

Dated 27 June 2014

CHINA MINMETALS NON-FERROUS METALS COMPANY LIMITED

and

MMG SOUTH AMERICA COMPANY LIMITED

FRAMEWORK OFFTAKE AGREEMENT

This Framework Agreement is made on 27 June 2014 **between:**

- (1) China Minmetals Non-Ferrous Metals Company Limited**, a limited company established in the PRC, whose registered office is No.5 Sanlihe Road, Haidian District, Beijing, the PRC (“**CMN**”); and
- (2) MMG South America Company Limited**, a company incorporated in Hong Kong with company registration number 277867 and whose registered office is at Units 8501-8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (“**MMG**”).

Whereas:

- (A) The Seller Group is principally engaged in the exploration, development, mining, processing and production of base metals including zinc, copper, gold, silver and lead. The shares of MMG are listed on the Main Board of the Stock Exchange.
- (B) The Buyer Group is engaged in the exploration, development, mining, processing and sale of a wide range of non-ferrous metals, including tungsten, rare earth, copper, alumina, lead and zinc. While CMN uses MMG as the overseas platform to undertake non-ferrous metals mining operations located outside China, it also engages in significant mining, processing, fabrication and trading operations in China and has other investments in the mining sector through subsidiaries outside of MMG.
- (C) As part of the ordinary and usual course of business, the Seller Group sells the Product to the Buyer Group.
- (D) The Seller Group has entered into a conditional agreement to acquire the Las Bambas Project in Peru which it will own as part of a joint venture, as a shareholder of the JV Company. As a shareholder of the JV Company, the Seller Group is entitled to acquire the Offtake Entitlement.
- (E) As at the date of this Framework Agreement, CMN directly and indirectly holds approximately 73.69% of the issued share capital of MMG, therefore CMN is the controlling shareholder and connected person of MMG under the definition of the Listing Rules. The sales and purchases of the Product between the Seller Group and the Buyer Group constitute continuing connected transactions under the Listing Rules.
- (F) MMG and CMN have agreed to enter into this Framework Agreement to provide the mechanism for the operation of the sales and purchases of the Product.

It is agreed as follows:

1 Interpretation

1.1 Definitions

“**Annual Caps**” means the maximum aggregate amount of tonnes of the Product (expressed as quantities of contained copper in the concentrate) to be purchased by the Buyer Group in respect of the sales and purchases of the Product for each of the financial years ending 31 December for the Term of this Framework Agreement;

“**Assigned Entitlement**” has the meaning given in clause 8.1.2;

“**associate**” as defined under the Listing Rules;

“Buyer Group” means CMN and its subsidiaries and affiliates from time to time and **“Buyer”** means any one of them;

“CIF” means Cost, Insurance, and Freight in accordance with the Incoterms® 2010 definition published by the International Chamber of Commerce (ICC Publication no. 715E);

“CFR” means Cost and Freight in accordance with the Incoterms® 2010 definition published by the International Chamber of Commerce (ICC Publication no. 715E);

“Commencement of Commercial Production” occurs, for the purposes of this Framework Agreement, on the 90th consecutive day of continuous production of Product by the Mine and Processing Plant at a rate of 80% of nameplate processing capacity;

“Condition” means the condition referred to in clause 2;

“Effective Date” means the date on which the Condition is satisfied;

“Elion Holdings” means Elion Holdings Corporation Limited;

“End of Life of Mine” means the date on which the Seller Group ceases to extract copper ore from the Mine, on the basis it has decided, in good faith and on reasonable grounds, that the copper ore reserves at the Mine have been depleted to such a level that it would no longer be economically feasible to continue to do so (regardless of whether the Seller Group continues to produce copper or other concentrates at the Processing Plant);

“Framework Agreement” means this agreement as may be amended or supplemented by the parties hereto from time to time in accordance with clause 15;

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC;

“Independent Shareholders” means the independent shareholders of MMG;

“JV Company” means MMG South America Management Company Limited;

“Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;

