The following is the text of a report in respect of the Project Company, prepared for the purpose of incorporation in this circular, received from the reporting accountant, Deloitte LLP.

30 June 2014

The Directors

MMG Limited

Dear Sirs,

We set out below our report on the financial information of Xstrata Las Bambas S.A. (the "Project Company") for the financial years ended 31 December 2013, 31 December 2012 and 31 December 2011 (the "Relevant Years") for inclusion in a circular ("The Circular") issued by MMG Limited ("MMG") dated 30 June 2014 in connection with, among others, the proposed acquisition of the entire issued share capital of Xstrata Peru S.A. (the "Target Company"), being the holding company of the Project Company.

On 13 April 2014, MMG and two of its subsidiaries (the "Purchasers") entered into a share purchase agreement with subsidiaries of Glencore (the "Sellers"), pursuant to which, among other things, the Sellers have conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire issued share capital of the Target Company.

The Project Company is a limited liability company and was incorporated in the city of Lima, Peru on 2 December 2010. The Project Company's economic activity consists of the exploration, development, exploitation, prospecting, rendering of services and all mining-related activities, in accordance with the General Mining and General Corporations laws, effective in Peru. The Project Company owns the Las Bambas Project which is currently in the development stage.

The financial statements of the Project Company for the financial year end 31 December 2013 were audited by Beltran, Gris y Associados S. Civil de R.L., a member firm of Deloitte Touche Tohmatsu Limited. The financial statements for the financial years ended 31 December 2012 and 31 December 2011 were audited by Medina, Zaldívar y Asociados S. Civil de R. Ltda., a member firm of Ernst & Young. The financial statements for the Relevant Years are collectively referred to as the "Underlying Financial Statements". These Underlying Financial Statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) ("IFRS") with the exception of the year ended 31 December 2011 which were prepared under Peruvian Generally Accepted Accounting Principles.

The "Financial Information" of the Project Company for the Relevant Years presented in this report has been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS).

For the purposes of this report, we have examined the Underlying Financial Statements and carried out procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants.

The financial information of the Project Company for the Relevant Periods as set out in this report has been prepared on a going concern basis from the Underlying Financial Statements with adjustments made for presentation of the financial information with consistent accounting policies and disclosures of MMG.

The Underlying Financial Statements are the responsibility of the directors of the Project Company who approved their issue. The directors of MMG are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion on the financial information of the Project Company and to report our opinion to you.

In our opinion, the financial information, for the purpose of this report and on the basis of presentation set out below, fairly presents the state of affairs of the Project Company as at 31 December 2013, 31 December 2012 and 31 December 2011 and of the results and cash flows of the Project Company for the Relevant Years.

BALANCE SHEET
AS AT 31 DECEMBER 2013, 2012 AND 2011

	Notes	**31/12/2013**	**31/12/2012**	**31/12/2011**
		US$000	*US$000*	*US$000*
Assets				
Non-current assets				
Property, plant and equipment	10	4,187,650	2,372,884	1,271,666
Deferred income tax asset		8	—	—
Other receivables	5	77,467	9,690	3,697
Total non- current assets		4,265,125	2,382,574	1,275,363
Current assets				
Inventories	8	1,941	2,304	136
Trade and other receivables	7	135,377	154,932	90,335
Receivables from related parties	6	—	25,537	—
Current income tax asset	9	16,377	5,538	—
Cash and cash equivalent	4	1,629	293	5,883
Total current assets		155,324	188,604	96,354
Total assets		4,420,449	2,571,178	1,371,717
Shareholder's equity				
Share capital	13	1,319,299	1,319,299	19,299
Retained earnings	13	165	183	183
Total shareholder's equity		1,319,464	1,319,482	19,482
Liabilities				
Non-current liabilities				
Loans with related parties	6	2,939,778	1,104,114	—
Provisions	12	3,071	7,250	—
Total non- current liabilities		2,942,849	1,111,364	—
Current liabilities				
Trade and other payables	11	146,546	118,334	29,471
Loans with related parties	6	—	—	94,833
Trade payables to related parties	6	10,005	11,354	1,219,882
Provisions	12	1,585	10,644	8,049
Total current liabilities		158,136	140,332	1,352,235
Total liabilities		3,100,985	1,251,696	1,352,235
Total shareholder's equity and liabilities		4,420,449	2,571,178	1,371,717

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 and 2011

	31/12/2013	**31/12/2012**	**31/12/2011**
	US$000	*US$000*	*US$000*
Other income	—	—	183
Finance costs	(26)	—	—
(Loss) profit before income tax	(26)	—	183
Deferred tax benefit	8	—	—
(Loss) profit for the year	(18)	—	183
Total comprehensive (loss) income for the year	(18)	—	183

