



LAS BAMBAS

Suresh Vadnagra
EGM Operations – Americas

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MMG: growth ambitions



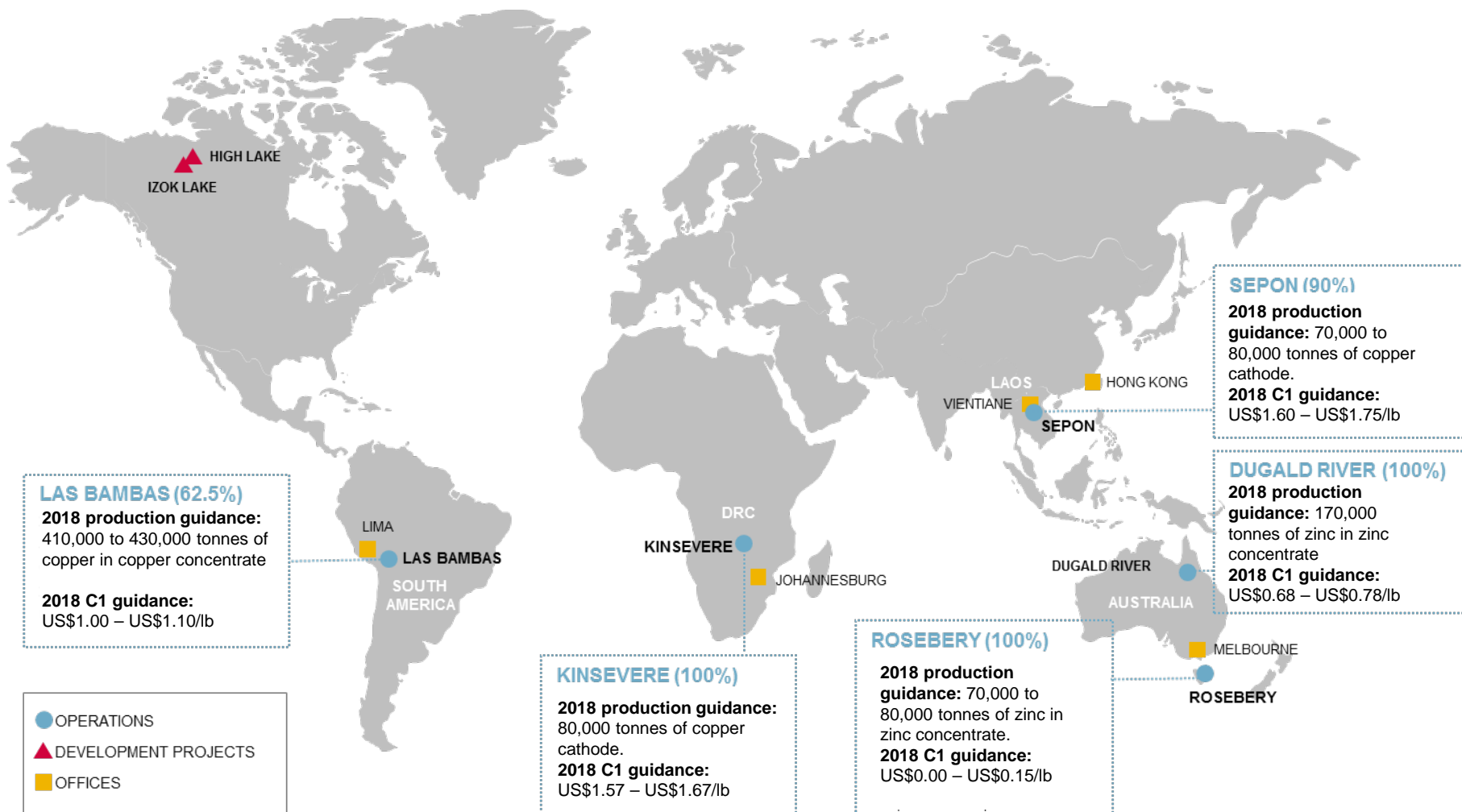
- An international copper and zinc producer with a significant growth focus
- Headquartered in Melbourne, Australia.
- Listed on the Hong Kong Stock Exchange and the Australian Securities Exchange.
- Major shareholder: China Minmetals Corporation, a Fortune 500 company.
- Mining operations in Australia, Asia, Africa and the Americas.
- Experienced international team with projects and operational expertise.
- Member of the ICMM; align our policies and standards with the ICMM's 10 Sustainable Development Principles.



MMG Limited



A growing international copper and zinc portfolio – largest investment in Peru.



Peru: delivering growth

Why Peru?

- High geological potential
- Qualified personnel
- Transparent fiscal regime
- Stable rules of the game (EIS, permits and taxes)
- Asset security
- Government committed to economic growth

Our first experience in Latin America and Peru – now a strategic platform for MMG growth plans in the region.