“Mine” means the mining concessions owned by the JV Company or its subsidiaries that comprise or are adjacent to the Las Bambas Project in Peru;

“MMG Framework Agreement” means the framework agreement entered into between MMG and the JV Company on or about the date of this Framework Agreement;

“Offtake Entitlement” has the meaning given in clause 8.1;

“Offtake Percentage” has the meaning given in clause 8.2;

“PRC” means the People’s Republic of China;

“Processing Plant” means the processing facilities and associated infrastructure at the Las Bambas Project, used for the production of the Product;

“Product” means copper concentrate recovered or produced from the Mine and Processing Plant;

“Sale Agreement” has the meaning given in clause 3.1;

“Seller Group” means MMG and its subsidiaries from time to time, and **“Seller”** means any one of them;

“Shareholder” means a holder from time to time of shares in the JV Company, being as at the date of this Framework Agreement, MMG South America Company Limited, Elion Holdings and CITIC Metal Co. Ltd, and **“Shareholders”** means any two or more of them;

“Share Purchase Agreement” means the share purchase agreement dated 13 April 2014 between Xstrata South America Limited, Glencore Queensland Limited, Minera Las Bambas S.A.C, MMG Swiss Finance AG and MMG Limited;

“SSA” means the Subscription and Shareholders Agreement dated 13 April 2014 between the Shareholders and JV Company;

“Stock Exchange” means the The Stock Exchange of Hong Kong Limited;

“subsidiary” as defined under the Listing Rules;

“Surrendered Offtake” has the meaning given in clause 8.4;

“Term” has the meaning given in clause 4; and

“Working Day” means any day (excluding Saturday and Sunday) on which banks generally are open for business in Lima, Melbourne, Hong Kong or Beijing (as the case may be).

1.2 Singular and plural

References to the singular include the plural and vice versa.

1.3 Recitals, Clauses and Schedules

References to this Framework Agreement include its Recitals and Schedules and references to Recitals, Clauses and Schedules are to Recitals, Clauses and Schedules of this Framework Agreement unless otherwise specified.

1.4 Headings

Headings shall be ignored in construing this Framework Agreement.

2 Sale and Purchase

Conditional upon:

2.1 the passing of the resolution(s) at a general meeting of MMG Limited by the Independent Shareholders who are not prohibited from voting under the Listing Rules to approve (i) this Framework Agreement and the transactions contemplated by it, and (ii) the Annual Caps; and

2.2 the completion of the Share Purchase Agreement,

a member of the Buyer Group will enter into the Sale Agreement to purchase or procure other members of the Buyer Group to purchase, and a member of the Seller Group will enter into the Sale Agreement to sell or procure other members of the Seller Group to sell, the Product upon the terms and conditions contained in this Framework Agreement.

3 Sale Agreements

3.1 This Framework Agreement provides the mechanism for the operation of the sales and purchases of the Product. The parties have agreed to negotiate and execute on commercial arm's length terms a long form agreement in respect of the sales and purchases of the Product in a form and content acceptable to the parties and otherwise in accordance with this Framework Agreement ("**Sale Agreements**").

3.2 Each Sale Agreement will:

3.2.1 be consistent with terms of this Framework Agreement; and

3.2.2 include international terms for similar quality concentrates addressing (without limitation) quality/specifications, price, metal payments, treatment and refining charges, quality allowances, shipment schedules, delivery, quotational period, payment terms and other usual conditions (including those dealing with weights and assays, title and risk, insurance requirements and termination and suspension rights),

provided always that such terms and conditions must always be on "normal commercial terms" (as that concept is defined under Chapter 14A of the Listing Rules).

4 Term

4.1 Subject to clause 4.2, the term of this Framework Agreement and, in turn, the Sale Agreement, is the period commencing on the Commencement of Commercial Production and ending on the expiry of the MMG Framework Agreement ("**Term**").

