MMG Limited to acquire Las Bambas

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MMG Ltd. (MMG) (HK.1208) today announced that, through a joint venture with a wholly owned subsidiary of Guoxin International Investment Corporation Limited, a financial investment company registered in Hong Kong (GXIIC), and CITIC Metal Co., Ltd. (CITIC), it has entered into a Share Purchase Agreement (SPA) with GlencoreXstrata to acquire the Las Bambas copper project in Peru for US$5.85 billion.[1]

Unique opportunity to acquire a world-class copper asset with prospective, near mine exploration opportunities

- Large, long-life copper development project located in the Apurimac region of Peru
- Advanced stage construction project, close to production
- Set to become one of the largest global copper mines once in full production
- 6.9 million tonne copper Ore Reserve, 10.5 million tonne copper Mineral Resource [2]
- Expected to produce in excess of 2 million tonnes of copper in concentrate in its first five years of operation
- Prospective, near mine exploration opportunities

Powerful consortium – led by MMG

- MMG-led joint venture: MMG (62.5%, operator), GXIIC (22.5%) and CITIC (15.0%)
- Leverages MMG's expertise as an operator of large, open-pit mines
- Transaction supported by MMG's majority shareholder China Minmetals
- Transaction and project capital cost fully funded using a combination of equity and long-term debt to be arranged through a Chinese banking syndicate

Transformational acquisition that delivers on MMG's growth strategy and vision

- Creates long-term value for all our stakeholders
- Supports MMG's positive long-term view of copper
- Significantly increases attributable copper production and reserves
- Establishes strong platform in highly prospective South American mining region

"This is a transformational acquisition for MMG," MMG Chief Executive Officer Mr Andrew Michelmore said.

"We are pleased to lead this joint venture and establish a strong platform in one of the world's most prospective mineral precincts. Our investment in this project of national importance is the first step in what we see as a long-term relationship with Peru."

"The addition of Las Bambas to MMG's international portfolio delivers on our growth strategy and vision – to build a global diversified minerals and metals company and create opportunities for all stakeholders – including our shareholders, employees and communities," he said.

"This acquisition is consistent with China Minmetals' vision for MMG as its international investment platform for base metals projects," Mr Michelmore said.

"MMG has the ability to add value to the asset through its operating strength, progressive leadership, commitment to world-class standards and unique partnership with its major shareholder."

Transaction details

The transaction consideration and the remaining project capital costs are to be fully funded using a

combination of equity and long-term debt facilities from a banking syndicate to be arranged by China Development Bank (CDB).

The SPA is subject to customary regulatory approvals from the People's Republic of China and Peru, and the approval of MMG shareholders. A transaction circular together with a notice of an extraordinary general meeting to approve the transaction is expected to be dispatched to MMG's shareholders on or before 30 June 2014. MMG's majority shareholder, CMN, has irrevocably committed to vote in favour of the transaction.

"China Minmetals is proud to be supporting MMG in the development of this significant project," China Minmetals Corporation President Mr Zhou Zhongshu said.

"The acquisition of Las Bambas is an important milestone for outbound Chinese investment in the global resources industry and also for our partners GXIIC and CITIC," he said.

MMG anticipates that the transaction will be completed in the third quarter 2014.

Las Bambas

Las Bambas, located in Cotabambas, Apurimac Region, Peru is one of the world's largest copper projects under construction with a 10.5 million tonne copper Mineral Resource (0.62% Cu grade) and 6.9 million tonne copper Ore Reserve (0.73% Cu grade).[3] Las Bambas is expected to operate for over 20 years with upside potential from associated unexplored tenements.

"Las Bambas is expected to produce in excess of 2 million tonnes of copper in concentrate in its first five years of operation," Mr Michelmore said.

"We also believe there are opportunities to extend the existing resource and mine life as a significant proportion of the licence area is currently unexplored."

After an extensive due diligence process, MMG will provide an update on the project schedule and future capital expenditure requirements upon transaction completion.

The project has an excellent development team in place and we value their experiences and knowledge of the project," Mr Michelmore said.

"Our goal is to effect a smooth transition of ownership without a disruption to project development, and we look forward to working closely with the existing team to bring Las Bambas into production," he said.

The development of this world-class asset will deliver material benefits through the payment of taxes and royalties, training and employment, contract and supply opportunities and social investment over its operating life.

"Over the past two years of construction, Las Bambas has been an important contributor and employer to the local region and economy. We will seek to maintain and strengthen this relationship in the coming years," said Mr Michelmore.

The joint venture partners will assume responsibility for project capital expenditure from 1 January 2014.

MMG Limited

MMG is a leading international miner, listed on the Hong Kong Stock Exchange (HK.1208) with operations in Australia, Africa and Asia. As one of 21 members of the International Council on Mining and Metals (ICMM), MMG is committed to operating to world-class standards in safety, health, environment and community management.

MMG will host a teleconference at 9.30am Hong Kong time on Monday 14 April 2014. For further details please contact Investor Relations or Media Relations.

Lead joint financial advisers to MMG on behalf of the JV consortium are Citigroup and Bank of America Merrill Lynch supported by financing advisors BOCI Asia Limited and ICBC International Capital Limited. MMG's legal advisors are White & Case, Dentons and Rodrigo, Elias & Medrana. MMG's major shareholder China Minmetals Non-ferrous Metals Co. Ltd, was advised by Deutsche Bank.

Media Relations

Kathleen Kawecki
T (61) 3 9288 0996 / (61) 400 481 868
kathleen.kawecki@mmg.com

Peru

Bernardo Oliart
Apoyo Communications
T (511) 205-3900 x. 945
boliart@apoyocommunications.com

North America

Ian Hamilton
DFH Public Affairs
T (416) 206-0118 x.222 / (905) 399-6591
ian@dfhpublicaffairs.com

China

Christine Chan
T +852 2801 6090 / M +852 6173 9039
E christine@corporatelink.com.hk

Investor Relations

Colette Campbell
M (61) 422 963 652
colette.campbell@mmg.com

Maggie Qin
M (61) 411 465 468
maggie.qin@mmg.com

[1] Including the payment of intragroup loans.

[2] GlencoreXstrata Reserves and Resources Statement as at 31 December 2013.

[3] GlencoreXstrata Reserves and Resources Statement as at 31 December 2013.

SOURCE MMG Ltd.

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