

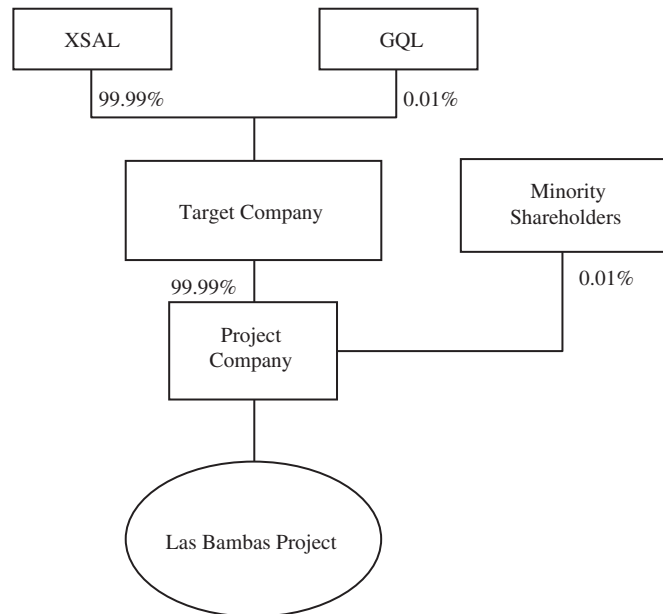
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## INFORMATION ON THE ENLARGED GROUP

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### CORPORATE STRUCTURE

As at the Latest Practicable Date, the corporate structure of the Target Group is as below:

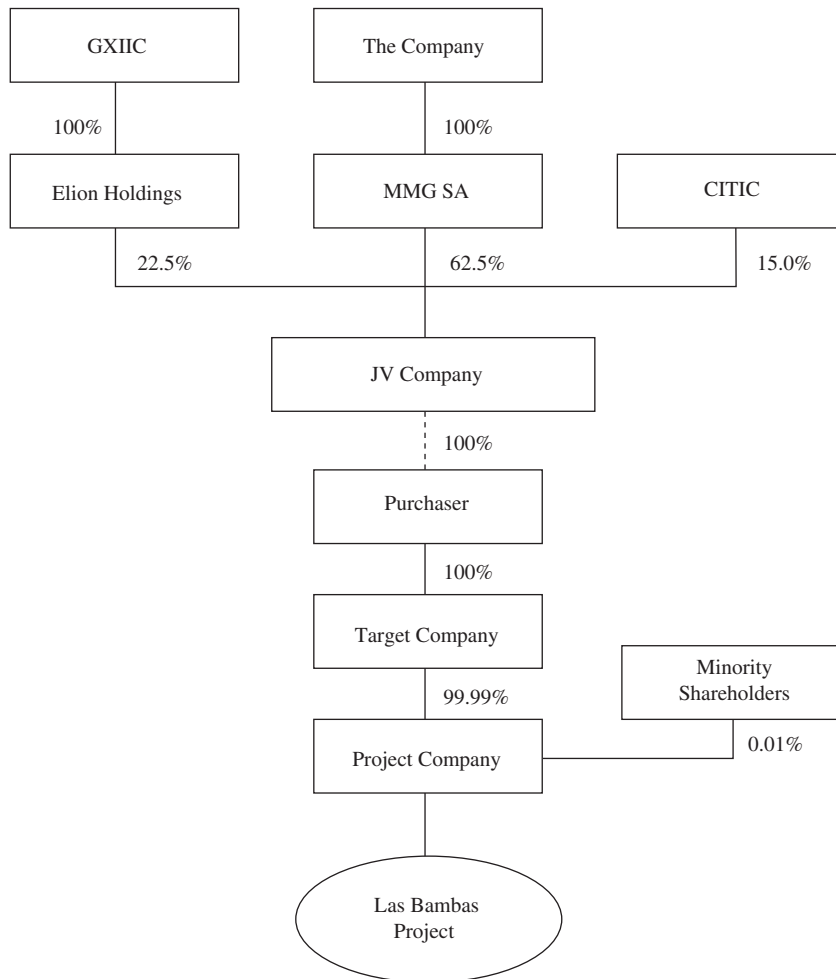


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Immediately upon Completion, the corporate structure of the part of the Enlarged Group which holds the Las Bambas Project is as below:



### PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information of the Enlarged Group, which has been prepared in compliance with Rule 4.29 of the Listing Rules for the purpose of illustrating the financial effects of the Acquisition, is set out in Appendix III to this circular.

