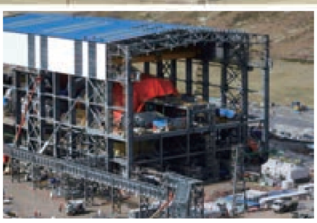
中鋁礦業國際

CHINALCO-CMC

CHINALCO MINING CORPORATION INTERNATIONAL

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: *3668*



INTERIM REPORT 2013

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Shovel


Primary Crusher


Overland Conveying

Company Profile

Chinalco Mining Corporation International (the "Company") is a resource development company acting as the core platform of Aluminum Corporation of China ("Chinalco") for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects outside China.

The Company was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law (2012 Revision) of the Cayman Islands. The Company's shares (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 January 2013 (the "Listing" or "Listing Date"). The Company is principally engaged in exploration, development and production of ore resources and other mining related activities.

Currently, the Company is focusing on developing a porphyry copper, potentially open pittable mineral deposit which is located in central Peru in the core of Morococha mining district (the "Toromocho Project"). Additional information about the Company is available on the Company's website at www.chinalco-cmc.com.

Semi-autogenous grinding mill

Pebbles Crushing & Reclaim Tunnel

Flotation Cell

Non-executive Directors
Xiong Weiping *(Chairman)*
Liu Caiming
Zhang Chengzhong

Executive Directors
Peng Huaisheng
Huang Shanfu
Liang Yunxing

Independent Non-executive Directors
Scott McKee Hand
Ronald Ashley Hall
Lai Yat Kwong Fred
Francisco Augusto Baertl Montori

Members of the Audit Committee
Lai Yat Kwong Fred *(chairman)*
Xiong Weiping *(member)*
Liu Caiming *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*

Members of the Remuneration Committee
Scott McKee Hand *(chairman)*
Xiong Weiping *(member)*
Zhang Chengzhong *(member)*
Ronald Ashley Hall *(member)*
Lai Yat Kwong Fred *(member)*

Members of the Nomination Committee
Xiong Weiping *(chairman)*
Zhang Chengzhong *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*
Lai Yat Kwong Fred *(member)*

Members of the Executive Committee
Xiong Weiping *(chairman)*
Liu Caiming *(member)*
Zhang Chengzhong *(member)*
Peng Huaisheng *(member)*
Huang Shanfu *(member)*
Liang Yunxing *(member)*

Members of the Technical Committee
Peng Huaisheng *(chairman)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*
Francisco Augusto Baertl Montori *(member)*
Huang Shanfu *(member)*
Liang Yunxing *(member)*
Ezio Martino Buselli Canepa *(member)*
David John Thomas *(member)*

Joint Company Secretaries
Du Qiang
Mok Ming Wai

Authorized Representatives
Peng Huaisheng
Lai Yat Kwong Fred

Alternate Authorized Representative
Mok Ming Wai

Registered Office
PO Box 309, Ugland House, Grand Cayman
KY1-1104, Cayman Islands

Headquarters
No. 62, Xi Zhi Men Bei Da Jie, Haidian District, Beijing, PRC

Place of Business in Hong Kong
8th Floor, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong

Website Address
www.chinalco-cmc.com

Corporate Information

Stock Code

3668

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Compliance Advisor

Somerley Limited

Legal Advisors

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

Principal Bankers

Banco de Crédito

The Group's summary of published results for the six-month periods ended 30 June 2013 and 30 June 2012 and its assets, liabilities and equity as at 30 June 2013 and 31 December 2012 is set forth as follows:

Results

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Other gain, net	**1,420**	876
General and administrative expenses	**(15,139)**	(12,819)
Finance income, net	**4,593**	127
Income tax benefit	**1,160**	2,806
Loss for the period	**(7,966)**	(9,010)
Other comprehensive loss, net of tax	**(4,564)**	—
Total comprehensive loss for the period	**(12,530)**	(9,010)
Basic loss per share for loss attributable to the equity holders during the period (expressed in US$ per share)	**(0.0007)**	(0.0009)

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2013.

Assets, Liabilities and Equity

	30 June 2013	31 December 2012
	US$'000	US$'000
	(Unaudited)	(Audited)
Non-current assets	**3,296,161**	2,768,504
Current assets	**317,365**	207,975
Non-current liabilities	**2,641,677**	2,221,719
Current liabilities	**224,704**	396,797
Total equity	**747,145**	357,963

Management Discussion and Analysis

This Management Discussion and Analysis is prepared as of 12 August 2013. It should be read in conjunction with the unaudited condensed consolidated interim financial information and notes thereto of the Group for the six-month period ended 30 June 2013.

The "Group" refers to the Company and its subsidiaries. "Chinalco Peru" refers to Minera Chinalco Peru S.A., a wholly-owned subsidiary of the Company. The "Prospectus" refers to the prospectus of the Company dated 18 January 2013 in respect of the global offering of its shares. The "PRC" or "China" refers to the People's Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. "Peru" refers to the Republic of Peru. "JORC" refers to Australasian Joint Ore Reserves Committee. The "Director(s)" refers to director(s) of the Company.

Business Review

The Company is 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 outside the PRC.

The Company has been focusing on developing the Toromocho Project, which is currently the Group's only mining asset. The Toromocho Project is expected to be the source of substantially all of the Company's revenue and cash flows for the foreseeable future. The Toromocho Project is currently not in production and is expected to commence production during the fourth quarter of 2013 and reach full production capacity in the third quarter of 2014.

The Company also aims to become a leading diversified-mineral resources company focusing on non-ferrous and non-aluminum mining projects outside China mainly by engaging in strategic and selective acquisitions, optimizing operation and production capacities and further exploring potential mineral reserves.

Information about the Toromocho Project

The Toromocho Project is located in central Peru at the core of the Morococha mining district. As disclosed in the Prospectus, the Toromocho Project will consist of an open pit mining operation with daily ore processing capacity estimated to reach approximately 117,200 tonnes and a strip ratio estimated to reach 0.79:1. The Group plans to employ a semi-autogenous grinding mill/ball mill/flotation processing plant that is standard for the industry, with a designed average daily production capacity of 1,838 tonnes of 26.5% copper concentrates over the 36-year life of the mill and a separate molybdenum hydrometallurgical plant with a designed average daily production capacity of 25.1 tonnes of molybdenum per day over the life of the mill. Based on the planned production capacities described above, the Toromocho Project has an estimated mine life of 32 years and an estimated production life of 36 years.

As stated in the Prospectus, Chinalco Peru filed a mining plan with a valid term of seven years with the Peruvian Ministry of Energy and Mines ("MEM") in January 2013. The Mining Plan Permit for the Toromocho Project (the "Permit") was granted by the MEM on 27 March 2013 for a seven year term. Chinalco Peru plans to commence production under the Permit and then apply for a further mining plan permit covering the full mine life.

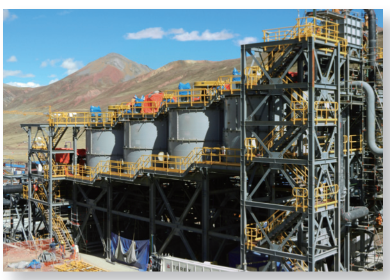
As disclosed in the Company's annual report for the year ended 31 December 2012, the Company engaged a technical consultant to conduct a feasibility study in respect of the optimisation and expansion of the Toromocho Project. The expansion feasibility study was completed and it was concluded that the capacity of the Toromocho Project could be increased by 45%, and that the proposed expansion of the Toromocho Project is technically and economically feasible and could be constructed and operated safely in an environmentally sound manner.