4.2 The Term will be subject to usual rights of termination that may apply, including (without limitation):

4.2.1 provisions for events leading to early closure of the Mine; and

4.2.2 in the event any member the Seller Group ceases to be a Shareholder or any other termination event occurs in accordance with the provisions of the SSA.

5 Quality

The Product to be delivered by the Seller Group shall be in accordance with the specifications for the Product advised and updated by the Seller Group to the Buyer Group from time to time in accordance with expected production from the Mine.

6 Shipment and Delivery

6.1 The Seller Group shall arrange shipment of the Product from the delivery point nominated by the Seller Group to the discharging port nominated by the Buyer Group in regular shipments consistent with production from the Mine.

6.2 Delivery shall be made CIF or CFR to the discharging port nominated by the Buyer Group.

7 Pricing

The Buyer Group agrees to purchase, and the Seller Group agrees to sell, the Product at prices expressed in United States dollars determined on an arm's length basis and consistent with the prevailing international market rates for similar quality copper concentrate which shall be:

- 7.1 calculated using metal payments reflecting the grade and quality of the Product and based on the relevant metal prices quoted on the London Metal Exchange or other relevant London markets; and
- 7.2 subject to treatment and refining charges which shall be negotiated on an annual basis or as otherwise agreed and which shall be consistent with those prevailing in the international market for comparable copper concentrate at the time of the negotiation of the relevant charges.

8 Total Quantity

- 8.1 As at the date of this Framework Agreement, the Buyer Group acknowledges that the Seller Group is entitled to acquire:
 - 8.1.1 its respective proportion of the total amount of Product pursuant to the terms of the SSA for the Term ("**Offtake Entitlement**"), being 62.5%; and
 - 8.1.2 the proportion of the total amount of Product assigned to it by Elion Holdings pursuant to the terms of the SSA, being 11.25% ("**Assigned Entitlement**").
- 8.2 The Buyer Group will purchase from the Seller Group:
 - 8.2.1 73.69% of the Offtake Entitlement ; and
 - 8.2.2 100% of the Assigned Entitlement,together the "**Offtake Percentage**".
- 8.3 At any time during the term of the Sale Agreement, either party may request a review of the Offtake Percentage on the basis that that party, acting reasonably, is commercially disadvantaged by the Offtake Percentage. If a review is requested by a party in accordance with this clause 8.3, then the parties will mutually review the Offtake Percentage and if they agree that an adjustment is appropriate, determine a new Offtake Percentage. If no adjustment is agreed, the Offtake Percentage will remain unchanged.
- 8.4 The Buyer Group agrees that if for any reason the Buyer Group is unable to purchase the Offtake Percentage (or part thereof) of the Product ("**Surrendered Offtake**") from the Seller Group in accordance with the Sale Agreement after consultation with the Seller Group, the Seller Group may elect to sell the Surrendered Offtake on prevailing international terms. Any decrease in the revenue or increase in costs of the Seller Group as a result of selling the Surrendered Offtake shall be borne by the Buyer Group.

9 Payment

Payment shall be made in accordance with the terms of the Sale Agreement provided always that such payment terms are in compliance with clause 3 of this Framework Agreement.

10 Representations and Warranties

Subject to the satisfaction of the Conditions, each party represents and warrants to the other party that:

- 10.1** it has full authority, power and capacity to enter into and carry out its obligations under this Framework Agreement;
- 10.2** all necessary acts and things have been taken or done to enable it lawfully to enter into and carry out its obligations under this Framework Agreement; and
- 10.3** when executed, this Framework Agreement creates obligations which are valid and binding on it and enforceable in accordance with their terms.

11 Undertaking

CMN undertakes that for so long as this Framework Agreement remains in effect, it shall assist MMG to comply with the Listing Rules, including but not limited to, providing all information and documents in connection with the execution of this Framework Agreement and the Sale Agreements.

12 No Assignment

Neither party may without the prior written consent of the other, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Framework Agreement.

13 Severance

If any provision in this Framework Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part in any jurisdiction, under any enactment or rule of law, such provision or part shall to that extent, in such jurisdiction, be deemed not to form part of this Framework Agreement but the legality, validity and enforceability of the remainder of this Framework Agreement shall not be affected.