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

	Share capital	Retained earnings	Total equity
	US$000	*US$000*	*US$000*
Balances at 1 January 2011	—	—	—
Issue of shares	19,299	—	19,299
Profit and total comprehensive income for the year	—	183	183
Balances at 31 December 2011	19,299	183	19,482
Issue of shares	1,300,000	—	1,300,000
Balances at 31 December 2012	1,319,299	183	1,319,482
Loss and total comprehensive loss for the year	—	(18)	(18)
Balances at 31 December 2013	1,319,299	165	1,319,464

CASH FLOW STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

	31/12/2013	31/12/2012	31/12/2011
	US$000	*US$000*	*US$000*
Cash flows from operating activities			
Increase in amounts owing by customers	(9,703)	(1,485)	(777)
Increase in advanced expenses	(1,955)	(5,900)	(58)
(Payments to) advances from suppliers	(11,460)	38,652	24,560
Advances from (payments to) related party suppliers	24,189	(37,662)	39,799
Decrease in provisions	(9,115)	(7,097)	(1,294)
Decrease (increase) in inventories	363	(2,168)	101
Payment of taxes	(8,676)	(5,538)	—
Net cash (used in) generated from operating activities	(16,357)	(21,198)	62,331
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,709,214)	(2,165,662)	(104,872)
Proceeds from (purchases of) other financial assets	100	(100)	—
Net cash used in investing activities	(1,709,114)	(2,165,762)	(104,872)
Cash flows from financing activities			
Proceeds from share issue	—	1,300,000	—
Proceeds from related party borrowings	1,955,000	987,000	56,078
Repayments of related party borrowings	(190,700)	—	(4,278)
Interest and financing costs paid to related parties	(37,493)	(105,630)	(3,377)
Net cash generated from financing activities	1,726,807	2,181,370	48,423
Net increase (decrease) in cash and cash equivalents	1,336	(5,590)	5,882
Cash and cash equivalents at 1 January	293	5,883	1
Cash and cash equivalents at 31 December	1,629	293	5,883

NOTES TO THE FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

INCORPORATION AND ECONOMIC ACTIVITY OF THE PROJECT COMPANY

(a) **Incorporation**

The Project Company, a mining company in pre-operational stage, is a public limited company incorporated in the city of Lima, Peru on 2 December 2010. The Project Company's main shareholder is Xstrata Peru S.A., (a Peruvian company and subsidiary of Glencore (a company incorporated in Jersey)), owner of 99.99% of its issued capital. The legal address of the Project Company is Pasaje Los Delfines 159, Santiago de Surco, Lima, Peru.

(b) **Economic activity**

The Project Company's economic activity consists of exploration, development, exploitation, prospecting, rendering of services and all mining-related activities, in accordance with the General Mining and General Corporations laws, effective in Peru. The Project Company owns the "Las Bambas Project" which is currently in the development stage.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (HKFRS)

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted.

The following standards and interpretations have been published for periods beginning after the date of presentation of this financial information. The Project Company has not early adopted these new standards and amendments to the standards and is in the process of assessing their impact on the Project Company's results and financial position:

Standard	**Effective for annual periods beginning on or after**
Amendments to HKFRS 10, HKFRS 12 and HKAS 27: Investment Entities	1 January 2014
Amendments to HKFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to HKAS 16 and HKAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to HKAS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to HKFRS 9 and HKFRS 7: Mandatory Effective Date of HKFRS 9 and Transition Disclosures	Available for application - the mandatory effective date to be determined once HKFRS 9 finalised
Amendments to HKAS 32: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to HKAS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Annual Improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011-2013 Cycle	1 July 2014
HKFRS 9: Financial Instruments	Available for application - the mandatory effective date to be determined once HKFRS 9 is finalised
HKFRS 14: Regulatory Deferral Accounts	1 January 2016
HK(IFRIC) — Int 21: Levies	1 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of this financial information is set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial information of the Project Company have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS), effective at 31 December 2013, which comprise Hong Kong Financial Reporting Standards (HKFRS), Hong Kong Accounting Standards (HKAS), and the Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). This financial information has been prepared on a going concern basis and under the historical cost convention. It is generally based on fair value of compensation given for asset exchange.

(b) Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial information requires the use of judgment in applying accounting policies and in making critical accounting estimates. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial information.

These estimates are reviewed on an ongoing basis. Changes in accounting estimates are prospectively recognised by recording the effects of changes in the corresponding income or loss accounts for the period in which the corresponding reviews are conducted.

The most important estimates and its uncertain sources related with the preparation of the Project Company's financial information refer to:

— **Exploration and development costs (note 2(i) and note 12)**

The application of the Project Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

— **Recovery of non-financial assets (note 2(o) and note 10)**

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use. These calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

— **Determination of ore reserves and resources (note 2(h) and note 10)**

Factors which could impact useful economic lives of assets and ore reserve estimates include:

— changes to proven and probable mineral reserves;

— the grade of mineral reserves varying significantly from time to time;

— differences between actual commodity prices and commodity price assumptions used in the estimation of mineral reserves;

— unforeseen operational issues at mine sites; and

— adverse changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates used to determine mineral reserves.