On 17 June 2013, the Company announced that the Board of Directors of the Company (the "Board") had approved the proposed expansion of the Toromocho Project (the "Proposed Expansion") in order to optimise and increase the capacity of the Toromocho Project, subject to any amendments and finalisation of details and any shareholders' approval as may be required under applicable law or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Subject to the finalisation and implementation of the Proposed Expansion as contained in its feasibility study, the Company expects the increased production resulting from the Proposed Expansion to commence in the third quarter of 2016. The life of the mine resulting from the Proposed Expansion is currently expected to be approximately 26 years.

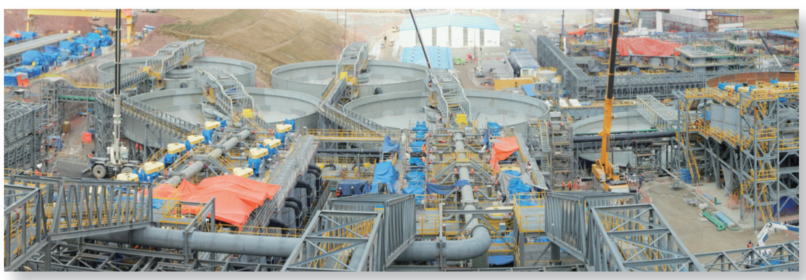
Reserves

According to CRU Strategies, the management consulting division of CRU Group, as disclosed in the Prospectus, 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 copper mining projects scheduled to commence production of copper concentrates from 2012 to 2016.

According to the technical report prepared by Behre Dolbear Asia Inc. dated November 2012 (the "Competent Person's Report") as disclosed in the Prospectus, 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.



Cleaning Flotation Cell



Flotation & Thickener Area

The following tables summarise the estimated ore reserves and mineral resources in respect of the Toromocho Project as at 30 June 2013.

JORC Ore Reserve Category	Tonnes (millions)	Grade: Copper (%)	Grade: Molybdenum (%)	Grade: Silver (grams/tonne)	Metal Content: Copper (million tonnes)	Metal Content: Molybdenum (tonnes)	Metal Content: Silver (tonnes)
Proved	756	0.51	0.02	6.39	3.9	150,000	4,800
Probable	784	0.434	0.018	7.31	3.4	140,000	5,700
Total	1,540	0.471	0.019	6.86	7.3	290,000	10,500

JORC Measured and Indicated Mineral Resources Category	Tonnes (millions)	Grade: Copper (%)	Grade: Molybdenum (%)	Grade: Silver (grams/tonne)	Metal Content: Copper (million tonnes)	Metal Content: Molybdenum (tonnes)	Metal Content: Silver (tonnes)
Measured	156	0.41	0.014	6.20	0.6	22,000	1,000
Indicated	364	0.36	0.012	6.06	1.3	44,000	2,200
Total	520	0.37	0.013	6.10	1.9	66,000	3,200

JORC Inferred Mineral Resources Category	Tonnes (millions)	Grade: Copper (%)	Grade: Molybdenum (%)	Grade: Silver (grams/tonne)	Metal Content: Copper (million tonnes)	Metal Content: Molybdenum (tonnes)	Metal Content: Silver (tonnes)
Inferred	174	0.460	0.015	11.54	0.8	26,000	2,000

Source: Independent Mining Consultants, Inc.

As of 12 August 2013, the Company believes there has been no material change to its resources and reserves since the Listing Date.

Mining Concessions and Superficial Land Rights

The Toromocho Project consists of a total of 67 key mining concessions, with registered superficial land rights covering 6,702.8 hectares. 66 of the 67 key mining concessions are wholly-owned by members of the Group, whereas one of the mining concessions is owned by Sociedad Minera de Responsabilidad Limitada Juanita de Huancayo ("Juanita"), in which the Group holds a 50% equity interest. Chinalco Peru has signed a memorandum of understanding with Volcan Compania Minera S.A. ("Volcan") to acquire Volcan's remaining 50% equity interest in Juanita. Upon completion of the above acquisition, Juanita will become a wholly-owned subsidiary of the Company.

The Group currently plans to prioritize the mining of the 38 key concessions covered by the Agreement of Guarantees and Measures to Promote Investment (Contrato de Garantías y Medidas de Promoción a la Inversión) entered into on 9 March 2009 between Chinalco Peru and the MEM.

Products

Upon commencement of production at the Toromocho Project, the Group's principal products will be copper concentrates (with silver content as credit) and molybdenum oxide as by-product.

Infrastructure

- **Central highway**

  Access to the Toromocho Project is by either the paved central highway or the central railway, both of which connect the Morococha mining district to Lima. The center of the Toromocho Project deposit is approximately 2.5 kilometers ("km") from the town of Morococha. Lima is approximately 142 km away from the Toromocho Project through the central highway.

- **Railway**

  A railway line from Callao port to the project is 172 km. Copper concentrates and molybdenum will be transported from the site to the port of Callao via the existing railway. The delivery of consumables such as diesel fuel, mill balls and reagents to the Toromocho Project site will also be by way of railway. Given that the annual transportation capacity of the existing railway is 4 million tonnes and that the current railway usage is approximately 1.5 million tonnes per annum, the remaining transportation capacity of the railway will be sufficient to deliver the products of the Toromocho Project to the Callao port.

- **Callao port**

  In September 2010, Chinalco Peru invested in the newly incorporated Transportadora Callao S.A. ("Transportadora Callao") and acquired 7% of the equity interest in Transportadora Callao. Transportadora Callao is authorized to operate a dock specially used for concentrates transportation. The dock has the capacity to process approximately 3 million tonnes of cargo per annum. The specialized dock will contain a conveyor belt to load the mineral concentrates onto ships from various points at the Callao port, including from the Cormin warehouse where the mineral concentrates from the Toromocho Project will be stored.

- **Water**

  The total water demand of the Toromocho Project for an average year is approximately 8.65 million cubic meters. Sufficient water for the operations at the Toromocho Project has been assured as a result of Chinalco Peru constructing the Kingsmill Tunnel water treatment plant for contaminated water, which was previously collected and discharged to a local river without treatment. The contaminated water from other mines in the vicinity is diverted to the water treatment plant where the tunnel discharge is treated to reduce acidity and metal content. The water treatment plant has been in operation since August 2010.

  The Kingsmill Tunnel is expected to provide sufficient water to support the operations at the Toromocho Project, with an estimated flow rate of approximately 3,500 cubic meters per hour, and the maximum designed feed rate of the water treatment plant is approximately 5,000 cubic meters per hour. The treated water will be pumped to the raw water pump station, and then to the raw water pond. The pond will be located in the concentrator area to provide the processed water for the concentrator and the firewater protection system.

Transfer

Warehouse

- **Power**

  The main power supply will be from Pomacocha with sufficient capacity to supply electric power to the Toromocho Project. Electric power will be supplied by an upgraded 220 kilovolt ("kV") substation in the Pomacocha sector. The route from the Pomacocha substation to the main substation at the Toromocho Project parallels the Rio Yauli Valley which is near the Toromocho Project. The Company has contracted with Edegel S.A.A., a power generation company, to maintain and supply all of the electric power from the Pomacocha substation needed by the Toromocho Project.

