



中鋁礦業國際

CHINALCO-CMC CHINALCO MINING CORPORATION INTERNATIONAL

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code : 3668



ANNUAL REPORT **2014**

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COMPANY PROFILE

Chinalco Mining Corporation International (the “Company”) is a resource development company acting as the core platform of Aluminum Corporation of China (“Chinalco”) for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects outside China.

The Company was incorporated in the Cayman Islands on 24 April 2003 as an exempted company under the Companies Law. On 1 October 2007, Peru Copper Inc., the then sole shareholder of the Company, amalgamated with Chinalco Canada B.C. Holdings Ltd to form Chinalco Canada, which thereby became the Company’s sole shareholder. Chinalco Canada transferred its entire shareholding in the Company to Aluminum Corporation of China Overseas Holdings Limited (“COH”) on 12 October 2007. The Company was listed on The Stock Exchange of Hong Kong (“Stock Exchange”) on 31 January 2013.

Currently, the Company is focusing on developing and operating the Toromocho project through Minera Chinalco Perú S.A. (“Chinalco Peru”), a wholly-owned subsidiary of the Company in Peru. The Toromocho project (the “Toromocho Project”) is located in central Peru in the core of the Morococha mining district. The Environmental Impact Assessment of the Toromocho Project was approved by the Peruvian government in December 2010. Chinalco Peru obtained the construction permit and begun the construction for the Toromocho Project in July 2011. The commissioning of Toromocho Project commenced on 10 December 2013.





MISSION / VISION / VALUES

As the Company has a corporate spirit which strives for excellence through innovation and competitive work, we constantly promote the development and practice of social responsibility, building a resourceful, efficient, environmentally friendly, and operationally safe company.



Mission

Our mission is to contribute to the local, national and global development and the success of the shareholders, through the careful and efficient transformation of natural resources.

Vision

Our vision is to be recognised as a top mining company with a management of the high efficiency and quality.

Values

Integrity

We maintain an objective to be honest, fair, ethical and transparent manner in everything we do. Furthermore, we honor our commitments and comply with laws and corporate policies.

Collaboration

We work together as a team towards a common goal.

Responsibility

We take responsibility of our decisions, our actions and our results. We try our best effort in everything we do and work with high efficiency and quality.

Respect

We treat all people fairly and equally all the time, showing respect and courtesy.

Innovation

We create an environment that promotes new ideas and methods. We develop innovative solutions and encourage new ways of thinking and working.

Good neighbor

Safety is our top priority. "Safety first" is well understood in every level of the Company. We also promote a healthy and harmonious coexistence with nature and the environment and are committed to maintaining in our operations in line with the highest environmental standards in the industry.



Executive Directors

Zhang Chengzhong (*Chairman*)
Huang Shanfu
Jin Yanbing

Non-executive Directors

Li Bohan
Liu Hongjun
Wang Dongbo

Independent Non-executive Directors

Scott McKee Hand
Ronald Ashley Hall
Lai Yat Kwong Fred
Francisco Augusto Baertl Montori

Members of the Audit Committee

Lai Yat Kwong Fred (*chairman*)
Li Bohan (*member*)
Liu Hongjun (*member*)
Scott McKee Hand (*member*)
Ronald Ashley Hall (*member*)

Members of the Remuneration Committee

Scott McKee Hand (*chairman*)
Zhang Chengzhong (*member*)
Jin Yanbing (*member*)
Ronald Ashley Hall (*member*)
Lai Yat Kwong Fred (*member*)

Members of the Nomination Committee

Zhang Chengzhong (*chairman*)
Li Bohan (*member*)
Scott McKee Hand (*member*)
Ronald Ashley Hall (*member*)
Lai Yat Kwong Fred (*member*)

Members of the Executive Committee

Zhang Chengzhong (*chairman*)
Li Bohan (*member*)
Liu Hongjun (*member*)
Wang Dongbo (*member*)
Huang Shanfu (*member*)
Jin Yanbing (*member*)

Members of the Strategic Investment Committee

Zhang Chengzhong (*chairman*)
Liu Hongjun (*member*)
Wang Dongbo (*member*)
Huang Shanfu (*member*)
Scott McKee Hand (*member*)
Ronald Ashley Hall (*member*)

Senior Management

Zhang Chengzhong (*Chief Executive Officer*)
Huang Shanfu (*Vice President*)
Du Qiang (*Vice President*)
Jin Yanbing (*Chief Financial Officer*)

Joint Company Secretaries

Du Qiang
Mok Ming Wai

Authorized Representatives

Zhang Chengzhong
Lai Yat Kwong Fred

Alternate Authorized Representative

Mok Ming Wai

Registered Office

PO Box 309, Ugland House
Grand Cayman
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Headquarter

No. 62, Xi Zhi Men Bei Da Jie,
Haidian District, Beijing, PRC

Principal Place of Business in Hong Kong

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1 Matheson Street,
Causeway Bay,
Hong Kong

Website Address

www.chinalco-cmc.com

Stock Code

3668

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Compliance Advisor

Somerley Capital Limited

Legal Advisors

Slaughter and May
47th Floor, Jardine House,
One Connaught Place
Central, Hong Kong

Auditor

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower, 1 Tim Mei Avenue
Central, Hong Kong

Principal Bankers

The Export-Import Bank of China
China Development Bank
Banco Bilbao Vizcaya Argentaria S.A.
Standard Chartered Bank
Banco de Crédito del Perú

BOARD



Chairman of the Board and Executive Director
Zhang Chengzhong



Non-executive Director
Li Bohan



Non-executive Director
Liu Hongjun



Non-executive Director
Wang Dongbo



Independent Non-executive Director
Scott McKee Hand



Independent Non-executive Director
Ronald Ashley Hall



Independent Non-executive Director
Lai Yat Kwong Fred



Independent Non-executive Director
Francisco Augusto Baertl Montori



Executive Director
Huang Shanfu



Executive Director
Jin Yanbing

MANAGEMENT

Management team of the Company



Chief Executive Officer
Zhang Chengzhong



Vice President
Huang Shanfu



Vice President
Du Qiang



Chief Financial Officer
Jin Yanbing

Management team of Chinalco Peru



President
Huang Shanfu



Vice President of
environmental and
corporate affairs
Ezio Martino Buselli Canepa



Vice President of
legal affairs
Juan José Mostajo



Vice President of
human resources and
information technology
and communication
Fernando Ferreyros Rieckhoff