14 Further Assurance

At any time after the Effective Date of this Framework Agreement, each party shall, and shall procure that its subsidiaries and any necessary third party shall, at their own cost or the cost of the relevant third party, as the case may be, execute such documents and do such acts and things as the other party or its subsidiaries or its associates may reasonably require for the purpose of giving effect to the provisions of this Framework Agreement.

15 Variation/ Waiver

- 15.1** No variation of this Framework Agreement shall be effective unless in writing and signed by or on behalf of each of the parties.

- 15.2** No delay or forbearance by either party in exercising any right or remedy arising under this Framework Agreement shall operate as a waiver of it, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of it or the exercise of any other right or remedy.

16 Notices

- 16.1** Any notice given under this Framework Agreement shall be in writing and may be delivered to the relevant party or sent by recorded delivery, fax or email to the address, fax number or email address stated in this Framework Agreement or to such other address, fax number or email address as may be notified by that party for this purpose, and shall be effective notwithstanding any change of address or fax number not notified.

If to Seller Group:

Address: Units 8501-8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Tel. No.: +852 2216 9621

Fax No.: +852 2840 0580

Email: lucia.leung@mmg.com

Attention: Lucia Leung, Company Secretary

cc: Nick Myers, General Counsel (Tel: +61 3 9288 0825; Fax: +61 3 9288 0861; Email: nick.myers@mmg.com) Level 23/28 Freshwater Place, Southbank, Melbourne, Victoria, Australia, 3006

If to the Buyer Group:

Address: A 405, No.5 Sanlihe Road, Haidian District, Beijing, the PRC

Tel. No.: +86 10 68495972

Fax No.: +86 10 68495562

Email: yuh@minmetals.com

Attention: Yu Hong, Concentrate Manager, Copper Dept, Base Metal Unit

- 16.2** Unless proved otherwise, a notice shall be deemed to have been given, if sent by pre-paid mail, 5 Working Days after the time and date of posting, or if sent by international courier, 2 Working Days after the time and date of posting if delivered or sent by fax during the hours of 9.00 a.m. to 6.00 p.m. (time of the location receipt the notice) if delivered or sent by email to the relevant recipient's email address, 24 hours after email was sent, unless the party sending the email knows or ought reasonably to suspect that the email was not delivered to the addressee's domain specified in the email, and otherwise on the next Working Day of the location of receipt of the notice.

17 Governing Law and Dispute Resolution

17.1 Any dispute, controversy or claim arising out of or relating to or in connection with this Framework Agreement or the breach, termination or claimed invalidity of this Framework Agreement ("**Dispute**") must be dealt with in the following manner:

- (a) first, the party claiming the Dispute must give a written notice of the Dispute to the other party; and seek to convene a meeting of appropriate representatives of the parties to discuss the Dispute with the aim of resolving it; and
- (b) if the Dispute is not resolved within 30 days of notice, it shall be referred to arbitration in accordance with clause 17.2.

17.2 The arbitration shall be in accordance with the Rules of Arbitration of the International Chamber of Commerce with one or more arbitrators appointed in accordance with the said Rules. The seat of the arbitration shall be Singapore. The language of the arbitration shall be English. The arbitration shall be final and binding.

17.3 This Framework Agreement shall be construed in accordance with and shall be governed by the law applicable in England and Wales, excluding any choice of law rules that may refer such construction or governance to the laws of another jurisdiction.

18 Counterparts

This Framework Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Framework Agreement by executing any such counterpart.

IN WITNESS whereof this Framework Agreement has been duly executed on the date stated at the beginning.

SIGNED by Jin Xiaoguang
on behalf of CHINA
MINMETALS NON-FERROUS
METALS CO., LIMITED

} (Signed)

SIGNED by David Mark Lamont
on behalf of MMG SOUTH
AMERICA CO., LTD

}

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(Signed)