  The Toromocho Project's main substation consists of a 220 kV double bus arrangement that allows for primary selective redundancy and maintenance scheduling. The main transformers are 220 kV primary and 23 kV secondary sections. The overhead 23 kV supply is distributed from the main substation via seven main circuits in the primary selective scheme, and routed to concentrator, mine, primary crusher, the raw water pond and the Kingsmill water treatment plant, etc.

Development plan, future prospects and outlook

- **Development of the Toromocho Project**

  The Toromocho Project is approximately 90% completed. As of 12 August 2013, engineering, civil and concrete works have been fully completed, while mechanical and materials procurement, site construction, installation works and the tailing dam have been approximately 99%, 82%, 70% and 88% completed respectively.

  According to the accelerated schedule of the Toromocho Project, the target mechanical completion date for the Toromocho Project is 31 October 2013 and pre-commissioning has started from August 2013. The Toromocho Project will commence production before 15 December 2013.

  The Proposed Expansion will be carried out at the Toromocho mine which forms the basis of the Toromocho Project. The capacity of the Toromocho Project may be increased by 45% under the Proposed Expansion. The total capital expenditure for the Proposed Expansion is expected to be approximately US$1.32 billion. The Company does not expect to have any additional operating costs per tonne of copper produced in respect of the Proposed Expansion over and above that of the Toromocho Project. The construction of the Proposed Expansion is currently expected to be substantially completed by the second quarter of 2016. The Proposed Expansion is expected to be financed (i) from the Group's internal working capital, (ii) by the re-allocation of proceeds from the acquisitions of suitable non-ferrous and non-aluminum mining projects to the Proposed Expansion to the extent required, and (iii) debt financing (including but not limited to bank loans).

- **Mine**

  The Toromocho Project's mining plan was approved at the end of March 2013. The roads from the open pit to the primary crusher and to the main waste dump were completed at the end of June 2013. Also pre-stripping to the open pit has been deployed and is expected to be completed by the end of October 2013.

- **Construction**
  - **New City**

    The new city, with over 1,000 modern houses and public buildings, churches, schools, parks, playgrounds and infrastructure including water supply, sewage system and electricity supply etc. was completed in October 2012.

  - **Infrastructure**

    Infrastructure for the Toromocho Project, including (i) railway connection at Toromocho plant site; (ii) power supply system including 220 kV and 23 kV transmission lines; (iii) upgrading of Pomacocha substation; and (iv) water supply system including the Kingsmill water treatment plant and pipeline from the Kingsmill water treatment plant to the Toromocho plant site, has been carried out according to the general plan of the Toromocho Project. Specifically, Chinalco Peru has obtained the permit from Yauli and Pomacocha communities recently to build the 220 kV transmission line and the works will be completed by the end of September 2013. The 23 kV power lines from Toromocho to Kingsmill water treatment plant will be completed by the end of October of 2013. A one kilometer spur to connect the plant site to the existing railway line, six rail lines in the yard at the plant and a traveling bridge crank for loading and unloading have been constructed. Trial operation for the loading and unloading of the railway line has also been done successfully.

Morococha New City

Callao Port

- **Resettlement**

  Re-settlement of the affected residents in the Morococha old town has been carried out since November 2012, prior to which there were approximately 3,200 residents in the Morococha old town. More than 82% of the residents have moved to the new city as at 12 August 2013. According to the re-settlement plan, the remaining residents are expected to move to the new city prior to 2019, at which time it is expected that the Company's mining activities will reach the old town area in Morococha.

- **Preparation for operations**

  Chinalco Peru has commerced the hiring and training of people for the operation of the Toromocho Project since the fourth quarter of 2010.

  As of 31 July 2013, Chinalco Peru has hired 74 people for the processing plant (engineers and maintenance technicians). The hiring of another 102 engineers and technicians for the plant is already under way. The hiring program is expected to be completed by the end of 2013. In 2012 Chinalco Peru started a program called "Toroboys" in order to select people from the local community and train them into operators for the plant. This program started with 143 people, 92 of whom passed the training program successfully and will be hired by Chinalco Peru (commencing employment with the Company by the end of September 2013). 84 people will be the operators of the concentrator plant, while 8 people will work in the warehouses. The operators will participate in pre-commissioning.

  Chinalco Peru has already hired 333 people into its mining division as of 31 July 2013. Among them, 266 are operators and technicians who have been hired and trained in the company and the remaining 67 are engineers. Another group of approximately 100 operators and technicians will be hired by Chinalco Peru by the end of September 2013. Additionally, the process of hiring another 11 engineers is under way and it is expected to be completed by the end of September 2013.

Industry Review

The copper market was bearish during the six-month period ended 30 June 2013. Copper prices have come under pressure due to the potential slowdown in China (being the world's largest copper consumer), the sluggish recovery of the United States and Europe, the possibility that the United States Federal Reserve would taper quantitative easing, as well as the apparent exchange stocks surplus. The London Metal Exchange copper price hit a 12 month low in June 2013, which was a drop of 15% compared with the price of copper at the end of 2012. The market also witnessed a number of factors which contributed to global copper mine disruptions in 2013, such as severe weather conditions, lower than anticipated ore grades, labor strikes, slow ramp ups and delays. However, with hundreds of millions of dollars invested in this sector over last couple of years, supply is poised to increase faster than ever before despite the above disruptions in copper production. This will be likely to lead to a surplus of copper in the near term and pressure copper prices down to a marginal cost curve. On the other hand, costs of copper production are also increasing at a fast rate. Declined ore grades of copper, escalating costs of labor, fuel, power, as well as a sharp increase in capital expenditures required for new projects will result in new copper projects entering the top end of the cost curve resulting in a steeper gradient of the cost curve. Thus, it is expected that copper prices will receive marginal cost support and therefore downside to marginal cost will be limited.

In a long term view, the concurrent substantial pullback in capital expenditure in the mining sector particularly for long term projects is setting the sense for a price uplift. Project delays and cancellations are also expected to tighten the future supply demand balance. In terms of demand side, the prospect of China copper consumption remains a key factor which will support demand. Given the fact that the Chinese government will not tolerate a dramatic slowdown in its economy, the uncertainty of China's economy has eased, and the trends of underlying copper demand remain encouraging, which sets a scene for copper price uplifting in 2015–2016.

Silver prices have decreased by 35% in the first half of 2013 compared to silver prices at the end of 2012, and silver sank to its lowest price in June 2013 this year. When compared to copper, there is little to be positive about an uplift in silver prices for now. Demand for industrial silver as well as the use of silver as an inflation hedge has been weak for a while. In the meantime, continued oversupply of silver due to strong investments in past years have led to a surplus in silver. It is expected that the surplus of silver will persist in the near future.

Molybdenum prices weakened through 2012 to the first half of 2013 due to continued oversupply and weak demand from Europe and Japan. Although China continues to have a big demand for molybdenum, it is unlikely that the large surplus of existing molybdenum will be sold in the short term. In addition, the supply of molybdenum is still increasing from by-product mines, mostly copper mines. In the near term, a rally in molybdenum prices is unlikely.

Financial Review

- Revenue and cost of sales

  As the Group's operations are still in a development stage and have not commenced commercial production, no revenue was generated during the six-month period ended 30 June 2013 (30 June 2012: Nil).