Vice President of
finance
Wang Xing



Vice President of
construction
Leo Leroy Hilsinger

Dear Shareholders,

2014 will be among the more memorable years for Chinalco Mining Corporation International (the 'Company'). We have reached more milestones this year. The Toromocho Project had its first copper in February 2014. And we have supplied our clients globally with a total of approximately 300,000 tonnes of copper concentrate produced by Toromocho Project. More importantly, I am pleased to see that we have been adhering to our sustainable development policy in 2014 after the project stepped into production stage. As always, we have been listening to the communities and stakeholders with the objective of understanding their needs and taking them into consideration in the development of our activities and generate long-term sustainable relationships. Thanks to our constant strategy of sustainable development, the project continued to receive broad acceptances from local communities in the project area as well as the firm supports from Peruvian governments. By the end of 2014, approximately 93.8% of 920 families who were scheduled to be relocated from the old town of Morococha have moved to the new town. I wish them a happy life in their new homes in Cahuacoto. Along with its commissioning and production, the Toromocho Project has created long-term and stable employment opportunities. With more than 1,500 local professionals and workers serving Toromocho Project currently, the Company has also made significant progress in the development and implementation of an Occupational Health, & Safety (OH&S) program and an OH&S Management System (OHSMS) during the past year. The sustainable development policy and the Health & Safety ("H&S") principles have formed the cornerstone of our H&S culture, which I believe will also form the cornerstone of our long term success.

Despite the progresses and achievements, we have come through more challenges in 2014. Due to the delay of electric power availability, the stripping was behind estimations which affected the ore grade in the mining plan of 2014. It may have led to an amount of oxidized materials from top of the mine whose ore hardness had affected the semi-autogenous grinding mill (the "SAG Mill") throughput. In order to resolve the technical problems in the grinding area and improve the grinding efficiency, we rescheduled the ramping up plan in the third quarter of the year. Then we encountered another issue on certain components of the thickeners, after the processing plant has improved its grinding efficiency and reached full capacity continuously for a period of time in October 2014. For the time being, it seems the testing and improvement to the thickeners may even take more time than we previously estimated. The delay in stripping may have also given rise to the difference in arsenic content in the ore and the arsenic content in the concentrate. The production team has been striving for optimizing the production plan to deal with the above issues throughout the year. Having noticed that many equipment in the Toromocho Project are rarely running on such an altitude, what grim challenges they confront can be appreciated. But through it all, our team held firm. This is a special moment. Behind us we can look back and see all the efforts we have paid. Before us we can see our steps towards reaching our goals. Where five years ago there was wildness, today in the Toromocho area there is the great mine standing firm. From the Kingsmill water treatment plant, from the mine site, from the processing plant, from the new town of Morococha, our team has, with our faith and encouragement, built a mine ranking as one of the greatest on Andes. I am resolutely confident that we are determined to meet our goal in the very near future.

The market was also challenging in 2014. London Metal Exchange Copper prices moved from the highest US\$7,439.5/ton on 2 January to the lowest US\$6,306/ton on 17 December. The average London Metal Exchange copper price in 2014 reached US\$6,863/ton, lower than it was in 2013.

The Commercial Exchange spot copper price began in 2014 at US\$3.36 per pound of copper. Although fluctuating through several cycles, copper prices on average trended downward during the year in large part owing to reduced demand growth from slower economic growth in China and the expectations that the U.S. Federal Reserve would continue cutting its bond purchases during 2014. From a global perspective, 2014 witnessed slow growth in the world economy. Economies like Eurozone, Japan and Russia saw some major financial shocks. USA improved their growth and raised their employment rate. India and China performed better than their counterparts though, China's economy has experienced a bumpy year with growth having slipped to 7.3 percent, the slowest pace since the global financial crisis. The last quarter of 2014 saw a lot of market fluctuations, especially the fall in oil prices which shook the world economy. But as we always say, when the challenges are addressed opportunities will present themselves for those who are pursuing. We have a window of opportunity as other players rebalance asset portfolios or certain mining companies try to privatize. Acting as the core platform of Aluminum Corporation of Chinalco for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects outside China, we have been endued the mission and we have a great chance of success. This strategy is certainly not without risk: it requires serious investment and solid execution.

This is Day One for us. The future will evolve at a fast pace. We have to move quickly to solidify and extend our current work, to reach the full capacity of our Toromocho project, and to excel at its operation, while we begin to pursue the substantial opportunities in the large markets. We believe that a fundamental measure to our success is the shareholder value we create over the long term. This value will be a direct result of our ability and perspective to fulfill the above targets, which will translate directly into higher revenue, higher profitability, greater capital velocity, and correspondingly stronger returns on invested capital. Our decisions shall consistently reflect this focus. And it is to this high purpose that I will call upon each and every member of our team to make our cause their own.

Behind lofty goal and great success are always talented, energetic people. Each and every one of our team have spared no efforts in performing their duties. Any achievements would not have been possible without their contributions. I would like to salute our great people. And I'm extremely proud of the whole team, and feel lucky to have a front row seat.

Dr. Zhang Chengzhong

Chairman & Chief Executive Officer

CHINALCO MINING CORPORATION INTERNATIONAL

30 March 2015





This Management Discussion and Analysis is prepared as of 30 March 2015. It should be read in conjunction with the audited consolidated financial statements and notes thereto of the Group for the year ended 31 December 2014.

The “Group” refers to the Company and its subsidiaries. “Chinalco” refers to Aluminum Corporation of China, the controlling shareholder of the Company. “Chinalco Peru” refers to Minera Chinalco Peru S.A., a wholly-owned subsidiary of the Company. The “Prospectus” refers to the prospectus of the Company dated 18 January 2013 in respect of the global offering of its shares. The “PRC” or “China” refers to the People’s Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. “Peru” refers to the Republic of Peru. “JORC” refers to Australasian Joint Ore Reserves Committee. The “Director(s)” refers to director(s) of the Company. The “Board” refers to the board of Directors of the Company.

Overview

The Toromocho Project, located in central Peru in the core of the Morococha mining district, is currently the only mining asset operated by the Company. As disclosed in the Prospectus, the Toromocho Project consists of an open pit mining operation with daily ore processing capacity estimated to reach approximately 117,200 tonnes and a strip ratio estimated to reach 0.79:1. The Group employs a SAG Mill ball mill/flotation processing plant that is standard for the industry, with a designed average daily production capacity of 1,838 tonnes of 26.5% copper concentrates over the 36-year life of the mill and a separate molybdenum hydrometallurgical plant with a designed average daily production capacity of 25.1 tonnes of molybdenum per day over the life of the mill. Based on the planned production capacities described above, the Toromocho Project has an estimated mine life of 32 years and an estimated production life of 36 years.

According to the technical report prepared by Behre Dolbear Asia Inc. dated in November 2012 (the “Competent Person’s Report”) as disclosed in the Prospectus, the proved and probable JORC-compliant reserves of the Toromocho Project deposit are estimated to contain approximately 7.3 million tonnes of copper, 290,000 tonnes of molybdenum and 10,500 tonnes of silver.