### RISK FACTORS

Certain risks are involved in the operations of the Enlarged Group. These risks can be categorised as: (i) risks relating to the Acquisition; (ii) risks relating to the business of the Enlarged Group; and (iii) risks relating to the mining industry. Further details on those risks which may arise as a result of the Acquisition are set out in the section headed “Risk Factors — Risks Relating to the Acquisition” in this circular.

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### WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the transactions as mentioned in this circular and the financial resources available to the Enlarged Group, including but not limited to its internally generated funds, cash and cash equivalents, other external facilities from banks and financial institutions including the two syndicated facilities to be arranged by CDB and a four-year term loan from Top Create, a shareholder of MMG and wholly owned subsidiary of CMN as described in the section headed “Letter from the Board — Acquisition — Principal terms of the Share Purchase Agreement — Funding of Share Consideration and repayment of Intragroup Loans” in this circular, and the settlement of the Share Consideration payable in cash, and the loan to be provided to the Project Company to repay the Intragroup Loans, and in the absence of unforeseen circumstances, the Enlarged Group has available sufficient working capital for its present requirements for the next 12 months from the date of this circular.

### STRATEGIES OF THE ENLARGED GROUP

The strategy of the Enlarged Group is to generate shareholder value by becoming a global diversified minerals and metals company. The Enlarged Group will consider pursuing a number of strategic initiatives to achieve this long term objective, including the following,

**1. Delivery of the current Las Bambas Project development plan while seeking opportunities to create additional value for shareholders from the project**

The Enlarged Group will continue to deliver the current development plan of the Las Bambas Project in order to maximise efficiencies during the construction of the Project. The Enlarged Group will conduct thorough reviews of all aspects of the Las Bambas Project’s development plan to identify areas in which costs might be reduced so as to improve the financial performance of the mine without compromising on the quality of its development. The integration and operations team of the Enlarged Group will work closely with existing employees and contractors of the Las Bambas Project to implement the development plan.

The immediate priorities of the Enlarged Group in respect of the Las Bambas Project, include, but are not limited to:

- Delivering the Las Bambas Project into production in a timely and cost effective manner;
- Retaining project delivery capability including existing key employees to ensure a smooth and seamless ownership transition and ramp up to full production; and
- Integrating the Las Bambas Project into the Group’s operating model to create value for all stakeholders including the Shareholders, local regulators, communities and employees.

**2. Further explore potential Mineral Resources in the Las Bambas Project tenements**

The Enlarged Group intends to realise gradually the exploration potential of the Las Bambas Project by focusing on exploring for additional Mineral Resources in the current explored areas of the

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Las Bambas Project together with conducting exploration programs in the unexplored areas. The Board believes that the resource base of the Las Bambas Project has further potential to grow which could, if economic, support an extension to the Las Bambas Project beyond the currently estimated mine life in excess of 20 years. It is currently estimated that only 10% of the total land holding within the Las Bambas Project mining boundaries has been explored, with no exploration drilling activities conducted since 2010. The lease holdings have a number of other skarn-porphyry deposits that may convert to Mineral Resources and Ore Reserves through additional drilling and exploration activities.

### **3. Continue to operate its assets to world class standards in safety, health and environment**

The Enlarged Group will continue to place the highest priority on developing and operating its assets in accordance with world-class safety and environmental standards, in line with its membership of the ICMM. The Enlarged Group is committed to the ICMM Sustainable Development Framework, and safety focus and performance is core to company values. The management team of the Enlarged Group will continue to review the safety, health, environment, and community policies of the Las Bambas Project with reference to current standards of the Group.