- General and administrative expenses

  Administrative expenses increased 18.1% to approximately US$15,139,000 during the six-month period ended 30 June 2013, as compared to approximately US$12,819,000 for the corresponding prior period. The increase was mainly due to the increase in number of administrative staff during the six-month period ended 30 June 2013.

- Net finance costs

  The Group's net finance income increased from approximately US$127,000 for the six-month period ended 30 June 2012 to approximately US$4,593,000 for the six-month period ended 30 June 2013, primarily due to the increase of net foreign exchange gains.

- Loss before income tax

  As a result of the foregoing, the Group's loss before income tax decreased from approximately US$11,816,000 for the six-month period ended 30 June 2012 to approximately US$9,126,000 for the six-month period ended 30 June 2013.

- Income tax benefit
  The Group's income tax benefit was approximately US$1,160,000 for the six-month period ended 30 June 2013, and there was no material fluctuations compared to that of approximately US$2,806,000 for the six-month period ended 30 June 2012.

- Loss attributable to equity holders of the Company
  As a result of the foregoing, the loss attributable to the equity holders of the Company decreased from approximately US$9,010,000 for the six-month period ended 30 June 2012 to approximately US$7,966,000 for the six-month period ended 30 June 2013.

- Liquidity and financial resources
  The principal sources of cash have been borrowings from banks including the following:

  - US$2 billion facility and US$419 million credit facility from the Export-Import Bank of China ("Eximbank") (December 2010 and March 2013);

  - US$83 million, US$35 million and US$12 million credit facilities from China Development Bank ("CDB") (September and December 2012 and June 2013); and

  - CDB has issued a memorandum indicating its present commitment to lend an additional US$227 million.

  The borrowings from Eximbank and CDB all carry interest at a floating rate. As of 30 June 2013, the Group had cash and cash equivalents of approximately US$125,401,000. The Group uses bank and cash balances to finance working capital and part of its capital expenditure for its continuing growth and expansion plans. The Group determines the appropriate amount of cash to maintain on-hand by forecasting the Group's future working capital and capital expenditure needs. The Group also aims to maintain a certain level of extra cash to meet unexpected circumstances and to use in relation to business expansion opportunities as they arise.

- Operating activities
  Net cash used in operating activities for the six-month period ended 30 June 2013 was approximately US$40,389,000, which was primarily attributable to the increase in working capital. Since the Group has not commenced production at the Toromocho Project, the pre-production activities have not generated any positive operating cash flows.

- Investing activities
  Net cash used in investing activities in the six-month period ended 30 June 2013 was approximately US$709,660,000, which was primarily attributable to the Group's purchases of property, plant and equipment of approximately US$678,814,000, which the Group used for construction activities and purchase of fixed assets.

- Financing activities
  Net cash generated from financing activities in the six-month period ended 30 June 2013 was approximately US$733,781,000, which mainly represented the proceeds from the Group's loans with Eximbank of US$420 million and CDB of US$12 million, and the proceeds from the issuance of shares of US$403 million.

- Capital expenditure
  Set forth below is the Company's estimated total capital expenditure based on the Competent Person's Report and the expenditure incurred as of 30 June 2013:

	Competent Person's Report	**Costs incurred as of 30 June 2013**
	(US$ in millions)	
Mining	297.4	230.4
Process Plant and Infrastructure	1,839.5	1,837.5
Owner's Cost	626.2	439.2
Additional Projects	622.6	428.4
Subtotal	3,385.7	2,935.5
Contingency		
Mining	6.1	—
Process and Infrastructure	32.4	—
Owner's Cost	22.0	—
Subtotal	60.5	—
Working Capital	56.0	—
Total	3,502.2	2,935.5

The Company believes that the capital expenditure incurred as of 30 June 2013 is in line with the estimates disclosed in the Competent Person's Report.

As of 31 July 2013, the total capital expenditure incurred for the Toromocho Project was estimated to be approximately US$3,004 million.

If the Proposed Expansion is implemented, the total capital expenditure for the Proposed Expansion is expected to be approximately US$1.32 billion. The Company does not expect to have any additional operating costs per tonne of copper produced in respect of the Proposed Expansion over and above that of the Toromocho Project.

- Capital structure
  During the six-month period ended 30 June 2013, as the Toromocho Project was still at the development stage, its funding primarily came from the Company's shareholders in the forms of capital contribution, as well as bank loans.

- Gearing ratio

  The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. The gearing ratio of the Group as of 30 June 2013 is as follows:

	30 June 2013 US$'000	31 December 2012 US$'000
Total borrowings	**2,579,675**	2,250,739
Less: Cash and cash equivalent	**(125,401)**	(142,656)
Net debts	**2,454,274**	2,108,083
Total equity	**747,145**	357,963
Total capital	**3,201,419**	2,466,046
Gearing ratio	**77%**	85%

  The decrease in the gearing ratio as of 30 June 2013 resulted primarily from the increase of total equity.

- Employee and remuneration policy

  As of 30 June 2013, the Group had over 600 employees in total.

  The Group's remuneration policy is designed to attract, retain and motivate highly talented individuals, to ensure the capability of the Group's workforce to carry out the business strategy of the Company and to maximize shareholder wealth creation. Benefit schemes are maintained for employees as required by law in Peru and China.

- Foreign currency risk

  The Group mainly operates in Peru with most of its transactions, which are mainly related to the acquisition of services and loans received from related parties, denominated and settled in US dollars.

  Accordingly, the Group is exposed to foreign exchange risk that may arise from fluctuations in the New Peruvian Soles to US dollar exchange rate. The Directors estimate that the impact of any changes in the New Peruvian Soles to US dollar exchange rate will not have a significant impact on our financial condition and results. As a result, the Group does not maintain a hedging policy against the Group's foreign exchange risk. Although the Group maintains 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 US dollars in the short term that may cause a major impact on the Group's financial condition and results of operation.

During the six-month period ended 30 June 2013, the Group has not used any financial instrument to hedge its foreign exchange risk.

Considering our assets and scale of operation and the historical exchange rate between US dollars and New Peruvian Soles, the Company does not believe the impact to be material.

- Contingent liability
  The Group has contingent liabilities in respect of legal claims and administrative procedures arising in the ordinary course of business. However, the Group believes it has 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 six-month period ended 30 June 2013, the amount of provision made by the Group in respect of legal claims was US$4,061,000.

- Off-balance sheet arrangements
  The Group has not entered into, nor does it expect to enter into, any off-balance sheet arrangements. The Group also has not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, the Group has not entered into any derivative contracts that are indexed to its equity interests and classified as owners' equity. Furthermore, the Group does 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. The Group does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or that engages in leasing, hedging or research and development services with it.

Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Except as disclosed below, throughout the period from the Listing Date to 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Under code provision A.6.7 of the CG Code, all non-executive Directors are recommended to attend general meetings of the Company. All non-executive Directors of the Company (including independent non-executive Directors) attended the annual general meeting of the Company held on 27 June 2013 (the "AGM"), other than Dr. Xiong Weiping, Dr. Liu Caiming and Mr. Scott McKee Hand who were absent from the AGM due to pre-arranged business commitments.

Under provision E.1.2 of the CG Code, the chairman of the Board is recommended to attend annual general meetings of the Company. Dr. Xiong Weiping, being the chairman of the Board, was absent from the AGM due to a pre-arranged business commitment. Dr. Zhang Chengzhong was chosen as the chairman of the AGM.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the period from the Listing Date to 30 June 2013, they were in compliance with the required standard as set out in the Model Code.