The following tables summarize the estimated ore reserves and mineral resources in respect of the Toromocho Project (based on the same basis and assumptions under the Competent Person’s Report) as at 31 December 2014.

JORC Ore Reserve Category	Tonnes (millions)	Grade			Metal Content		
		Copper (%)	Molybdenum (%)	Silver (grams/tonne)	Copper (million tonnes)	Molybdenum (tonnes)	Silver (tonnes)
Proved	736	0.511	0.020	6.36	3.8	147,000	4,700
Probable	784	0.434	0.018	7.31	3.4	141,000	5,700
Total	1,520	0.471	0.019	6.85	7.2	288,000	10,400

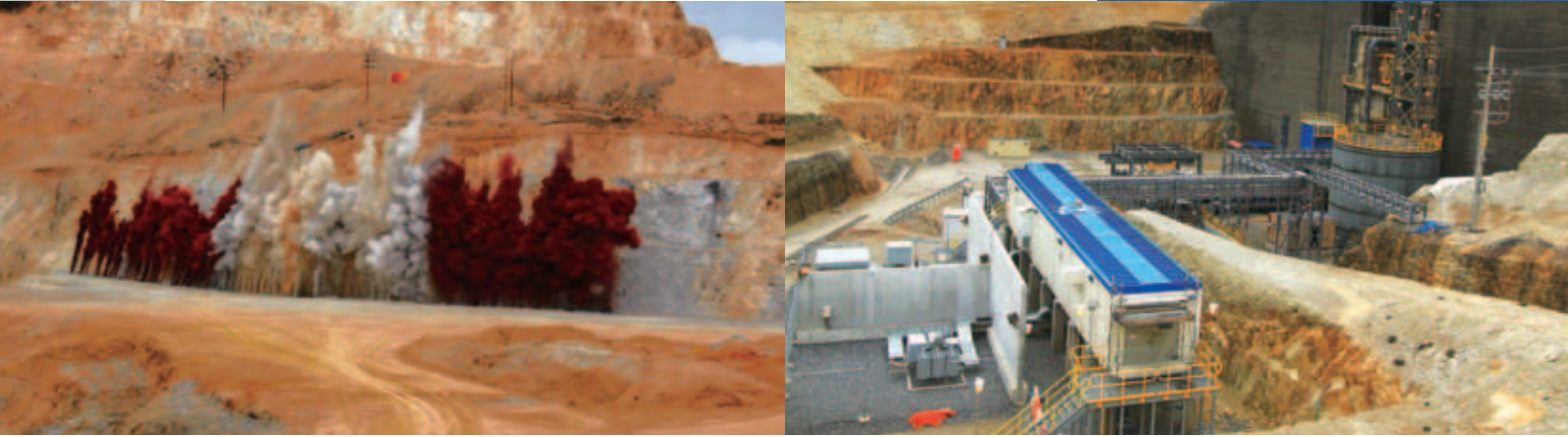
JORC Measured and Indicated Mineral Resources Category	Tonnes (millions)	Grade			Metal Content		
		Copper (%)	Molybdenum (%)	Silver (grams/tonne)	Copper (million tonnes)	Molybdenum (tonnes)	Silver (tonnes)
Measured	156	0.410	0.014	6.20	0.6	22,000	1,000
Indicated	364	0.360	0.012	6.06	1.3	44,000	2,200
Total	520	0.375	0.013	6.10	1.9	66,000	3,200

JORC Inferred Mineral Resources Category	Tonnes (millions)	Grade			Metal Content		
		Copper (%)	Molybdenum (%)	Silver (grams/tonne)	Copper (million tonnes)	Molybdenum (tonnes)	Silver (tonnes)
Inferred	174	0.460	0.015	11.54	0.8	26,000	2,000

The Toromocho Project consists of a total of 67 key mining concessions, with registered superficial land rights covering 6,702.8 hectares. Of these 67 key mining concessions, 66 are wholly-owned by members of the Group, whereas one of the mining concessions is owned by Juanita, in which the Group holds a 50% equity interest. Chinalco Peru has been negotiating and is about to sign a memorandum of understanding with Volcan Compania Minera S.A. ("Volcan") to acquire Volcan's remaining 50% equity interest in Juanita. Upon completion of the above acquisition, Juanita will become a wholly-owned subsidiary of the Company.

The Group currently plans to prioritize the mining of 58 mining concessions, as covered in the Mining Plan approved by means of a resolution of the General Bureau of Mining of the Ministry of Energy and Mines ("MEM") dated 27 March 2013 (the "Mining Plan Permit").

In respect of the infrastructure used for the Toromocho Project, the Morococha mining district is connected with Lima both by the approximately 142 km paved central highway and the 172 km railway that leads to the Callao port. The final products of the Toromocho Project, including copper concentrates and molybdenum oxide, and consumables used by the Toromocho Project are transported via this railway. Chinalco Peru also invested in Transportadora Callao which is authorized to operate a dock specially used for concentrates transportation and there is a warehouse in Callao port operated by Cormin, in which the concentrates produced in the Toromocho Project are stored



before the shipment. The demand of water for the operation of the Toromocho Project is fulfilled as the Kingsmill Tunnel Water Treatment Plant (“KTWTP”), with the maximum designed feed rate of approximately 5,000 cubic meters per hour, has been in operation since August 2010. The power consumption of the Toromocho Project is highly ensured by the Pomacocha Substation, which has been upgraded with 220 kilovolt (“kV”) double busbar and currently consists of three 220/23 kV power transformers.

Business Review and Key Updates

The commissioning of the Toromocho Project commenced on 10 December 2013. As disclosed in the annual report of the Company for the year ended 31 December 2013, the Toromocho Project was expected to reach full production capacity in the third quarter of 2014. As commissioning in the grinding area had progressed behind the planning schedule, ramping up to full production capacity of the Toromocho Project was re-scheduled to the fourth quarter of 2014 and it was disclosed in the Company’s interim report for the six months ended 30 June 2014. As the key technical problems which affected the grinding area were resolved and the grinding efficiency was improved, the commissioning of the grinding area has been achieved and the Toromocho Project had reached its full production capacity continuously for a period of time in October 2014. Although thereafter, it was necessary for certain components of the thickeners in the processing plant to be tested and improved for processing full throughput and as disclosed in the Company’s announcement dated 2 January 2015, the commercial production was expected to commence in the first quarter of 2015.