— **Provisions and contingencies (including asset retirement obligation) (note 2(j), 2(l) and note 12)**

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

The amount recognised as a provision, including tax, legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Project Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. These provisions may require settlement in future periods and as such may be materially impacted by the time value of money, the determination of the appropriate risk adjusted discount rate to reflect time value of money is a source of estimation uncertainty which could impact the carrying value of these provisions at the balance sheet date.

(c) **Functional and presentation currency**

The Project Company prepares and presents its financial information in US Dollars, which is the functional currency of the Project Company. The functional currency is the currency of the main economic environment in which an entity operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalised as part of the development cost.

(d) **Financial instruments**

Financial instruments are defined as contracts that give rise simultaneously to a financial asset in a company and a financial liability or equity instrument in another company.

Financial assets and liabilities are recognised initially at fair value plus transaction costs directly attributable to the acquisition or issue of financial assets and liabilities, except for those classified at fair value through profit or loss, which are initially recognised at fair value and whose transaction costs directly attributable to the acquisition or issue, are recognised immediately in profit or loss for the year.

Financial assets

Financial assets held by the Project Company are classified as loans and receivables. The Project Company does not hold financial assets at fair value through profit or loss, or investments held to maturity or financial assets available for sale.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), trade and other receivables are classified as current assets. If not, they are presented as non-current assets.

Other receivables with fixed or determinable payments, not negotiated in an active market, are classified as loans and receivables items. These items are initially recorded at the fair value and subsequently, at amortised cost less any impairment loss. Interest income is recognised by using the effective interest rate, with the exception of those short-term receivables in which the recognition is not considered significant.

Financial liabilities

Financial liabilities within the scope of HKAS 39: Financial Instruments Recognition and Measurement are classified, as it may correspond, as: financial liabilities at fair value through profit and loss and other financial liabilities.

All financial liabilities are initially recognised at fair value, except loans where they are initially recognised at fair value of cash received, less costs directly attributable to the transaction.

Financial liabilities of the Project Company include trade accounts payable, accounts payable to related entities and other accounts payable, which are initially recognised at their fair value and subsequently valued at their amortised cost. Amortised cost incorporates costs directly attributable to the transaction.

(e) **Cash and cash equivalents**

Cash and cash equivalents includes cash-in-hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(f) **Inventories**

Inventories comprise stores and consumables stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and applicable variable selling expenses.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

(g) **Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts are carried as property, plant and equipment when the Project Company expects to use them during more than one period or when they can be used only in connection with an item of property, plant and equipment.

Mine property and development assets include the costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and also include the subsequent costs to develop the mine to the production phase.

Depreciation and amortisation

Amortisation of mine property and development assets and depreciation of assets within the mining and processing streams of property, plant and equipment are calculated on the basis of units of production unless their useful life is less than that of the mine. Amortisation of mine, property and development assets is based on assessments of developed proven and probable ore reserves and a proportion of mineral resources available to be mined by the current production equipment to the extent that such resources are considered to be economically recoverable. Mineral Resources and Ore Reserves estimates are reviewed annually. The amortisation of mine, property and development assets commences when the mine commences commercial production. The depreciation of plant and equipment are capitalised in development costs prior to the mine commencing commercial production.

Depreciation is calculated on a straight-line based on the following estimated useful lives:

	Years
Buildings and other constructions	20
Machinery and equipment	5
Vehicles	4
Furniture and fixtures and sundry equipment	10
Mineral assets	Life Of Mine

(h) **Overburden and waste removal**

Overburden and other waste removal costs incurred in the development of a mine before production commences are capitalised as part of the construction of the mine as mine property and development assets. These costs include the direct costs and an allocation of relevant overhead expenditure. These costs are subsequently amortised over the life of mine on a units of production basis upon commencement of commercial production.

(i) **Mine rehabilitation, restoration and dismantling obligations**

Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the construction of the mine and related property, plant and equipment up to reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value on expected future cash flows. Changes in estimates are dealt with on a prospective basis.

Uncertainty exists as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated costs arising with 12 months) and non-current components, based on expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date, the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation, restoration cash flows are a normal occurrence in light of the significant judgments and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the Project Company), other than the unwinding of the discount, which is recognised as a finance cost in the income statement, except when the related mining assets is being constructed whereby the finance costs are capitalised in the mine property and development assets.