Changes in membership of the Board and Board Committees

Changes in membership of the Board and Board Committees during the period from the Listing Date to 30 June 2013 and up to the date of this interim report are set out below:

Mr. Ren Xudong	Resigned as a non-executive Director and ceased to be a member of each of the Nomination Committee, the Remuneration Committee and the Executive Committee with effect from 1 May 2013
Mr. Xie Weizhi	Resigned as a non-executive Director and ceased to be a member of the Audit Committee with effect from 1 May 2013
Dr. Liu Caiming	Appointed as a non-executive Director and a member of each of the Audit Committee and the Executive Committee with effect from 1 May 2013
Dr. Zhang Chengzhong	Appointed as a non-executive Director and a member of each of the Nomination Committee, the Remuneration Committee and the Executive Committee with effect from 1 May 2013

Save as mentioned above, the composition of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Executive Committee and the Technical Committee of the Company remain the same as set out in the Company's annual report for the year ended 31 December 2012.

Changes to information in respect of Directors

Save as disclosed under the sub-section headed "Changes in membership of the Board and Board Committees" above, there is no other change of information of any Director that is required to be disclosed under Rule 13.51B(1) of the Listing Rules since the publication of the Company's annual report for the year ended 31 December 2012 and its list of Directors and their roles and functions dated 2 May 2013.

Interim Dividend

The Board does not recommend any interim dividend for the six-month period ended 30 June 2013.

Review of Financial Information

The Audit Committee has reviewed together with management and the Company's external auditor the unaudited condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2013. The Audit Committee has also reviewed the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

Purchase, Sale or Redemption of Listed Securities

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the period from the Listing Date to 30 June 2013.

Use of Net Proceeds from Listing

The net proceeds from the Listing (the "Proceeds") (including those Shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately US$394 million, which sum was originally intended to be applied in the manner disclosed in the Prospectus. As disclosed in the Prospectus, the Company intended to use approximately 30% of the Proceeds to pursue selective acquisitions of suitable non-ferrous and non-aluminum mining projects and development of such acquired projects. In light of the Company's decision to implement the Proposed Expansion (subject to any amendments and finalization of the details and the availability of funds) and due to the fact that there was no suitable acquisition that the Board had decided upon, the Board resolved on 17 June 2013 to re-allocate the above 30% of the Proceeds from the initial intended use for the acquisitions of suitable non-ferrous and non-aluminum mining projects to the Proposed Expansion. Details of the change in use of the Proceeds are set out in the Company's announcement dated 17 June 2013.

As at 12 August 2013, part of the Proceeds have been applied as follows:

(i) the Company repaid US$103 million of the borrowings from Aluminum Corporation of China Overseas Holdings Limited ("COH") on 28 February 2013;

(ii) the Group had disbursed approximately US$118 million for the development of the Toromocho Project; and

(iii) approximately US$40 million has been used for supporting the Group's working capital requirements.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2013, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests and short positions in the Shares, underlying Shares and debentures of the Company:

Long positions in the Shares and the underlying Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding
Ms. Liang Yunxing	Beneficial owner	100,000	0.000846%

(ii) Interests and short positions in the shares, underlying shares and debentures of associated corporations of the Company:

Long positions in the shares and underlying shares in Aluminum Corporation of China Limited

Name of Director	Capacity/ Nature of interest	Number of H shares held	Approximate percentage of shareholding
Ms. Liang Yunxing	Beneficial owner	10,000	0.000253%

Save as disclosed above, as at 30 June 2013, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate since the Listing Date.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2013, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding
Chinalco (Note)	Interest in a controlled corporation	10,001,171,428.58	84.63%
COH (Note)	Beneficial owner and other interest	10,001,171,428.58	84.63%

Note: COH is a wholly-owned subsidiary of Chinalco. By virtue of the SFO, Chinalco was deemed to be interested in the 10,001,171,428.58 Shares held by COH.

Other than as disclosed above, as at 30 June 2013, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Non-Competition Undertaking

Chinalco, as the indirect controlling shareholder of the Company, has provided a non-competition undertaking (the "Non-Competition Undertaking"), through which it has undertaken to the Company that it and its subsidiaries (other than its listed subsidiaries and members of the Group) will not, directly or indirectly, on their own account or with each other or in conjunction with or on behalf of any person, firm or company (except through a member of the Group), among other things, carry on, participate in or be interested in or engage in, acquire or hold any business that competes with the core business of the Group in the regions in which the Group operates.

The independent non-executive Directors of the Company, namely Mr. Scott McKee Hand, Mr. Ronald Ashley Hall, Mr. Lai Yat Kwong Fred and Mr. Francisco Augusto Baertl Montori (the "INEDs") have considered and reviewed a business opportunity (the "Business Opportunity") notified by Chinalco to the Company on 8 June 2013 pursuant to the Non-Competition Undertaking. The Business Opportunity was in relation to the acquisition of a copper/molybdenum project in South America, which would require further infrastructure construction and geological works to verify its current estimates of resources. Given that the project was still in its preliminary stage and was not expected to create any cash flow within the medium term, the Business Opportunity did not fit well with the Company's current development strategy. After due consideration, the INEDs decided that the Business Opportunity would not be taken up by the Company, such that the right of first refusal would not be exercised by the Company under the Non-Competition Undertaking.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF CHINALCO MINING CORPORATION INTERNATIONAL
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 26 to 48, which comprises the interim condensed consolidated statement of financial position of Chinalco Mining Corporation International (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related interim condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 August 2013

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Note	**30 June 2013 US$'000 (Unaudited)**	31 December 2012 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**3,091,166**	2,578,168
Intangible assets	6	**631**	399
Investment in a jointly controlled entity		**3,898**	3,513
Deferred income tax assets		**25,319**	22,175
VAT recoverable	7	**157,487**	143,298
Prepayments and other receivables	8	**3,047**	3,047
Restricted cash		**14,613**	17,904
		3,296,161	2,768,504
Current assets			
Inventories		**29,152**	19,424
Prepayments and other receivables	8	**43,202**	20,795
VAT recoverable	7	**16,886**	25,100
Cash and cash equivalents		**125,401**	142,656
Term deposits with initial terms of over three months		**102,724**	—
		317,365	207,975
Total assets		**3,613,526**	2,976,479
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital and share premium	9	**801,759**	400,047
Capital reserve		**16,521**	16,521
Currency translation differences		**(4,564)**	—
Accumulated deficit		**(66,571)**	(58,605)
Total equity		**747,145**	357,963

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Provision for remediation and restoration	10	**57,741**	69,675
Borrowings	11	**2,579,675**	2,147,712
Deferred income		**4,261**	4,332
		2,641,677	2,221,719
Current liabilities			
Accounts payable	12	**195,572**	267,300
Accruals and other payables		**26,756**	24,094
Amount due to immediate holding company		**2,376**	2,376
Borrowings	11	**—**	103,027
		224,704	396,797
Total liabilities		**2,866,381**	2,618,516
Total equity and liabilities		**3,613,526**	2,976,479
Net current assets/(liabilities)		**92,661**	(188,822)
Total assets less current liabilities		**3,388,822**	2,579,682