Based on the current operation of the Toromocho Project and information available to the Company as of 30 March 2015, the Company evaluates that the expected time of commencing commercial production of the Toromocho Project will be adjusted to the second quarter of 2015, given the testing and improvement to the thickeners in the processing plant are requiring more time than previously estimated. The Company also estimates that the long-term production of the Toromocho Project will not be materially affected.

The Toromocho Project was in its trial production stage during 2014. It achieved annual production of 297.7 thousand tonnes of copper concentrates with copper and silver contents in concentrates reaching 70,263 tonnes and 2,381,990 ounces respectively. This was the unique product in 2014 as molybdenum flotation and hydrometallurgical plant have not started commissioning. The results of mining operation in 2014 were 78,108 thousand tonnes of mined material and 20,826 thousand tonnes of ore milled.



Based on the information currently known to the Company, the Company estimates that the Toromocho Project will produce in 2015 approximately 737 thousand tonnes of copper concentrates with approximately 184 thousand tonnes of copper contained in the concentrates. After the comprehensive considerations in terms of the delay of ramping up to full capacity of the processing plant, quality of molybdenum in the ore, and current market price of molybdenum, etc., the Company does not expect to proceed with the commissioning of the molybdenum flotation and hydrometallurgical plant in year 2015.

Set forth below are the highlights of the production in 2014 and the corresponding estimations based on the Competent Person's Report.

Production	Unit	year 2014 (1st operation year)	Competent Person's Report
Mined materials	thousand tonnes	78,108	99,003
Ore Milled	thousand tonnes	20,826	38,245
Copper in Concentrates	tonnes	70,263	190,498
Silver in Concentrates	Ounces	2,381,990	6,394,316

Production per unit cost	Unit	year 2014 (1st operation year)	Competent Person's Report
Per tonne of material moved	US\$	1.34	1.196
Per tonne of ores milled	US\$	7.76	5.28

Due to the delay of electric power availability, the stripping was behind the estimation in the feasibility study which affected the ore grade in the plan in 2014. The delay in stripping also led to an amount of oxidized materials from top of the mine whose ore hardness had affected the SAG mill throughput during the early stage of commissioning.

Another issue which arose in 2014 was in relation to mining operation which Chinalco Peru was notified by OEFA (the Environmental Evaluation and Audit branch of the Peruvian Ministry of Environment) on 28 March 2014 of an alleged non-compliance with environmental laws relating to certain water discharges. As a preventive measure, such notification required Chinalco Peru to



stop its commissioning work at its mining operation until the matter was resolved. Chinalco Peru held further discussions with OEFA regarding the water discharges and optimizing and improving its water management system to deal with the water discharge issue, which were completed on 10 April 2014. Following OEFA's inspection, it issued a resolution on 11 April 2014 to release all preventive measures on the Toromocho Project (including the suspension of commissioning at the mining operation) in respect of the water discharge issue. The normal commissioning of the Toromocho Project resumed thereafter.

Most of the copper concentrates produced by the Toromocho Project in 2014 contained arsenic content exceeding 0.5% (the "arsenic issue"). Based on the information currently known to the Company, the arsenic issue was due to the delay in stripping caused by the delay of electric power availability. The Company is further analyzing other causes of the arsenic issue comprehensively and will take appropriate measures in accordance with the overall analysis results to reduce the impact of the arsenic issue. Notwithstanding the above, the Company estimates that the arsenic issue will be mitigated in the next few years. All concentrates produced by the Toromocho Project in 2014 were successfully sold to clients all over the world. In order to mitigate market risk, the Company partly hedged against the volatility of metal prices. The Company may consider conducting such hedging business based on the updated market condition in the future.

Expansion

On 17 June 2013, the Company announced that the Board had approved the project expansion of the Toromocho Project (the "Project Expansion") in order to optimize and increase the capacity of the Toromocho Project, subject to any amendments and finalisation of details and any shareholders' approval as may be required under applicable law or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Project Expansion will be carried out at the Toromocho mine which forms the basis of the Toromocho Project. The total capital expenditure for the Project Expansion is expected to be approximately US\$1.32 billion. The Project Expansion is expected to be financed (i) from the Group's internal working capital, (ii) by re-allocating the proceeds from





its initial public offering (the “IPO”) originally intended for the acquisitions of suitable non-ferrous and non-aluminum mining projects to the extent required for the Project Expansion, and (iii) debt financing (including but not limited to bank loans). Due to the delay of commencing commercial production of the Toromocho Project, the Company will proceed with the Project Expansion based on the progress of commissioning and ramping up over time and the previously scheduled progress of the Project Expansion may be postponed. The Company will update the schedule further in due course.

Re-settlement

As of 31 December 2014, 863 or approximately 93.8% of 920 families who were scheduled to be relocated from the old town of Morococha have moved to the new town of Morococha located in Carhuacoto. The whole re-settlement is expected to be completed by the end of 2015.

Ancillary projects

The commissioning of Kingsmill water supply system finished at the end of 2013 and the Kingsmill water treatment plant is currently in normal operation.

On 15 October 2013, the construction of the 220 kV power supply system was completed successfully. So far the power supply system has been operating satisfactorily up to the designated requirements.

Towards the end of 2014, when campaigns for regional and local elections were held, protests and social unrest occurred in the area where the lime plant of the Toromocho Project is constructed. In order to ensure the safety of the employees and contractors, Chinalco Peru decided to suspend construction of the lime plant on 9 September 2014. Contractors were demobilized during November 2014 in order to reduce stand-by costs. In order to secure an uninterrupted supply of lime for the operations, Chinalco Peru has entered into certain two-year lime purchase contracts. The Company and Chinalco Peru will continue with the construction of the lime plant when appropriate.





The dock in Callao port, which is exclusively used for the mineral concentrates transportation, has a processing capacity of approximately 3 million tonnes per year. The commissioning of the system of Callao port has been completed in 2014 and this system started to operate at the end of June 2014.

Prospects

The Company has not carried out any additional exploration at the Toromocho Project in 2014 as it has been focusing on the commissioning of the Toromocho Project and on the Project Expansion.

The Company will continue its endeavors with optimizing the development and operation of the Toromocho Project.

Market Review

The global copper mine production in year 2014 increased 1.56% compared to last year, totaled 18,195 thousand tonnes, based on Thomson Reuters data. The growth rate is overshadowed by 2012-2013 growth rate as a result of technical issues, mining disruptions and average copper grade down. But the supply of mine has increased due to the commissioning of some new mines. The rising treatment charges/refining charges have been reflecting the sufficiency of the supply, and China's rising copper concentrates importation tonnages and underway Chinese smelting expansions could be good indicators of accommodated newly supplied tonnages. Global copper concentrates demands primarily derived from China and Japan, consumed more than half of the custom demands. CRU estimated the Chinese dominance of concentrates buyers will increase continuously.