(j) **Financing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) **Provisions and contingent liabilities**

Provisions are recognised when the Project Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks of the specific obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are possible obligations that arise for past events and whose existence will only be confirmed by the occurrence of one or more future events not wholly within the control of the Project Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

(l) **Employee's benefits**

Employee entitlements to annual leave and profit sharing and bonuses paid within twelve months after the balance sheet date are recognised when they are accrued by the employees. A provision is made for the estimated liability for annual leave, profit sharing and bonuses as a result of the services rendered by the employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(m) **Income tax**

Current income tax

The tax expense recognised for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the places where the Project Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

(n) **Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non—-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3. FINANCIAL RISKS AND INSTRUMENTS

Categories of financial instruments

	31/12/2013	31/12/2012	31/12/2011
	US$000	*US$000*	*US$000*
Assets:			
Trade and other receivables (note 7)	133,350	154,860	90,271
Other receivables (note 5)	67,877	100	—
Receivables from related parties	—	25,537	—
Cash and cash equivalent	1,629	293	5,883
	202,856	180,790	96,154
Liabilities:			
Trade and other payables	(146,546)	(118,334)	(29,471)
Loans and payables with related parties	(2,949,783)	(1,115,468)	(1,314,715)
	(3,096,329)	(1,233,802)	(1,344,186)

Financial risks

The Project Company is constantly exposed to market, credit and liquidity risks originated from exchange rate, price and interest rate variation. These risks are managed through specific policies and procedures established by the Finance Management. Finance Management is in charge of risk administration; which identifies, evaluates and hedges financial risks.

(a) **Market risks**

(i) ***Exchange rate risk***

The exchange rate risk arises mainly from the balances of cash and cash equivalent, trade accounts payable, employees' benefits and other receivables and liability transactions originated in Peruvian nuevos soles. Management has accepted the risk derived from its net liability position in foreign currency, and has not contracted any derivative instruments for hedging as of 31 December 2013, 2012 or 2011.

During the year ended 31 December 2013, the Project Company generated income from exchange difference of US$5,759 thousand (2012: US$4,047 thousand and 2011: US$173 thousand) which was capitalised in property, plant and equipment.

Balances of financial assets and liabilities at the end of each reporting period, denominated in foreign currency correspond to balances in Peruvian nuevos soles, are expressed in US dollars at supply and demand exchange rate published by the Superintendencia De Banca Seguros (SBS) effective at that dates, which were 2013: US$0.268 for sale and purchase (2012: US$0.392 and 2011: US$0.358) for S/.1.00.

The Project Company had the following assets and liabilities in foreign currency (Peruvian nuevos soles (S/.)):

	31/12/2013	**31/12/2012**	**31/12/2011**
	S/.000	*S/.000*	*S/.000*
Assets:			
Cash and cash equivalent	3,882	267	3,110
Trade and other receivables	34,263	732	336
Total	38,145	999	3,446

	31/12/2013	**31/12/2012**	**31/12/2011**
	S/.000	*S/.000*	*S/.000*
Liabilities:			
Trade and other payables	(176,035)	(67,023)	(5,401)
Trade payables to related parties	(32)	(9,063)	(3,473)
Provisions	(3,559)	(505)	(107)
Total	(179,626)	(76,591)	(8,981)
Net liability position	(141,481)	(75,592)	(5,535)

Management of the Project Company considers 10% and 5% sensitivity rate in exchange risk assessment as reasonable. Presented below, sensitivity analysis assuming a revaluation/devaluation of the Peruvian nuevos soles equivalents to the aforementioned rate, exclusively on monetary assets and liabilities balances reflected before.

Sensitivity analysis	**Variation in exchange rates**	**Effect on capitalization of Exchange difference**		
		31/12/2013	**31/12/2012**	**31/12/2011**
	%	*US$000*	*US$000*	*US$000*
Devaluation				
Nuevos Soles	(5)	(2,663)	(1,411)	(94)
Nuevos Soles	(10)	(5,621)	(2,694)	(220)
Revaluation				
Nuevos Soles	5	2,663	1,411	94
Nuevos Soles	10	5,621	2,694	220

(ii) ***Interest rate risk***

Interest rate risk arises from the possibility that the fair value of future cash flows of a financial instrument vary due to changes in market interest rates. The Project Company manages its interest rate risk through financing from related parties and capital contributions.

Management considers that future fluctuations in interest rates shall not significantly affect results of future operations of the Project Company.

Presented below, is a sensitivity analysis of capitalised interests due to possible effect of changes in interest rates in financial expenses of the periods, assuming that financial liabilities as of 31 December 2013, 2012 and 2011 will be renewed at their period-end and be maintained:

Changes in basic points	**Effect on capitalization of interest**		
	31/12/2013	**31/12/2012**	**31/12/2011**
	US$000	*US$000*	*US$000*
+(-) 100	+(-) 28,457	+(-) 10,814	+(-) 13,028
+(-) 200	+(-) 56,915	+(-) 21,629	+(-) 26,057

(b) **Credit risk**

Credit risk comprises the risk of a counterparty being unable to pay total amounts at their maturity, and not being able to settle third parties in transactions of cash and cash equivalent, which is limited to balances deposited in banks and financial institution as of the reporting date. In order to manage this risk, the Project Company has a defined treasury policy, which solely permits to deposit excess funds in high credit rated institutions by establishing conservative credit policies and through periodic assessments of the market conditions where it carries out its activities. As a result, the Project Company does not expect to incur in potential losses regarding balances that involve credit risk.