The Enlarged Group recognises that employees are an integral part of its operations and will continue to focus on ensuring that all employees and contractors accept as their shared responsibility that zero harm and loss is a priority when performing all work-related activities. The Board believes this can be achieved by executing continued stakeholder engagement and thoroughly thought out integration plans to establish strong local relationships with local regulators, communities and employees.

### **4. Extract maximum value from our existing assets and continue to target value-accretive growth**

The Enlarged Group will continue to (i) identify opportunities to extract maximum potential from existing operating assets with a continued focus on productive performance, cost efficiency and a disciplined approach to discretionary capital expenditure; (ii) pursue organic growth opportunities through existing projects and exploration pipelines; and (iii) pursue external growth by targeting selected value-focused acquisitions.

### **5. Continue to create value for all shareholders through our relationship with China Minmetals Corporation**

The Enlarged Group plans to continue to fully leverage its strong relationship with its ultimate controlling parent company, CMC, to create value for all shareholders. With extensive operational and trading activities and connections with downstream copper fabricating and consuming sectors in China, the largest copper consuming country in the world, CMC can provide insightful market intelligence to the Enlarged Group. The Enlarged Group also intends to enter into a long-term offtake agreement with CMN, a subsidiary of CMC, for a majority of the copper concentrate to be produced from the Las Bambas Project, which ensures security of product sale while maintaining exposure to commodity price fluctuations. CMC's experience in technology, strategic sourcing and technical

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capabilities will also help the Enlarged Group successfully develop and operate the large scale Las Bambas Project. Moreover, leveraging CMC's strong relationships with major Chinese banks, the Enlarged Group will have an advantage in maintaining access to long-term and highly competitive financing.

### COMPETITIVE STRENGTHS OF ENLARGED GROUP

#### 1. The Enlarged group will become a major international diversified mining company

The Las Bambas Project is expected to be one of the largest copper producing mines upon project completion and ramp-up. The Las Bambas Project also has significant resources and reserves of copper, gold, silver, and molybdenum. Based on the Competent Person's Report, as of 1 January 2014, the Las Bambas Project had total Ore Reserves of 6.9 Mt contained copper, 1.9 Moz of contained gold, 112 Moz of contained silver, and 0.17 Mt of contained molybdenum, and total resources (inclusive of Reserves and Inferred Mineral Resources) of 10.9 Mt contained copper, 2.77 Moz of contained gold, 176 Moz of contained silver, and 0.29 Mt of contained molybdenum. Following Completion, the Enlarged Group will become a major international diversified mining company with scalable, high quality resources and reserves.

#### 2. Our discipline for delivery on commitments

The Enlarged Group will seek to continue to maintain the Group's discipline for delivering upon commitments. The Enlarged Group will seek to follow its guidance to the investor community and communicate with integrity and transparency, updating guidance as, and when, required.

The Enlarged Group is committed to operating its assets in a safe, efficient and cost-effective manner. It constantly seeks to improve those assets by identifying bottlenecks and opportunities for greater efficiency as illustrated by recent reported performance for Kinsevere and Sepon.

#### 3. Our disciplined approach to growth

The Enlarged Group has a disciplined approach to the assessment of both organic and acquisition growth opportunities with the ultimate goal of creating long-term value for shareholders.

The Enlarged Group has successfully delivered growth by acquisition as demonstrated by the acquisition of the Kinsevere mine in the DRC. Kinsevere, which was acquired in 2012, achieved an annualised production rate (in excess of nameplate) of 63.5 ktpa copper in second quarter of 2013.

#### 4. Our focus on for sustainability

The Enlarged Group will strive to demonstrate its corporate social responsibilities towards the communities and countries where it operates. We intend to work collaboratively with different stakeholders to bring them sustainable economic and social benefits. The Enlarged Group seeks to align with international best practice in sustainability and, as a member of ICMM, we benchmark our performance against the sustainability criteria of the ICMM Sustainable Development Framework.