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013	2012
		US$'000	US$'000
		(Unaudited)	(Unaudited)
Revenue	13	**—**	—
Other gain, net		**1,420**	876
Operating costs			
General and administrative expenses	14	**(15,139)**	(12,819)
Operating loss		**(13,719)**	(11,943)
Finance income		**5,827**	1,063
Finance costs		**(1,234)**	(936)
Finance income, net		**4,593**	127
Loss before income tax		**(9,126)**	(11,816)
Income tax benefit	15	**1,160**	2,806
Loss for the period		**(7,966)**	(9,010)
Basic loss per share for loss attributable to the equity holders during the period (expressed in US$ per share)	16	**(0.0007)**	(0.0009)

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period	**(7,966)**	(9,010)
Other comprehensive loss, net of tax		
Currency translation differences	**(4,564)**	—
Total comprehensive loss for the period	**(12,530)**	(9,010)

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share capital US$'000 (Unaudited)	Capital reserve US$'000 (Unaudited)	Currency translation differences US$'000 (Unaudited)	Accumulated deficit US$'000 (Unaudited)	Total US$'000 (Unaudited)
Balance at 1 January 2012	47	416,521	—	(38,297)	378,271
Loss for the period	—	—	—	(9,010)	(9,010)
Transactions with owners					
Reclassification of capitalization of equity borrowings from immediate holding company	400,000	(400,000)	—	—	—
Balance at 30 June 2012	400,047	16,521	—	(47,307)	369,261
Balance at 1 January 2013	400,047	16,521	—	(58,605)	357,963
Loss for the period	**—**	**—**	**—**	**(7,966)**	**(7,966)**
Other comprehensive loss					
— Currency translation differences	**—**	**—**	**(4,564)**	**—**	**(4,564)**
Total comprehensive loss	**—**	**—**	**(4,564)**	**(7,966)**	**(12,530)**
Transactions with owners					
Issuance of shares	**401,712**	**—**	**—**	**—**	**401,712**
Balance at 30 June 2013	**801,759**	**16,521**	**(4,564)**	**(66,571)**	**747,145**

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(40,389)**	(28,182)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(678,814)**	(471,114)
Interest paid	**(32,050)**	(14,792)
Purchases of intangible assets	**(98)**	(113)
Investment in a jointly controlled entity	**(385)**	(1,534)
VAT refunds received	**101,498**	98,789
Interest received	**372**	392
Increase in term deposits with initial terms of over three months	**(102,724)**	—
Decrease/(increase) in restricted cash	**2,541**	(713)
Net cash used in investing activities	**(709,660)**	(389,085)
Cash flows from financing activities		
Proceeds from bank borrowings	**432,000**	540,000
Repayment of borrowings from immediate holding companies	**(100,000)**	—
Proceeds from the issuance of shares	**402,745**	—
Listing expense paid pertaining to the issuance of shares	**(964)**	(11)
Net cash generated from financing activities	**733,781**	539,989
Effects of exchange rates on cash and cash equivalents	**(987)**	—
Net (decrease)/increase in cash and cash equivalents	**(17,255)**	122,722
Cash and cash equivalents at beginning of the period	**142,656**	97,550
Cash and cash equivalents at end of the period	**125,401**	220,272

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

1. General Information

Chinalco Mining Corporation International (the "Company") was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its name was Peru Copper Syndicate, Ltd. on incorporation. On 30 September 2011, the Company's name was changed to Chinalco Mining Corporation International. The Company's registered office is PO Box 309 Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 January 2013.

The Company is a subsidiary of Aluminum Corporation of China Overseas Holdings Limited, a limited liability company incorporated in Hong Kong. The directors of the Company regard Aluminum Corporation of China ("Chinalco"), a state-owned enterprise established in the People's Republic of China (the "PRC") and administered by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, as its ultimate holding company.

The Company and its subsidiaries (together, the "Group") are principally engaged in exploration, development and production of ore resources and other mining related activities.

In May 2003, Minera Chinalco Peru S.A. ("MCP") was awarded by the Peruvian government a right to develop and extract ore resources in the district of Morococha, Yauli Province, the Republic of Peru ("Peru") through a public bidding process (the "Toromocho Project"). In June 2003, MCP signed an assignment agreement and by which MCP was entitled to exercise a purchase option of the mining concessions during a period which could be extended to June 2008. In May 2008, MCP exercised its right and signed with Activos Mineros (an entity incorporated by the Peruvian government), in the name of Peruvian Government, the Mining Concessions Transference Agreement of the Toromocho Project (the "Assignment Agreement"). Under the Assignment Agreement, Activos Mineros transferred to MCP the title of certain mining concessions, their surface property, buildings and water usage right pertaining to the Toromocho Project.

From August 2012 to February 2013, MCP entered into five binding off-take agreements with four cornerstone investors and one other party, pursuant to which MCP agree to sell an aggregate of 70% of the annual production of copper concentrates from Toromocho Project (excluding any project expansion) for a period of five years starting from the first official production of the Toromocho Project at a price determined by reference to certain benchmark market rates adjusted based on the grade of the copper concentrates, three of which will automatically continue for another five years subject to any amendment agreed between the parties to reflect market terms.

1. General Information *(Continued)*

As at the date that the unaudited condensed consolidated interim financial information was approved, the Group's operations were substantially limited to construction and start-up activities of the Toromocho Project. The Toromocho Project is in development stage and has not commenced commercial production.

The unaudited condensed consolidated interim financial information is presented in US dollar ("US$"), unless otherwise stated. It was approved for issue by the Company's Board of Directors on 12 August 2013.

The unaudited condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of Preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". It should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board.

3. Summary of Significant Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

3.1 Changes in Accounting Policy and Disclosures

(i) New and Amended Standards Adopted by the Group

The Group has adopted all applicable new and amended standards that were effective for the first time in 2013. The adoption of these new and amended standards did not have any material impact on the Group's unaudited condensed consolidated interim financial information.

- IFRS 10, "Consolidated financial statements". Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

- IFRS 11, "Joint arrangements" is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

- IAS 28 (revised 2011), "Associates and joint ventures" includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

3. Summary of Significant Accounting Policies *(Continued)*

3.1 Changes in Accounting Policy and Disclosures *(Continued)*

(ii) New Standards and Interpretations Not Yet Adopted

The following new standards and amendments to standards that are applicable to the Group's operations have been issued but were not effective for the financial year beginning 1 January 2013 and have not been adopted:

- IFRS 9 "Financial instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is in the process of making an assessment of the impact of this standard and does not anticipate the adoption will result in any material impact on the Group's operating results or financial position.

4. Estimates

The preparation of the unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. Financial Risk Management

5.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including: currency risks, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies since the 31 December 2012.

5. Financial Risk Management *(Continued)*

5.2 Liquidity Risk

Compared to 31 December 2012, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the additions of long-term borrowings amounted to US$432 million during the six months ended 30 June 2013. The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, which is generated primarily from operating and financing activities.

5.3 Fair Value Estimation

The Group discloses fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

During the period ended 30 June 2013, the Group has no financial instruments measured at fair value (2012: Nil).