And the world's largest copper project this decade.



Peru offers a favorable legal framework for foreign investment:



- Non discriminatory treatment: foreign investors receive the same treatment as local investors.
- Unrestrictive access to most economic sectors*.
- Free transfer of capital.
- Guarantee for Private Property.
- Freedom to purchase stocks from locals.
- Freedom to access internal and external credit.
- Freedom to collect royalties.
- Network of investment agreements and member of ICSID and MIGA.
- Peru participates in the Investment Committee of the Organization for Economic Co-operation and Development (OECD) – It promotes the implementation of the Guidelines for Multinational Enterprises.

*Investments that require authorization: Located within 50km of borders and those destined to arms, ammunitions and explosives. Likewise, a principal local partner for investments in maritime cabotage as well as in air transport is required.

Delivering the world's largest Greenfield Copper Project



Las Bambas, Apurimac, Peru

- **Large** – Expected to produce 2 million tonnes of copper in the first five years of operation.
- **Long life** - Ore reserves of 7.494 million tonnes of copper and mineral resources of 11.625 million tonnes of copper.*
- **Great People** – More than 8,000 employees and contractors. Strong skill base and local unskilled labour.
- **Development** – ‘Canon’ tax and royalty regime re-distributes wealth regionally. ‘Work for Taxes’ mechanism successful.
- Total Investment: US\$10 b.



* MINERAL RESOURCES AND ORE RESERVES STATEMENT AS AT 30 JUNE 2017

Las Bambas timeline



2004

Xstrata Copper acquired the right to explore Las Bambas through an international public tender.

2008

Completed exploration of 306,908 accumulated drilled metres.

2009

Completed Feasibility Study.

2010

- › Held public hearing for the Environmental Impact Study (EIS) in Challhuahuacho, Cotabambas province, Apurímac region.
- › Signed contract with the government to transfer the Las Bambas mining concessions titles, with an investment of US \$4.2 billion1.

2011

- › The government approved the EIS after an extensive citizen participation process.
- › Communicated a 10% increase in the Las Bambas mineral resource, equivalent to 1.71 billion tonnes at a grade of 0.6% copper.

2012

- › Engineered roads and main components for the start-up of the operation.
- › Began improvement of Las Bambas – Espinar road.
- › Allocated more than 60% of the investment for construction.

2013

- › Glencore became owner of Las Bambas as part of its acquisition of Xstrata.
- › Made 65% progress on pioneering roads, 40% on concentrator plant, and 95% on improvement of Las Bambas – Espinar road.

2014

- › EIS amendment submitted to allow ground transport of copper.
- › The joint venture of MMG Limited, Guoxin International Investment Co. Ltd. and CITIC Metal Co. Ltd. purchased Las Bambas.
- › Started physical resettlement of Fuerabamba community.

2015

- › First production of copper concentrate as part of commissioning activities.
- › Commissioning and commenced ramp-up to full production.

2016

- › First shipment of copper concentrate.
- › Commenced commercial production.

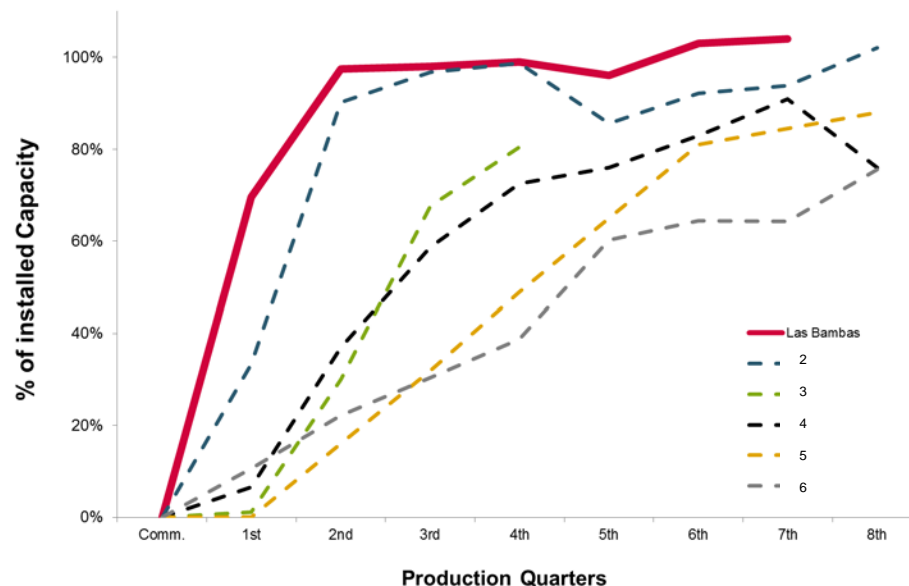
2017

- › First complete year of commercial production.
- › Production over 450 Ktn of copper concentrate.