Regarding refined copper, year 2014 was a more balanced year for world growth with China. Having considered the global refined copper consumption outputs in year 2014, Chinese demands contributed significantly to the global consumption even where its overall demands growth eased as a result of a sloppy property market. Some matured economies (such as the United States ("US")) saw the copper demand growth rate back into the positive figures, and transportation equipment segment possessed the fastest growth paces for US and EU economies. Global refined copper production supply outputs exceeded the total mine production in the absolute value in year 2014. Chinese refined production side were continuing to grow in year 2014, with production capacity boosted by new projects.



Comparing supply and demand, silver achieved slight physical surplus in year 2014. And silver price was on the drop since July 2014, which is associated with the perception of rising interest rates. The quantitative easing program from EU and stimulus package generated from Japan in the last quarter dragged inflation concerns, and combined with geopolitical uncertainties, stabilized silver price in the last quarter.

Financial Review

Revenue and cost of sales

Although the Group announced the commencement of the commissioning of Toromocho Project in December 2013, the Group has not commenced commercial production in 2014. Therefore, no revenue has been recognised and no cost of sales has been recorded.

General and Administrative expenses

The Group's general and administrative expenses were approximately US\$11.3 million for the year ended 31 December 2014, as compared to approximately US\$39.9 million for the year ended 31 December 2013. The decrease was primarily due to the fact that no listing expenses were incurred in 2014 as in 2013, and there was a decrease in professional fees for consultants that the Group hired in 2013 in connection with the development of the Toromocho Project.

Foreign exchange (loss)/gain, net

The Group's net foreign exchange loss was approximately US\$8.0 million for the year ended 31 December 2014, as compared to approximately US\$1.4 million gain for the year ended 31 December 2013, primarily as a result of the appreciation of US dollars/New Peruvian Soles in 2014.

Loss before income tax

As a result of the foregoing, the Group's loss before income tax decreased from approximately US\$36.5 million for the year ended 31 December 2013 to approximately US\$16.5 million for the year ended 31 December 2014.



Income tax benefit

The Group's income tax benefit decreased from approximately US\$5.4 million for the year ended 31 December 2013 to approximately US\$3.3 million for the year ended 31 December 2014. The decrease was primarily due to the decrease of tax benefit calculated at the tax rates applicable to loss in Peru in current year, which amounted to approximately US\$5.7 million; and the above decrease was offset by the increase in the tax benefit due to changes in the tax rate applicable to deferred tax recognised previously, which amounted to approximately US\$1.8 million.

Loss attributable to the equity holders of the Company

As a result of the foregoing, the loss attributable to the equity holders of the Company decreased from approximately US\$31.1 million for the year ended 31 December 2013 to approximately US\$13.2 million for the year ended 31 December 2014.

Liquidity and Financial resources

The principal sources of cash were borrowings from banks including the following:

- US\$2 billion facility and US\$419 million credit facility from the Export-Import Bank of China ("Eximbank") (obtained in December 2010 and March 2013 respectively);
- US\$83 million, US\$35 million, US\$12 million, US\$9 million and US\$118 million credit facilities from China Development Bank ("CDB") (obtained in September 2012, December 2012, June 2013, November 2013 and May 2014, respectively);
- US\$81 million one year credit facility from CDB (obtained in November 2013), which was repaid in May 2014;
- US\$100 million one-year revolving loan facility and US\$200 million one-year term loan facility from the Banco Bilbao Vizcaya Argentaria ("BBVA") (obtained in October 2013 and December 2013, respectively), both of the facilities were renewed in October 2014 and December 2014 respectively and US\$10 million of the US\$100 million facility was repaid in December 2014.
- US\$200 million one-year revolving loan facility from Standard Chartered Bank (Taiwan) Limited and Standard Chartered Bank ("SCB"), Offshore Banking Unit (obtained in January 2014) and US\$120 million short term loan facility from Standard Chartered Bank (Taiwan) Limited (obtained in December 2014).

All of the borrowings from the banks mentioned above carry interest at floating rate. As of 31 December 2014, the Group had cash and cash equivalents of approximately US\$75.2 million. The Group uses cash and bank balances to finance working capital and part of its capital expenditure for its continuing growth and expansion plans. The Group determines the appropriate amount of cash to maintain on-hand by forecasting the Group's future working capital and capital expenditure needs. The Group also aims to maintain a certain level of extra cash to meet unexpected circumstances and to use in relation to business expansion opportunities as they arise.

Pre-operating activities

Net cash used in pre-operating activities for the year ended 31 December 2014 was approximately US\$120.5 million, which was primarily attributable to the increase in working capital. The Group had announced commencement of the commissioning of the Toromocho Project at the end of 2013, but it had not reached commercial production level as of 31 December 2014. Hence, the net cash flows from pre-operating activities were still negative.

Investing activities

Net cash used in investing activities for the year ended 31 December 2014 was approximately US\$559.3 million, which was primarily attributable to the Group's purchases of property, plant and equipment of approximately US\$520.9 million, which were used for construction activities and purchase of fixed assets.

Financing activities

Net cash generated from financing activities for the year ended 31 December 2014 was approximately US\$633.6 million, which was mainly consisted of the proceeds from the Group's loans with its immediate holding company (US\$280 million), CDB (US\$118 million), BBVA (US\$300 million) and SCB (US\$320 million), and the repayment of the loan with CDB of US\$81 million and BBVA of US\$310 million.

Capital expenditure

The total capital and operating expenditure for the development of current project and the Project Expansion estimated and incurred as of 31 December 2014 are as follows:

- (a) Set forth below is the Company's estimated total capital expenditure of current project based on the Competent Person's Report and the expenditure incurred as of 31 December 2014:

(US\$ in millions)	Competent Person's Report	Costs incurred as of 31 December 2014
Current Project		
Mining	303.50	301.09
Process Plant and Infrastructure	1,871.90	2,033.91
Owner's Cost and Working Capital	704.20	748.73
Additional Projects	622.60	533.50
Total	3,502.20	3,617.23

Notes:

- (i) The capital expenditure of process plant and infrastructure project runs over the estimation, which was due to the delay of electricity power supply and the delay of completion of the construction of the Moly Hydromet Plant.
 - (ii) Owner's cost and working capital consists of costs associated with force majeure events, project insurance, social outreach, contract services, licenses and royalties, financial costs, taxes, exchange rate fluctuations, commissioning and pre-operational costs and acquisitions of property.
 - (iii) Additional projects consist of the costs incurred in relation to the lime processing plant, Kingsmill Tunnel water treatment plant, double circuit overhead transmission line, central highway relocation, investment in the Callao port, acquisition of certain mining concessions from Pan American Silver with the relevant financing interest, new town construction and resettlement. So far the lime plant is still in construction and the central highway relocation is pending the Peruvian government approval to start, and the acquisition of concessions from Pan American Silver has not been completed.
 - (iv) The total capital expenditure does not include the operating income earned and expenses incurred during the commissioning period.
- (b) Set forth below is the Company's estimated total capital expenditure based on the feasibility study report and the expenditure incurred for the Project Expansion as of 31 December 2014:

