

MEDIA RELEASE:

Las Bambas update

30 June 2014

MMG Limited (MMG) (Stock Code 1208.HK) today released a circular relating to the proposed acquisition of the Las Bambas copper project in Peru.

The circular follows the announcement on 14 April 2014 that, as part of a joint venture with Guoxin International Investment Corporation Limited (GXIIIC) and CITIC Metal Co., Ltd. (CITIC), MMG had entered into a Share Purchase Agreement (SPA) with Glencore to acquire Las Bambas for US\$5.85 billion.

The circular contains additional information relating to the transaction including project details, proposed financing arrangements, pro forma financial information, resources and reserves and an independent valuation report. In addition, the circular contains important information relating to the proposed offtake agreement with MMG's majority shareholder China Minmetals Non-ferrous Metals Company (CMN).

Integration

MMG has maintained a presence at Las Bambas since announcing the acquisition in April, mobilising an integration team to support the advanced stage project.

"We have been closely working with the Glencore project team, Las Bambas employees, local communities and governments to ensure a smooth transition of ownership continuing the excellent work done by the Las Bambas team so far," said MMG Chief Executive Officer Andrew Michelmore. "Our immediate focus upon transaction completion will be to deliver the Las Bambas project while seeking opportunities to maximise future value."

Proposed funding

Included in the circular are additional details on the proposed funding for the acquisition and completion of the project, allowing for a level of contingency for future requirements.

"MMG and our joint venture partners will fund this transaction through a combination of debt and equity" said MMG Chief Financial Officer David Lamont. "We are pleased that the debt facility currently under negotiation will be long term and on highly competitive terms."

China Development Bank (CDB) has arranged two syndicated facilities to be provided by CDB, Industrial and Commercial Bank of China (ICBC), Bank of China (BOC) and the Export Import Bank of China (EXIM).

The two facilities will provide for an amount up to US\$6.96 billion comprising:

- a seven-year facility of up to US\$0.97 billion with an all-inclusive interest rate not exceeding LIBOR plus 3.5% per annum; and
- an 18-year facility of up to US\$5.99 billion with an all-inclusive interest rate not exceeding LIBOR plus 3.9% per annum.

Repayments will commence three years after financial close of the transaction.

The combined gearing ratio (debt divided by debt plus equity) of both facilities is expected to be approximately 66% with MMG's share of the equity to be financed through a four-year loan of US\$2.26 billion from CMN.

It is expected that, subject to the completion of the approval processes of each lender, the loan agreements relating to these facilities will be completed before 31 July 2014.

MMG will provide an update to the project schedule and capital expenditure following transaction completion.

Approvals

MMG's shareholders are invited to vote to approve the transaction and proposed offtake agreement between MMG and CMN at an extraordinary general meeting to be held on Monday 21 July 2014. MMG's majority shareholder, CMN, has irrevocably committed to vote in favour of the transaction.

MMG and its joint venture partners continue to work through the various regulatory approvals required to complete the transaction which is expected to occur in the third quarter 2014.

Extraordinary General Meeting:

10.30am Hong Kong Time, Monday 21 July 2014
Studio 1, 7/F
W Hong Kong Hotel
1 Austin Road West
Kowloon, Hong Kong

For further details please [download the circular](#).

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