel that, should include the listing rules of the Stock Exchange and securities laws and regulations then effective.

The Company believes that it will continue to operate independently after Listing.