Credit risk is limited to financial assets as of the reporting dates, which mainly consists in cash and cash equivalent, accounts receivable from related entities and other accounts receivable. The Project Company does not use derivative instruments to manage these credit risks.

(c) **Liquidity risk**

Liquidity risk arises from the possibility that cash may not be available to pay obligations at their maturity date. The Project Company manages liquidity risk by monitoring cash flows and maturities of their financial assets and liabilities.

The Project Company is developing the Las Bambas Project and obtains funds through financing from its related parties. Additionally, the Project Company currently has the option to obtain funds from financial institutions if required to comply with contractual obligations.

The table below presents maturities of financial liabilities as of 31 December 2013, 2012 and 2011:

	On demand	Maturing in less than 3 months	Maturing in 3 to 12 months	Maturing in 1 to 5 years	Total
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
As at 31 December 2013					
Trade and other payables	41,997	54,124	50,425	—	146,546
Loans and payables with related parties	104	—	9,901	2,939,778	2,949,783
	42,101	54,124	60,326	2,939,778	3,096,329
As at 31 December 2012					
Trade and other payables	82,484	17,499	18,351	—	118,334
Loans and payables with related parties	3,553	661	7,140	1,104,114	1,115,468
	86,037	18,160	25,491	1,104,114	1,233,802
As at 31 December 2011					
Trade and other payables	390	27,769	1,312	—	29,471
Loans and payables with related parties	10,883	1,292,565	11,267	—	1,314,715
	11,273	1,320,334	12,579	—	1,344,186

(d) **Capital risk**

The objective is to safeguard the ability of the Project Company to continue as a going concern in order to provide returns for shareholders and benefits to interest groups and maintain an optimum structure that allows reducing capital cost.

The Project Company manages its capital structure and performs adjustments to face changes in economic conditions of the market. In order to maintain or adjust the capital structure, the Project Company may adjust the payment of dividends to shareholders, return capital to them or issue new shares.

The Project Company has no liabilities with financial institutions.

(e) **Fair value of financial instruments**

Management considers that the carrying amounts of financial instruments of the Project Company (current assets and liabilities) as of 31 December 2013, 2012 and 2011 do not differ significantly from their fair value due to their short-term maturity.

Fair values of financial assets and liabilities held by the Project Company have been determined as follows:

Fair values of assets and liabilities with standard terms and conditions, and those traded in an active market such as the investments in equity instruments available for sale, have been determined by reference to quoted market prices (Level 1).

Fair value of derivative instruments have been calculated using current market transactions observable for the same instrument, or based in a valuation technique which variables only include data from observable markets (Level 2).

Fair value of other financial assets and liabilities are determined in conformity with widely accepted price models upon the analysis basis of discounted cash flows (Level 3).

Management believes that the carrying value of debt is similar to its fair value, because the debt accrues interest to rate similar to the market rate.

	31/12/2013		**31/12/2012**		**31/12/2011**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	US$000	*US$000*	*US$000*	*US$000*	*US$000*	*US$000*
Financial assets:						
Cash and cash equivalent	1,629	1,629	293	293	5,883	5,883
Receivables from related parties	—	—	25,537	25,537	—	—
Trade and other receivables	133,350	133,350	154,860	154,860	90,271	90,271
Other receivables	67,877	67,877	100	100	—	—
Financial liabilities:						
Trade and other payables	146,546	146,546	118,334	118,334	29,471	29,471
Loans and payables with related parties	2,949,783	2,949,783	1,115,468	1,115,468	1,314,715	1,314,715

4. CASH AND CASH EQUIVALENT

	31/12/2013	**31/12/2012**	**31/12/2011**
	US$000	*US$000*	*US$000*
Cash (a)	556	293	974
Time deposits (b)	1,073	—	4,909
Total	1,629	293	5,883

(a) Cash accounts are denominated in Peruvian nuevos soles and U.S. dollars, are held in local and foreign banks, are freely available and generate interest at market rates.

(b) Time deposits are held in a local bank in Peruvian nuevos soles, with original maturities less than three months and bears interests at market rates.