Industry leading ramp up



Ramp up profiles of similar¹ greenfield copper concentrators



¹ Includes recently developed (since 2014) greenfield-type copper concentrator projects, publicly available data

- Key to successful ramp up was getting the right leadership in place
- MMG assembled experienced local team
- Backed up by MMG's world class technical expertise
- Supported by MMG's Operational Excellence process – leveraging competitive edge in delivering nameplate capacity and beyond
- Identified and resolved multiple critical issues before impact on ramp up

Ferrobamba pit



- The mine moves more than 160 Mt of rock and ore per year.
- 51.1 Mt of ore processed through crush, grind, float process plant.



Concentrator Plant Conventional Grinding + Flotation



Transport

- Transport in locked containers.
- Bimodal transportation: 495km by truck to a transfer station located on the 99th km of Yanahuara district in Arequipa, and continues 238km by train up to Matarani port.



Matarani Port

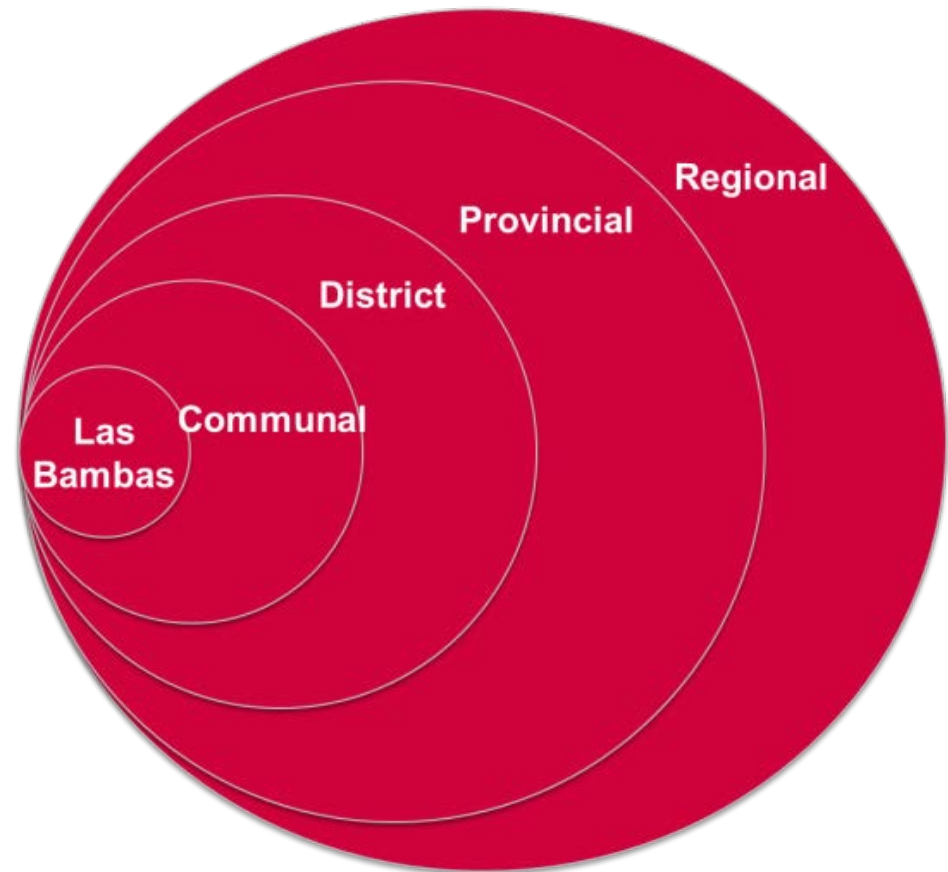
Dock denominated Mooring F:

- Train unload / transfer building exclusively for Las Bambas.
- Concentrate warehouse with a capacity of 100,000 tonnes for LB.
- A new dock capable of receiving 550,000 DWT Supramax bulk carriers.
- A ship loader with a capacity of 2,000 t/h.



Social Context

- Apurimac, previously recognized as one of the least developed provinces in Peru
- Apurimac population approximately 450,000
- ~16 communities around the site; 38 along the road to Pillones
- Further 32 communities along the transport corridor
- 3 regions, 6 provinces, 16 districts
- Fuerabamba community (520 families) resettled to a purpose built town



All agents are responsible for development: the MLC Model

3 principles:

Multi-agent: gathers the largest number of agents in a region.

Leveraged: each agent contributes resources (time, work, capital, land, others).

Co-Responsible: each agent is clear about his/her role in the initiative and performs it in a responsible manner.