6. Capital Expenditure

	Property, Plant and Equipment US$'000 (Unaudited)	Intangible Assets US$'000 (Unaudited)
Six months ended 30 June 2013		
Opening net book amount as at 1 January 2013	**2,578,168**	**399**
Additions	**519,517**	**98**
Depreciation/Amortization	**(6,168)**	**(202)**
Transfer in/(out)	**(336)**	**336**
Disposals	**(15)**	**—**
Closing net book amount as at 30 June 2013	**3,091,166**	**631**
Six months ended 30 June 2012		
Opening net book amount as at 1 January 2012	1,400,834	547
Additions	468,813	113
Depreciation/Amortization	(4,033)	(302)
Transfer in/(out)	(5)	5
Disposals	(12)	—
Closing net book amount as at 30 June 2012	1,865,597	363

7. VAT Recoverable

On 14 September 2010, by means of Supreme Decree No 060-2010-EM issued by the Peruvian Ministry of Energy and Mines ("MEM"), as countersigned by the Ministry of Economy and Finance, the Company is entitled to use the Special Regime of the Value Added Tax ("VAT") Anticipated Refunding (RERA IGV, the Spanish acronym), in adherence to Legislative Decree 973. Accordingly, qualified VAT paid on purchases can be used to set off tax payable to local sales, income taxes or any other taxes required by the Peruvian tax authorities or refunded in the form of negotiable credit notes or non-negotiable checks.

In order to qualify for the above entitlement under RERA IGV, the Group signed an investment agreement with respect to the Toromocho Project (the "Investment Agreement") on 16 June 2009 with MEM, which was modified under an addendum dated 27 July 2010. Pursuant to the Investment Agreement, the Group agreed to invest into the Toromocho Project amounting to US$2,053 million by the end of 2012. On 15 December 2011, the MEM, MCP further signed an addendum of the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, in order to extend the period of fulfillment of the committed investment until December 2013.

7. VAT Recoverable *(Continued)*

VAT recoverable represents the VAT credit entitled to the Group for VAT paid on the acquisition of goods and services related to its exploration and development activities, and is summarized as follows:

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
VAT recoverable:		
— to be recovered after more than 12 months	**157,487**	143,298
— to be recovered within 12 months	**16,886**	25,100
	174,373	168,398

8. Prepayments and Other Receivables

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Other receivables:		
Amounts due from related parties	**148**	144
Loan to a jointly controlled entity	**3,752**	2,100
Third parties	**26,238**	13,626
	30,138	15,870
Prepayments:		
Prepaid income tax	**3,676**	1,392
Advances to suppliers	**4,911**	3,937
Others	**7,524**	2,643
	16,111	7,972
Total prepayments and other receivables	**46,249**	23,842
Less: non-current portion	**(3,047)**	(3,047)
	43,202	20,795

8. Prepayments and Other Receivables *(Continued)*

Ageing analysis of other receivables at the respective balance sheet dates is as follows:

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Within 6 months	**22,938**	12,759
6 months to 1 year	**4,153**	64
1 to 2 years	**3,047**	3,047
Other receivables	**30,138**	15,870

9. Share Capital and Share Premium

The details of the ordinary share capital of the Company are as follows:

	Number of issued shares	**Ordinary shares** US$'000 (Unaudited)	**Share premium** US$'000 (Unaudited)	**Total** US$'000 (Unaudited)
At 1 January 2013	10,001,171,428.58	400,047	—	400,047
Issuance of new shares *(Note)*	1,816,611,000	72,664	329,048	401,712
At 30 June 2013	11,817,782,428.58	472,711	329,048	801,759
At 1 January 2012	1,171,428.58	47	—	47
Reclassification of capitalization of equity borrowings from immediate holding company *(Note)*	10,000,000,000	400,000	—	400,000
At 30 June 2012	10,001,171,428.58	400,047	—	400,047

Note:

The Company completed the listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 31 January 2013 and the over-allotment option was exercised on 22 February 2013. 1,764,913,000 and 51,698,000 shares were issued respectively at a par value of US$0.04 per share. The issue price of the Company's shares as at 31 January 2013 is HK dollar 1.75 per share.

In December 2011, the Company's immediate holding company agreed to capitalise equity borrowings amounting to US$400 million due by the Company for 10 billion new ordinary shares of the Company at US$0.04 per share. On 28 February 2012, the Company allotted and issued to its immediate holding company these 10 billion ordinary shares at US$0.04 per share.

10. Provision for Remediation and Restoration

Provision for remediation and restoration includes environmental remediation costs, assets retirements obligation and similar obligation in relation to the Group's development of the Toromocho Project. Movements of provision for remediation and restoration are as follows:

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
At beginning of the period	**69,675**	58,111
Decrease	**(12,875)**	(2)
Accretion expenses	**941**	777
At end of the period	**57,741**	58,886

Pursuant to the Assignment Agreement of the Toromocho Project (Note 1), the Group is responsible for the remediation of the alternations of the lands given for mineral exploitation, even if these damages were caused before the signing of the relevant concession agreements. In addition, the Group is also obliged to operate and maintenance certain facilities post-closure of the mines.

11. Borrowings

	30 June 2013	31 December 2012
	US$'000	US$'000
	(Unaudited)	(Audited)
Current		
Borrowings from immediate holding company	**—**	103,027
Non-current		
Bank borrowings	**2,429,964**	1,999,973
Borrowings from immediate holding company	**149,711**	147,739
	2,579,675	2,147,712
	2,579,675	2,250,739

11. Borrowings *(Continued)*

(a) Borrowings from Immediate Holding Company

During the periods ended 30 June 2013 and 2012, the Group's borrowings from its immediate holding company are as follows:

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
At beginning of the period	**250,766**	243,399
Interest charged	**2,440**	3,742
Repayment	**(103,495)**	—
At end of the period	**149,711**	247,141

(b) Bank Loans

As at 30 June 2013, bank loans are summarized as follows:

	30 June 2013		31 December 2012	
	Amount	**Effective interest rate**	Amount	Effective interest rate
	US$'000		US$'000	
	(Unaudited)		(Audited)	
The Export-import Bank of China ("Eximbank")	**1,982,943**	**2.26%**	1,881,973	2.51%
Eximbank	**317,021**	**3.91%**	—	Nil
China Development Bank	**130,000**	**3.91%**	118,000	4.03 %
	2,429,964		1,999,973	

During the periods ended 30 June 2013 and 2012, the movement in the borrowings from banks are analysed as follows:

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
At beginning of the period	**1,999,973**	860,000
Proceeds of new borrowings	**432,000**	540,000
Payments of commission fee	**(4,200)**	—
Amortization of commission fee	**2,191**	—
At end of the period	**2,429,964**	1,400,000

11. Borrowings *(Continued)*

(c) As at 30 June 2013 the borrowings were repayable as follows:

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Within 1 year	—	103,027
Between 1 and 2 years	126,090	—
Between 2 and 5 years	604,140	394,000
Over 5 years	1,849,445	1,753,712
	2,579,675	2,250,739
Wholly repayable within 5 years	—	103,027
Wholly repayable after 5 years	2,579,675	2,147,712
	2,579,675	2,250,739

(d) As at 30 June 2013, the Group has undrawn borrowing facilities amounting to US$99 million (2012: US$100 million) at floating rate and the facilities are expiring beyond one year from the balance sheet date. As at the date that the unaudited condensed consolidated interim financial information was approved, US$99 million has been drawn down in respect of the Eximbank facility in July 2013.