(US\$ in millions)	Feasibility Study Report	Costs incurred as of 31 December 2014
Project Expansion		
Mining	115.19	–
Process Plant and Infrastructure	1,061.18	409.85
Owner's Cost	142.33	4.24
Total	1,318.70	414.09

- (c) Other than the capital expenditure described above, there was an amount of US\$113.2 million sustaining capital expenditure incurred during the year ended 31 December 2014, which was mainly expenditures for sustaining construction of the tailing dam and mine drainage system and the procurement of railway wagons for the transportation of copper concentrates.

Capital structure

During the year ended 31 December 2014, the Group's funding primarily came from bank loans and borrowings from immediate holding company.

Gearing ratio

The Group monitors capital on the basis of the debt ratio. This ratio is calculated as net debt divided by total capital. The gearing ratios of the Group as of 31 December 2014 and 2013 are as follows:

	As at 31 December 2014 US\$'000	As at 31 December 2013 US\$'000
Total loans and borrowings	3,704,428	3,070,808
Less: cash and cash equivalents	75,173	122,916
Net debt	3,629,255	2,947,892
Total equity	701,546	722,419
Total capital	4,330,801	3,670,311
Gearing ratio	84%	80%

The increase in the gearing ratio as at 31 December 2014 resulted primarily from the increase of the Group's loans and borrowings in current year, which was mainly due to the delay of commercial production of Toromocho Project and funding for development of Toromocho Project.

Employee and remuneration policy

As of 31 December 2014, the Group had 1,537 employees in total.

The Group's remuneration policy is designed to attract, retain and motivate highly talented individuals, to ensure the capability of the Group's workforce to carry out the business strategy of the Company and to maximize shareholder wealth creation.

Benefit schemes are maintained for employees as required by the laws in Peru and China.

Moreover, under Peruvian labour law, our Peruvian subsidiaries with more than 20 employees are required to distribute 8% of their profits generated in any year among their employees.

In addition, the Group has proposed to adopt an equity incentive plan designed to attract, retain and incentivize senior management and key employees with a view to encouraging the participants to commit to enhancing value for us and our shareholders, as a whole.

Foreign Exchange Risk

The Group mainly operates in Peru with most of the transactions, which are mainly related to the acquisition of equipment, services and loans received from related parties and banks, denominated and settled in US\$. Accordingly, it is exposed to foreign exchange risk that may arise from fluctuations in the exchange rate of the New Peruvian Soles ("New PEN"). Management estimates that the impact of any changes in the New PEN exchange rate will not have a significant impact on its financial position and results. The Group maintains a net liability position expressed in New PEN that, in its appreciation trend, may have a negative impact upon liquidation of these monetary assets and liabilities, public estimates available do not anticipate a severe devaluation of US\$ in the short term that may cause a major impact on the results of the Group.

During the year ended 31 December 2014, the Group has not used any financial instrument to hedge its foreign exchange risk.

Contingent liabilities

The Group has contingent liabilities in respect of legal claims and administrative procedures arising in the ordinary course of business. However, the Group believes it has made adequate provision for these contingent liabilities, and it is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for. For the year ended 31 December 2014, there was no additional provision made by the Group in respect of legal claims.

Off-balance sheet arrangement

The Group has not entered into, nor does it expect to enter into, any off-balance sheet arrangements. The Group also has not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, the Group has not entered into any derivative contracts that are indexed to its equity interests and classified as owners' equity.

Furthermore, the Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Group does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or that engages in leasing, hedging or research and development services with it.

Event after balance sheet date

Three important events occurred after the balance sheet date, which are:

- In March 2015, the Group submitted a formal application to CDB to obtain a revolving loan facility amounting to between US\$100 million to US\$200 million for the purpose of production of copper concentrate. The application is currently subject to CDB's final approval.
- In March 2015, the Group was in negotiation with ICBC Financial Leasing ("ICBC Leasing") to secure a finance lease arrangement amounting to US\$450 million for proper development of the Toromocho Project.
- In March 2015, the Group was in negotiation with Standard Chartered Trade Services Corporation ("SCTSC") to secure a structured import financing arrangement for proper development of the Toromocho Project.



Chinalco Peru is the subsidiary wholly-owned by the Company which is required to comply with all Peruvian laws, standards, and guidelines. The Toromocho Project is the primary operation of the Company in Peru.

Workplace practices

Working conditions

Compensation

Chinalco Peru has a salary policy (POL-DHU-003) based on salaries market studies (mining and general) that is committed to internal and external equity through salary structures by hierarchies.

Recruitment & selection of personnel

Chinalco Peru establishes guidelines for the efficient and centralized recruitment of personnel, in order to provide Chinalco Peru with the best talent to the profile required in each position. All of this will be done in an environment of fairness, impartiality and transparency in the process.

Talent development

- (i) Chinalco Peru is committed to the improvement of technical skills and the organizational culture, in order to attract and retain the best employees in the market and assure their professional and personal satisfaction. With this, we aim for our professionals to be the basis of the future plans of the corporation.

In order to achieve these long term objectives, our training program consists of two main fronts of action: (a) organizational culture, which includes the training in management and leadership, values and safety; and (b) the learning of technical skills in operation and support areas.

- (ii) The percentage of employees trained by employee category during 2014

Employee Category	Percentage
Senior Management	66%
Middle Management	96%
Staff	91%
Workers	97%



(iv) The average training hours completed per employee by employee category during 2014:

Employee Category	Average Hours Per Employee
Senior Management	22
Middle Management	31
Staff	25
Workers	301

Personnel management

Policies

Name of document	Number of document	Description
1. Personnel management policy	POL-DOR-001-12	Guidelines related to the incorporation of a new employee: Insurances, permits and licenses, penalties, overtime, the record at the personnel database, the payroll calculation and the payment of salaries.
2. End of labor relation policy	POL-DOR-002-12	Guidelines related to the reasons and procedure of the end of the Chinalco Peru employee labor relation.
3. Bullying and harassment policy	POL-DOR-003-12	Procedure of claims and investigation related to bullying and harassment events.
4. Alcohol and drugs policy	POL-RSG-003	Guidelines related to the compromise of Chinalco Peru about providing safety and sanitary labor conditions for all its employees and the procedure that it has to follow up when it has detected a person under the effects of alcohol and drugs at their facilities.
5. Expatriates policy	POL-RSG-006	Guidelines related to the contract, worker visa, permanence, vacations, compensations and benefits, and end contract.
6. Vacations policy	POL-RSG-007	Guidelines related to the record, the approval of vacations considering the different working hours that Chinalco Peru has established.
7. Salary advances and loans	POL-RSG-008	The requirements for loans and salary advances as well as the request and approval.
8. Internal Regulations of Chinalco Peru	Mandatory according to Peruvian law	Internal rules related to: Working hours, assistance control, permanence of employee during the working hours, rest, vacations, duties and liabilities of Chinalco Peru, duties and liabilities of employees, sanctions, employee claims, health and safety, procedure against bullying and harassment.