5. OTHER RECEIVABLES

	31/12/2013	31/12/2012	31/12/2011
	US$000	*US$000*	*US$000*
Value added tax credit	67,877	—	—
Other	—	100	—
Other receivables classified as financial assets (note 3)	67,877	100	—
Advanced deposits (a)	9,590	9,590	3,697
Total other receivables	77,467	9,690	3,697

(a) Advanced deposits of US$9,590 thousand (2012: US$9,590 thousand and 2011: US$3,697 thousand) are in respect of deposits made to guarantee the supply of tyres at the commencement of mining operations.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Project Company has the following asset and liabilities with the Glencore Group, being Glencore plc and its subsidiaries:

	31/12/2013	31/12/2012	31/12/2011
	US$000	*US$000*	*US$000*
Amounts owed to the Project Company from the Glencore Group	—	25,537	—
Amounts owed by the Project Company to the Glencore Group			
Trade payables to related parties	10,005	11,354	1,219,882
Loans with related parties consisting of:			
Facility agreement	803,480	130,401	83,784
Treasury Letters	2,136,298	973,713	11,049
	2,949,783	1,115,468	1,314,715

Amounts owed to the Project Company from the Glencore Group

Amounts owing as at 31 December 2012 relates to the sale of equipment.

Amounts owed by the Project Company to the Glencore Group

Trade Payables

Amounts owing as at 31 December 2013 and 2012 relate to administrative and management services and reimbursement of costs made on behalf of the Project Company.

Amounts owing as at 31 December 2011 relate to liabilities assumed by the Project Company on acquisition of the Las Bambas Project from a related party within the Glencore Group amounting to US$351,093 thousand; and an amount payable to a related party within the Glencore Group of US$857,300 thousand relating to the purchase of goods and services under the management services agreement. All amounts were paid in 2012.

Financing Facility

On 1 January 2011, the Project Company signed an agreement for a financing facility with a related party within the Glencore Group amounting to US$1,300,000 thousand to finance the development of the Las Bambas Project. Interest rates are adjusted annually by an independent study based on prevailing market rates.

During the year ended 31 December 2013, the Project Company received loans of US$788,000 thousand (2012: US$46,000 thousand and 2011: US$40,800 thousand) from a related party within the Glencore Group which accrued interest at an average rate of 7.52% (2012: 7.32% and 2011: 4.0%), amounting to US$25,662 thousand (2012: US$9,107 thousand and 2011: US15,840 thousand).

Interest expenses on the above loans have been capitalised as part of the Development costs.

Treasury Letters

During 2013 and 2012, the Project Company signed a "Debt Recognition" document with a related party within the Glencore Group whereby the Project Company acknowledges to have obtained financing from the related party received during 2013 and 2012, through "Treasury Letters". Interest rates are adjusted annually by an independent study based on prevailing market conditions.

During the year ended 31 December 2013, the Project Company received loans for financing the Project Company of US$1,096,000 thousand (2012: US$941,000 thousand and 2011: US$11,000 thousand) from a related party within the Glencore Group accruing interest at an average rate of 5.26% (2012: 4.73% and 2011: 6.93%) amounting to US$78,335 thousand in 2013 (2012: US$25,487 thousand and 2011: US$1,361 thousand). Interest has been capitalised as part of the Development costs.

Remuneration to key personnel of the Project Company

Remuneration to key personnel of the Project Company for the year ended December 31, 2013, 2012 and 2011 amounted to US$3,441 thousand, US$1,168 thousand, and US$1,136 thousand respectively. For the year to 31 December 2013, the top 5 paid employees received a total salary of US$1,564 thousand (2012: US$2,361 thousand and 2011: US$939 thousand).

7. TRADE AND OTHER RECEIVABLES

	31/12/2013	**31/12/2012**	**31/12/2011**
	US$000	*US$000*	*US$000*
Trade accounts receivable (a)	12,238	103	140
Value added tax credit (b)	116,542	152,598	89,493
Funds granted to communities	3,539	1,820	631
Sundry accounts receivable	1,031	339	7
Trade and other receivables classified as financial assets (note 3)	133,350	154,860	90,271
Advanced deposits	2,027	72	64
Trade and other receivables	135,377	154,932	90,335

(a) Amounts owed by contractors for fuel usage and are on 14 day credit terms. There are no past due but not impaired amounts.

(b) Value added tax credits generated mainly in the development of the Las Bambas Project. The Project Company expects to recover in the short term the amount of the available credit of US$116,542 thousand (2012: US$152,598 thousand and 2011: US$89,493 thousand) by applying for a refund from the Tax Authorities in accordance with special regime of advance recovery of value added taxes (refer below) in accordance with the investment agreement entered into with the Government of Peru.

Capital Commitments arising from the special regime of early recovery of value added tax

By means of Law Decree N°973, published on March 9, 2007, special regime of early recovery of value added tax is established, which consists in the return of value added tax related to imports and/or local acquisitions of capital goods, new intermediate goods and services and construction agreements, made at pre-operating stage, to be used by beneficiaries of the regime.