Social Management Principles

- Inclusion and dialogue with stakeholders
- Promotion of government participation
- Measurable and demonstrable social investment

The community scope: Resettlement process



- Resettlement process involved 514 families (approximately 1,600 persons).
- In-kind compensation included houses constructed in Nueva Fuerabamba plus public infrastructure including schools, hospitals and community facilities.
- Livelihood restoration includes individual Family Life Plans with a vision of securing income generation, health and education for the Nueva Fuerabamba community.

Fuerabamba: then and now



Fuerabamba: then and now



Fuerabamba: then and now



Nueva Fuerabamba: Education and health



The district scope: Social development

Direct investment of **more than S / 1,100 million soles** before starting operations, in coordination with the communities and the National Government:

- Improvement and construction of roads, schools, communal buildings, churches, health centers, nurseries and promotion of new businesses, among others.
- More than 2,000 local residents received training in computer, carpentry, welding, electricity, maintenance, vehicle and hotel management skills, among others.
- Environment: 1.4 million trees on more than 880 hectares.
- Sponsorship and promotion of cultural events.



Provincial scope: Cotabambas and Grau

LAS BAMBAS SOCIAL FUND (FOSBAM)



- The government allocated **US \$64.5 million** to it once the International Bidding Process called by ProInversión was awarded.
- Managed by a Board of Directors: three district mayors, two provincial mayors and two representatives of Las Bambas.
- Investments in sanitation, education, transport, infrastructure, agriculture enhancements.



Education



Agriculture



Sanitation



Electrification

The regional scope: Internal Indebtedness Mechanism for Works

- Funding of social projects for **US \$160 million** allocated by the national government to the Apurímac region
- Support provided by Las Bambas to help implement this method and prepare the necessary technical studies.
- Investments in sanitation, education, transportation, irrigation, infrastructure, and environment, among others.



Social indicators in Apurimac have improved in recent years



Indicators	2007	2011	2015
Extreme poverty	30%	24%	8%
Malnutrition of children under 5 years	44%^{1/}	39%	22%
Reading Ability of 2nd grade children	8%	12%	36%
Mathematics Skills of 2nd graders	7%	5%	18%

1 / Data for the year 2008.

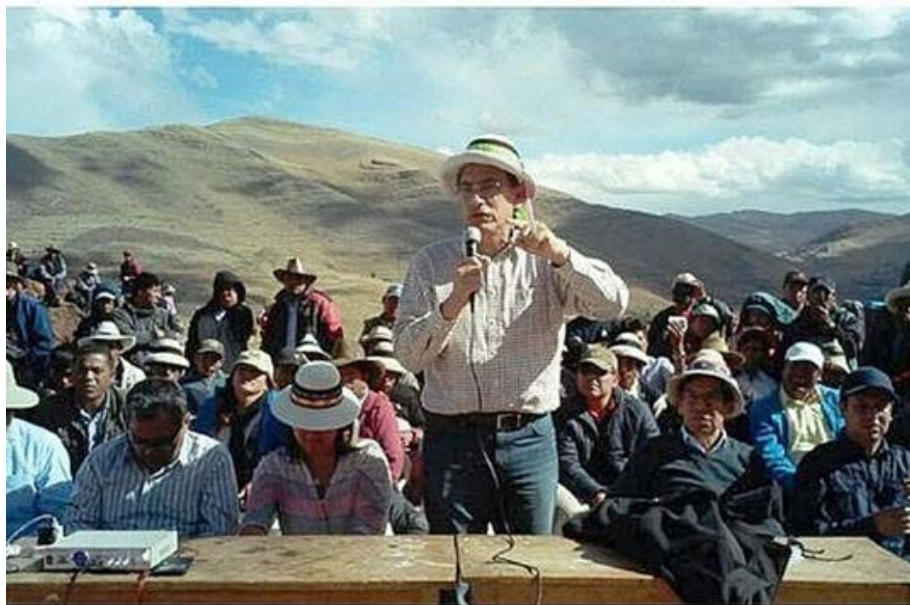
Source: INEI, Minedu

Since the commencement of operations, Las Bambas has generated more than **US \$145 million in royalties.**

Coordinated work among the institutions, the government, the communities and the private sector is required to expedite development.

Development Challenges: Managing social conflict

- Mining companies cannot resolve conflicts on their own.
 - Shared goals and interests in conflict management.
- Government provides an institutional framework for constructive dialogue.
 - e.g. Vice Ministry of Territorial Governance.



Peru: Mining ‘Destination of Choice’



- **‘Can do’ attitude to big projects:**
 - Delivered world’s largest copper project this decade at Las Bambas.
- **Government partnership:**
 - Strong working partnership with ‘whole of government’ support for operations.
- **Stable investment regime:**
 - Fiscal, economic and investment certainty of world’s 2nd largest copper producer.
- **Potential:**
 - Geology, skills and infrastructure.





Thank you