12. Accounts Payable

Aging analysis of accounts payable is as follows:

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Up to 3 months	155,452	261,593
3 to 6 months	36,438	5,707
6 months to 1 year	3,682	—
	195,572	267,300

13. Revenue

As the Group's operations are still under development stage and have not commenced commercial production, no revenue was generated during the six-month period ended 30 June 2013 (30 June 2012: Nil).

Management determines the operating segments based on the information reported to the Group's chief operating decision maker. As all of the Group's activities are engaged in the mining development and all the principal assets employed by the Group are located in Peru, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the results of the Group as a whole.

14. General and Administrative Expenses

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses		
— wages, salaries and allowance	**17,695**	12,062
— directors' emoluments	**140**	—
— pension scheme contribution	**2,608**	866
— others staff benefits	**3,590**	2,318
Less: staff cost capitalized into construction-in-progress	**(18,567)**	(11,729)
	5,466	3,517
Amortization and depreciation	**357**	419
Consulting and other service expenses	**2,939**	1,627
Listing expenses	**2,469**	3,970
Utilities	**987**	602
Office and other supplies	**714**	756
Advertising and promotion	**286**	159
Travel and transportation	**253**	175
Taxes other than income tax	**235**	161
Operating lease expense	**224**	555
Others	**1,209**	878
	15,139	12,819

15. Income Tax Benefit

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current income tax	**(2,003)**	(132)
Deferred income tax	**3,163**	2,938
	1,160	2,806

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiaries incorporated in Peru are subject to income tax at a rate of 30% during the six-month period ended 30 June 2013 (30 June 2012: 30%).

The income tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	Six months ended 30 June	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss before income tax	**(9,126)**	(11,816)
Tax benefit calculated at basic tax rates applicable in the respective countries	**2,738**	3,545
Expense not deductible	**(2,025)**	(1,384)
Others	**447**	645
Income tax benefit	**1,160**	2,806

16. Loss per share for loss attributable to the equity holders of the Company

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Loss attributable to equity holders of the Company (US$'000)	**(7,966)**	(9,010)
Weighted average number of ordinary shares in issue (thousands)	**11,508,695**	10,001,171
Basic loss per share (expressed in US$ per share)	**0.0007**	0.0009

(b) Diluted loss per share for the six months ended 30 June 2013 are the same as the basic losses per share as there are no dilutive potential shares (2012: Same).

17. Commitments and Contingencies

(a) Commitments

(i) Capital Commitments

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Property, plant and equipment	**14,290**	308,253

(ii) Operating Lease Commitments — where the Group is the Lessee:

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

	30 June 2013 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
No later than 1 year	**678**	658
Later than 1 year and no later than 5 years	**493**	719
	1,171	1,377

17. Commitments and Contingencies *(Continued)*

(a) Commitments *(Continued)*

(iii) Investment Commitments

(1) Pursuant to the Assignment Agreement (Note 1), as a consideration, the Group has committed to invest not less than US$1,507 million over a five-year term from May 2008. In the event that the Group failed to comply with this commitment, the Group is required to pay a penalty to Activos Mineros in an amount equivalent to 30% of the unpaid investments. In this connection, the Group has issued a letter of credit amounting to US$30 million in favour of Activos Mineros. This letter of credit will be renewed annually.

(2) Pursuant to the Investment Agreement in connection with the VAT recoverable entitlement (Note 7), the Group is committed to invest into the Toromocho Project amounting to US$2,053 million by the end of 2012. On 15 December 2011, the MEM, MCP further signed an addendum of the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, in order to extend the period of fulfilment of the committed investment until December 2013.

(b) Contingencies

In May 2010, the local government of Morococha issued an order to MCP to cease the construction work for the new town of Morococha for the purpose of relocating the local original residents in relation to the development of the Toromocha Project through an administrative resolution on the ground that the construction was started without a proper permit. In August 2011, MCP obtained from the provincial government of Yauli-La Oroya a preliminary relief which explicitly permits it to continue the construction. In August 2011, the district court ruled that the local municipal government of Morococha is a competent authority to issue the aforementioned order and that the evidence shows that the Company did not have a relevant permit at the time of such order. In September 2011, MCP filed an appeal with the court of appeal against the decision by the district court claiming that, among others, the competent authority to supervise this matter should be the provincial government of Yauli-La Oroya of Peru and that the local government of Morococha's resolution on this matter is invalid. In September 2012, the superior court issued a resolution declaring the appeal as inadmissible. MCP filed an appeal to the constitutional high court, which will be the final instance. On 11 March 2013, MCP presented their oral report before the constitutional high court and the final resolution is yet to be released.

As at the date that this unaudited condensed consolidated interim financial information was approved, the aforementioned appeal is in progress. After consideration of the opinion of an independent legal counsel, the directors of the Company are of the opinion that the claim is likely to be resolved in favour of the Company because the Company has obtained all necessary approvals, permits and consents for the construction of the new town of Morococha. Accordingly, no provision is considered necessary with respect to the aforementioned claim as at 30 June 2013.

18. Related Party Transactions

Other than the related party transactions disclosed elsewhere in this unaudited condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into, in the ordinary course of business, between the Group and its related parties during the period.

(a) Purchases of property, plant and equipment

During the period ended 30 June 2013, the Group purchased from a fellow subsidiary certain equipment amounting to US$0.01 million (30 June 2012: US$2.1 million), on prices and terms mutually agreed by the parties involved.

(b) Borrowings due to immediate holding company

During the period ended 30 June 2013, the Group has significant outstanding borrowings due to its immediate holding company, details of which are disclosed in Note 11.

(c) Financial guarantees by ultimate holding company

As at 30 June 2013 the Group's non-current borrowings amounting to US$2,430 million (2012: US$2,000 million) are guaranteed by Chinalco.

In addition, as at 30 June 2013, the Group's undrawn borrowing facilities amounting to US$99 million (2012: US$100 million), are guaranteed by Chinalco.

These guarantees will continue to be in place until the Group is able to replace or refinance the existing loan facility in a commercially justifiable manner.

(d) Key management compensation

	Six months ended 30 June	
	2013 US$'000 (Unaudited)	2012 US$'000 (Unaudited)
Salaries and other emoluments	**2,917**	2,889
Discretionary bonuses	**2,301**	2,032
Retirement benefits	**324**	—
	5,542	4,921

18. Related Party Transactions *(Continued)*

(e) Significant transactions with state-owned enterprises except Chinalco and its subsidiaries ("Other State-owned Enterprises")

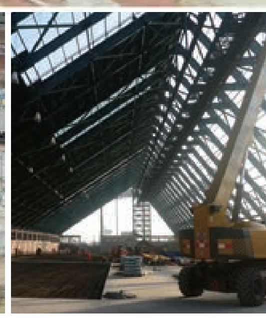
During the period ended 30 June 2013, significant transactions with Other State-owned Enterprises are as follows:

Cash and cash equivalents amounted to US$185,218,000 at 30 June 2013 (2012: US$1,015,000) and borrowings amounted to US$2,430 million at 30 June 2013 (2012: US$2,000 million), and the relevant interest income earned and expenses incurred during the periods ended 30 June 2012 and 2013 are transacted with banks owned/controlled by the PRC government.

The above transactions conducted with Other State-owned Enterprises are based on terms as set out in the underlying agreements as mutually agreed.

19. Event Occurring after the Reporting Period

Saved as disclosed elsewhere in the unaudited condensed consolidated interim financial information, no other reportable events or transactions take place after the balance sheet date.



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