On 28 December 2011, in accordance with subsection 7.3 of Section 7° of Law Decree N°973, the Project Company signed an Investment Agreement with the Mining and Energy Department and PROINVERSION (Investment Promotion Agency), committing to future investment expenditure relating to the Las Bambas Project for a total of US$4,112,300 thousand over the course of two years, four months and two days. As at 31 December 2013, the Project Company had US$549,535 thousand (2012: US$2,258,162 thousand and 2011: US$3,286,534 thousand) capital committed under this Investment Agreement of which US$549,535 thousand (2012: US$1,804,064 thousand and 2011: US$1,783,862 thousand) was payable within 12 months from 31 December of the respective years.

8. INVENTORIES

Inventories consist of spare parts and consumables.

9. CURRENT INCOME TAX ASSETS

	31/12/2013	**31/12/2012**	**31/12/2011**
	US$000	*US$000*	*US$000*
Income tax asset	16,377	5,538	—

Income tax asset corresponds to advanced payments on income tax, generated by the payments of the temporary tax on net assets (ITAN for its Spanish acronym) made during 2013 and 2012. The Project Company expects to file the request for the recovery of ITAN in the short-term.

(i) Tax rate

The income tax rate for domiciled legal entities in Peru is 30%. Companies domiciled in Peru are subjected to an additional rate of 4.1% on any amount that may be considered as indirect income distribution, including, among others, amounts charged to expenses or expenses which may have benefited the shareholders outside business expenses, assumed by the companies.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Mining concessions	Development costs	Plant and Machinery	Total
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
Cost:					
Balances at 1 January 2011	—	—	—	—	—
Acquisition of the Las Bambas Project	4,087	291,225	96,698	3,997	396,007
Additions	—	—	546,220	331,586	877,806
Balances at 31 December 2011	4,087	291,225	642,918	335,583	1,273,813
Additions	—	—	1,059,738	58,463	1,118,201
Sales and/or disposals/adjustments	—	—	—	(16,427)	(16,427)
Balances at 31 December 2012	4,087	291,225	1,702,656	377,619	2,375,587
Additions	34	—	1,680,181	142,851	1,823,066
Sales and/or disposals/adjustments	—	—	—	(8,367)	(8,367)
Balances at 31 December 2013	4,121	291,225	3,382,837	512,103	4,190,286
Accumulated depreciation and amortization					
Balances at 1 January 2011	—	—	—	—	—
Additions	1,411	—	—	736	2,147
Sales and/or disposals/adjustments	—	—	—	—	—
Balances at 31 December 2011	1,411	—	—	736	2,147
Additions	101	—	—	457	558
Sales and/or disposals/adjustments	—	—	—	(2)	(2)
Balances at 31 December 2012	1,512	—	—	1,191	2,703
Additions	69	—	—	572	641
Sales and/or disposals/adjustments	—	—	—	(708)	(708)
Balances at 31 December 2013	1,581	—	—	1,055	2,636
Net Balance at 31 December 2013	2,540	291,225	3,382,837	511,048	4,187,650
Net Balance at 31 December 2012	2,575	291,225	1,702,656	376,428	2,372,884
Net Balance at 31 December 2011	2,676	291,225	642,918	334,847	1,271,666

11. TRADE AND OTHER PAYABLES

	31/12/2013	31/12/2012	31/12/2011
	US$000	*US$000*	*US$000*
Trade payables (a)	87,214	94,247	27,737
Deposits received (b)	50,425	17,383	1,312
Non-domiciled VAT	2,697	3,423	15
Non-domiciled income tax	1,550	608	17
Sundry accounts payable	4,660	2,673	390
Total	146,546	118,334	29,471

(a) Trade payables correspond to balances with local and foreign suppliers, generated in the development of the Las Bambas Project. These liabilities are expressed in Peruvian nuevos soles and US dollars, they have current maturities (note 3), do not bear interest and do not have specific guarantees granted.

(b) Deposits received from suppliers to guarantee rendering of services according to the agreements.

12. PROVISIONS

	31/12/2013	31/12/2012	31/12/2011
	US$000	*US$000*	*US$000*
Current			
Provision for communitarian programs (a)	312	9,427	7,097
Employee benefits (c)	1,273	1,217	952
	1,585	10,644	8,049
Non-current:			
Provision for rehabilitation and restoration (b)	3,071	7,250	—

(a) Correspond to commitments in connection with social programs referred to communitarian and business development, education and health programs that will be executed during 2014 and 2013 in areas near the Las Bambas Project. The movement of this provision is shown below:

	US$000
Balances as at 1 January 2011	—
Acquisition of Las Bambas.	7,844
Provision for the year	547
Payments	(1,294)
Balances as at 31 December 2011	7,097
Provision for the year	9,427
Payments	(7,097)
Balances as at 31 December 2012	9,427
Payments	(9,115)
Balances as of 31 December 2013	312