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### 5. Experienced international mining operator with successful track record of overseas acquisitions

Experienced mining personnel with established industry experience are critical to the success of mining activities and operations. The Company is an experienced operator of complex and large scale mines in five diverse locations.

Upon Completion, the senior management team of the Group will be in charge of the day-to-day management and operational decisions of the Enlarged Group. The senior management team of the Enlarged Group will comprise of existing senior management members of the Group and core development team of the Las Bambas Project, who possess significant experience and expertise in the various aspects of the mining business and operations of the Enlarged Group, including exploration, mine design and construction, mining, processing and sales and marketing of minerals. Many of these senior management members have had extensive on-the-ground mining related experience in South America and possess the industry knowledge, skills and contact networks to engage successfully with local government bodies and other authorities.

The Enlarged Group will also benefit from the Las Bambas Project's strong local workforce. The workforce will provide the Enlarged Group with strong insights and an understanding of the local culture and provide the Enlarged Group with a competitive advantage over new entrants into the region. The Group regards its employees as its most important asset and is committed to enhancing the value contribution of its employees through various training initiatives covering technical and job specific expertise as well as knowledge of safety, health, environment, and communities issues.

### INDEBTEDNESS STATEMENT OF THE ENLARGED GROUP

As at the close of business on 30 April 2014, being the last practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding borrowings of approximately US\$5,150.8 million (equivalent to approximately HK\$40,176.1 million), which comprised loans of approximately US\$4,947.0 million (equivalent to approximately HK\$38,586.4 million), convertible redeemable preference shares of US\$203.6 million (equivalent to approximately HK\$1,588.0 million) issued by a subsidiary of the Company and finance lease liabilities of approximately US\$0.2 million (equivalent to approximately HK\$1.7 million).

Loans of the Enlarged Group of approximately US\$3,855.4 million (equivalent to approximately HK\$30,072.3 million) were unsecured, and loans of the Enlarged Group of approximately US\$1,091.6 million (equivalent to approximately HK\$8,514.1 million) were guaranteed or secured by first-ranking equitable mortgages and share charges over the share capital of certain subsidiaries of the Company, a real property mortgage over all of the interests in land of a subsidiary of the Company and other securities over the assets of certain subsidiaries of the Company.

As at the close of business on 30 April 2014, the Enlarged Group had bank guarantees with the operations of certain subsidiaries of the Enlarged Group of US\$280.3 million (equivalent to approximately HK\$2,186.6 million), one of which is secured by a second-ranking equitable mortgage and a share charge over the share capital of certain subsidiaries of the Company.

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Save as disclosed aforesaid, and apart from the intragroup liabilities and normal trade payables, the Enlarged Group did not have any outstanding mortgages, charges, debentures, loan capital or overdraft, or other similar indebtedness, finance lease or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at 30 April 2014.

### FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

There are two main factors which will influence the financial and trading prospects of the Enlarged Group: the supply/demand balance for the metals produced and growth through continued progress on the Enlarged Group's development projects.

The overall outlook for the future demand for the main base metals produced by the Enlarged Group is reasonable. In general terms, the continued economic growth of China and other rapidly developing economies is expected to lead to ongoing demand for the metals produced while these metals are tending to become more difficult and more expensive to discover and produce.

Market volatility will continue to be present in commodity prices as macro issues such as concerns over European debt markets and the US economy weigh on the market offsetting strong demand from China and supply constraints.

The focus of the Enlarged Group in the near term will be to continue to operate its assets safely and efficiently while also looking for growth. The major tasks in terms of growth for the Enlarged Group for 2014 include progressing key projects in the development pipeline. The Enlarged Group has approved expenditure of A\$57 million to progress the trial stopping programme at its Dugald River zinc deposit in Queensland, Australia. This programme aims at providing practical mining experience and will enable optimisation of the underground mine design. Following completion of this stage of development the Enlarged Group will consider final approval of project development and construction. In addition, the Enlarged Group will continue its feasibility and permitting work on the High Lake and Izok Lake zinc projects located in Canada.