Health and safety (“H&S”)

Development and training

The safety and health of our people are core values to every aspect of our business and we strive to provide an incident and injury-free environment for all our people. It is both personal – our individual intention and commitment – and collective – our workplace culture and shared values. It is also about behavior – the way we think and act – and our systems, procedures, and practices which reflect our commitment to an injury-free environment.

Chinalco Peru has endorsed a Sustainable Development Policy (see section below titled “Social Responsibility Report – Environmental Protection – Emissions”). We are committed to protecting the integrity, health and welfare of our stakeholders, within a context of collaboration and respect for our staff, the communities and the environment, with the goal of being recognized as a company that contributes in a sustainable manner to the development of the area under our influence.



Strategic goals of our Sustainable Development Policy

- Complying with and ensuring compliance with the laws, regulations and legal standards applicable to our operations in an ethical and transparent manner.
- Developing and maintaining a system of prevention and management of risks, based on the concept of continual improvement, which protects the health, integrity and welfare of our stakeholders and which contributes to the goal of attaining a culture of zero harm, through the periodical evaluation of established objectives.
- Listening to the communities with the objective of understanding their needs so that these can be taken into consideration in the development of our activities so as to generate long-term sustainable relationships.
- Training and developing our stakeholders to give them the abilities and opportunities necessary to grow with us.
- Acting in a responsible manner, with the objective of minimizing negative environmental impacts.
- Undertaking the monitoring of activities that will promote continual improvement in our processes.
- Establishing and maintaining open, transparent and horizontal communications with our stakeholders, local communities and the general public with respect to our performance in health and safety, environmental and community relations issues.

- Ensuring that our stakeholders and contractors comply with the environmental, health and safety and community relations policies and procedures of the company.

During the past year, the Company has made significant progress in the development and implementation of an Occupational Health, & Safety (OH&S) program and an OH&S Management System (OHSMS). The Sustainable Development Policy and the health and safety principles form the cornerstone of our health and safety culture. They address such issues as accountability, training, communications, resources, engineering design, performance measurement and sustainable development. Thus, in the planning, development, implementation and monitoring of our Sustainable Development Policy, we would refer to internationally recognized standards like OHSAS 18001 – known as the 17- element model. These 17 elements are then grouped into four steps. This is aimed at resulting in a consistently effective way of implementation based on the PDCA (Plan-Do-Control-Act) methodology.

OHSMS Elements – PDCA Cycle



Our Performance

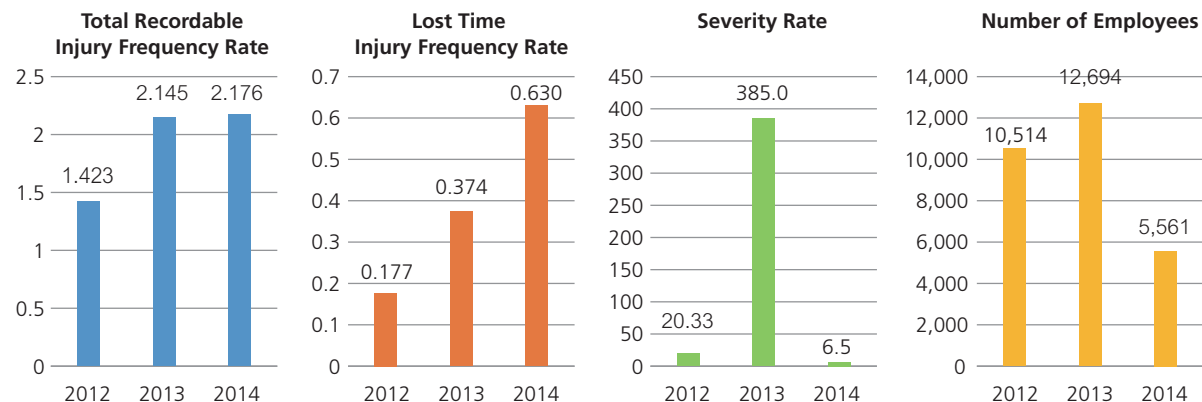
These are the results for the year 2014.

Target	Performance	
	Result	Commentary
Zero Harm		
Zero Fatalities	■	0 Fatalities
Safety		
LTIFR ≤ 0.85	■	We achieved a LTIFR of 0.63
TRIFR ≤ 2.19	■	We achieved a TRIFR of 2.17
Severity Rate ≤ 22.00	■	We achieved a SR of 6.50
Health and Safety Systems and Training		
100% Implementation of Documentation System for OHSAS 18001	■	We achieved a 100% of Implementation of the documentation system for our Health and Safety Management according to OHSAS 18001
Training Rate ≥ 2.0	■	We achieved a training rate of 2.1, with more 292,749.6 man-hours of training.
Occupational Health		
0 Occupational Diseases	■	None of our employees has any occupational disease during the year.

■ Not Achieved ■ Achieved

Note: "LTIFR" means Lost Time Injury Frequency Rate.
 "TRIFR" means Total Recordable Injury Frequency Rate.
 "SR" means Severity Rate.

The key safety and health issues that we faced in 2014 related to commissioning and operational ramp-up activities in Toromocho Project, where isolation and working at heights were the main risks. On the Occupational Health side, the goal was to reduce potential health exposures, particularly, to noise-induced hearing loss, musculoskeletal injuries and fatigue management.



Safety and Health Initiatives

Our goal is to create the best safety culture for the Company and to make safety and health part of the operational culture, not just an “add on”. We achieved our goal by designing innovative safety and health programs and effective campaigns that tailored to the activities related to the operations.