(b) The movement in the rehabilitation and restoration provision in 2013, 2012 and 2011 was as follows:

	Balance at 01/01/2013	**Increases**	**Change on estimates effect**	**Finance cost - unwinding of discount**	**Balance at 31/12/2013**
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
Provision for rehabilitation and restoration	7,250	—	(4,205)	26	3,071

	Balance at 01/01/2012	**Increases**	**Change on estimates effect**	**Finance cost - unwinding of discount**	**Balance at 31/12/2012**
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
Provision for rehabilitation and restoration	—	7,250	—	—	7,250

	Balance at 01/01/2011	Increases	Change on estimates effect	Finance cost - unwinding of discount	Balance at 31/12/2011
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
Provision for rehabilitation and restoration	—	—	—	—	—

Mining closure provision represents the net present value of costs expected to be incurred during future operation and at final closure of the mine. Estimated costs are based on the study prepared by Golder Associates Peru S.A, considering current environmental regulations.

As of 31 December 2013 the mining closure provision amounting to US$27,501 thousand, has been discounted using an annual risk adjusted rate of 11.32% (provision amounting to US$7,790 thousand as of 31 December 2012 was discounted using an annual risk-free rate of 0.39%).

13. SHAREHOLDERS' EQUITY

(a) Share capital

As of 31 December 2013 and 2012, issued capital is represented by 3,432,125,935 shares of S/.1 par value each (2011: 54,726,000 shares of S/.1 par value each) duly authorized, signed and paid; principally held by Xstrata Peru S.A.

On 21 November 2012, the Project Company received a capital contribution in cash from its shareholder Xstrata Peru S.A. for US$1,300,000 thousand (S/.3,377,400 thousand), and issued 3,377,400,000 shares of S/1 each. As of the date of this report, such shares are fully paid and recorded in Public Registry on 19 February 2013.

On 1 January 2011 Xstrata Tintaya S.A, a related party within the Glencore Group, transferred the Las Bambas Project to the Project Company as an equity contribution by Xstrata Peru S.A.. Assets and liabilities with a net book value of US$19,482 thousand were transferred. In exchange for contribution of the Las Bambas Project, shares were issued to Xstrata Peru S.A. (majority shareholder of Xstrata Tintaya S.A.).

The number of outstanding shares as at 31 December 2013, 2012 and 2011 are as follows:

	2013	2012	2011
	'000	*'000*	*'000*
Outstanding at beginning of the year	3,432,126	54,726	—
Issued	—	3,377,400	54,726
Outstanding at end of the year	3,432,126	3,432,126	54,726

(b) **Other capital reserves**

According to General Corporation Law, the legal reserve is increased by transferring 10%, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of the issued capital. In the absence of undistributed earnings or freely available reserve, the legal reserve shall be used to offset losses, but must be replaced. The legal reserve may be capitalised, in which case, it shall also be subsequently replaced.

(c) **Retained earnings**

Pursuant to Legislative Decree N° 945, dated 23 December 2003, domiciled legal entities that agree to allocate dividends or any other type of profit sharing shall withhold 4.1% on the amount to be allocated, except if any such dividends or profit sharing will be allocated to domiciled legal entities. There are no restrictions for dividends remittances or for the capital repatriation to foreign investors.

14. NON-MONETARY TRANSACTIONS AND STATEMENTS OF CASH FLOWS

Investment and financing activities that did not generate cash disbursements and that affected assets and liabilities for the years ended 31 December 2013, 2012 and 2011 are summarized as follows:

	2013	**2012**
	US$000	*US$000*
Capitalised interest for loans received from related parties	104,201	91,185
Offsetting of related party accounts receivable with Accounts payables	25,537	—
Account receivable for sale of machinery to related party	—	(24,930)
Change in estimate	4,205	—

The transactions that do not generate cash flows in 2011 are described below:

	Total
	US$000
Inventories	118
Mining rights, development costs, property, plant and equipment	396,064
Total assets	396,182
Other payables	7,844
Trade payables with related parties	368,856
Total liabilities	376,700
Net assets	19,482
Settled via	
Issue of shares to Xstrata Peru S.A.	19,482

15. CONTINGENCIES

Consorcio GL Ingenieros - SELEGSA filed a claim against Overseas BECHTEL Inc. and the Project Company for an amount of US$1,096 thousand for non-compliance with contract terms. Management and its legal advisors expect a beneficial result for the Project Company and therefore no provision is required to be disclosed in the financial information.

16. SUBSEQUENT EVENTS

No audited financial statements have been prepared by the Project Company in respect of any period subsequent to 31 December 2013.

17. SEGMENTAL INFORMATION

The Project Company is a mining company in pre-operational stage and is made up of one reporting segment. All of the results of the Project Company's only segment are disclosed above.

Deloitte LLP