A world-class safety performance begins with people. Innovation is our best tool to engage the attention and participation of the employees at the Toromocho Project. Our most successful programs and special activities include:

- Traffic control – We implemented a monitoring system that allowed us to monitor the driving behaviors of the employees and the motor vehicles incidents were reduced by 90%.
- Special campaigns – We let the workers join the planning of all the campaigns that we performed during the last 3 years. They provided ideas and were part of the implementations. Most of the ideas came from our workers.
- Job Safety Analysis reviews – In order to improve the quality of the elaboration of the reviews, we created small groups of inspectors that conducted inspections and provided guidance to the supervisors.
- Employee of the month program – The employee of the month competition was a program developed to reward the employee’s involvement with the Health and Safety programs. They received special recognition and awards.
- Training – Involvement and engagement of the workforce in the Health and Safety training program is also essential to ensure that all project participants understand management processes and responsibilities and this was an effective mechanism available for feedback from the work force.

Throughout the last 3 years, we provided a total of more than 1.6 million man-hours of safety training. At least 16 different modules of training were available at all times. Some of the trainings modules were mandatory by the mining ministry including the induction that required 16 hours of training before each worker was allowed to perform her/his duties.

Environmental protection

Emission

(1) Policies: the following is the Chinalco Peru's Sustainable Development Policy:

We are dedicated to the exploration, extraction and processing of minerals, and we are committed to protecting the integrity, health and welfare of our stakeholders, within a context of collaboration and respect for our staff, the communities, and the environment, with the goal of being recognized as a company that contributes in a sustainable manner to the development of our area of influence.

(2) Chinalco Peru is in good standing with the government of Peru's Ministries of Energy and Mines (MINEM) and of the Environment (MINAM). The principal government auditing group in Peru is the Organization of Evaluation and Environmental Auditing (OEFA). OEFA has taken a firm position with regards to Chinalco Peru's permits and environmental commitments. Chinalco Peru has been diligent to work closely with OEFA to satisfy their concerns and to take the lead in all compliance matters. In addition, Chinalco Peru conducts internal auditing each year with quarterly follow-up and reporting.

WATER: Chinalco Peru has a zero discharge agreement with the Peruvian government. Toromocho receives between one and two meters of precipitation per year. This poses a great challenge which Chinalco Peru is proud to accept. In the first year of operation Chinalco Peru has designed and constructed a conservatively sized system of canals and ponds which control sediments and divert storm water runoff to the Kingsmill Tunnel water treatment plant. The quality of the water that results from such processes far exceeds the quality of the natural waters of the area, meeting all applicable standards.



AIR: Chinalco Peru operates a full fleet of trucks and heavy equipment to conduct the business of mining near the old town of Morococha. As the mine will eventually reach the town itself, Chinalco Peru constructed a new modern town and mineral processing facility beyond the potential effects of the Toromocho mine. To ensure compliance with the Peruvian air quality standards, Chinalco Peru has agreed to construct eight ambient air quality and meteorology monitoring stations, including SO₂, NO_x, CO, PM₁₀, and PM_{2.5}. Three have been

completed and the rest are under development. In the meantime, third party monitoring is conducted to ensure regulatory compliance. The Quality Assurance/Quality Control procedures implemented follow Peruvian and US EPA guidelines.

SOLID WASTE: Chinalco Peru produces approximately 6.5 tonnes/day of solid waste plus 428 gal/day of waste oil. Of this, 1.10 tonnes/day are deemed hazardous by Peruvian law.

All wastes are separated and managed according to the stringent requirements in Peru, including disposal in certified and permitted landfills. The waste management program is overseen by a senior

level Peruvian chief with support of an internationally recognized safety and health instructor and chief from the US and a manager, also US trained and certified in hazardous materials management. Waste oil and recyclable metals and other materials are purchased by certified recyclers. To the extent there are insufficient guidelines in Peru in this region, US procedures and guidelines are applied. In January 2015, a waste reduction program was initiated to reduce/eliminate or recycle hazardous and non-hazardous wastes. This program aims at reducing risks and providing significant savings on disposal costs.



GREEN HOUSE GAS (GHG): Chinalco Peru does not operate a point source of GHG's, but does operate mobile equipment from which hydrocarbons are emitted. Chinalco Peru is committed to the challenge of GHG minimization. Now that Toromocho Project is design operation, in 2015 we will conduct a GHG balance and minimization effort as expected of any multinational company. The task of identifying reduction opportunities will commence, including energy use reduction. Completion is expected to be by end of 2015.

Conservation of Natural Resources

(i) The Toromocho Project was constructed in the historic mining district of Morococha. Natural mineralization and abandoned underground mining have left the area with extensive negative effects on water quality and little remaining natural habitat. Chinalco Peru partnered with the government of Peru to remediate where possible and create a natural land reserve of over 900 hectares of remaining natural lands. An extensive water collection and treatment system was created to treat existing poor quality water sources from historic and local small mining activities, while recycling 100% of Toromocho process waters. Chinalco Peru also agreed to meet the very stringent closure standards in Peru to ensure long term sustainability.



(ii) Toromocho Project consumed approximately 607,692,564 kwh/year in 2014, which at present equates to 7005 kwh per ton of concentrate produced.

Approximately 12,108,124 gallons of diesel were consumed during 2014, equating to 140 gallons per ton of concentrate produced.

(iii) Toromocho Project consumes 252,288 m³/year of fresh water per year for domestic purposes. Due to the shortage of uncontaminated water in the area, water treatment is necessary.

(iv) As Toromocho Project ramps-up to full capacity in 2015, energy efficiency measures are being implemented as part of the sustainable development and GHG initiatives.

An Overview of Directors and Senior Management

As at 30 March 2015, the board (the “Board”) of directors of the Company (the “Directors”) consists of ten Directors, four of whom are independent non-executive Directors. Some of the Directors were re-appointed at the annual general meeting of the Company held on 18 June 2014. According to the Articles of Association of the Company, not less than one-third of the Directors must retire from office by rotation at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years and any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board will hold office until the next following annual general meeting of the Company after his/her appointment.

The table below sets forth certain information in respect of the members of the Board and our senior management as at 30 March 2015.

Name	Age	Position	Date of appointment
Zhang Chengzhong	54	Chairman	1 May 2013 (appointed as Director) 12 August 2014 (redesignated as Executive Director and appointed as Chief Executive Officer) 28 August 2014 (appointed as Chairman)
Li Bohan	52	Non-executive Director	28 August 2014
Liu Hongjun	52	Non-executive Director	28 August 2014
Wang Dongbo	52	Non-executive Director	28 August 2014
Huang Shanfu	49	Executive Director and Vice President	1 December 2010
Jin Yanbing	36	Executive Director and Chief Financial Officer	29 March 2015
Scott McKee Hand	72	Independent Non-executive Director	10 April 2012
Ronald Ashley Hall	61	Independent Non-executive Director	10 April 2012
Lai Yat Kwong Fred	66	Independent Non-executive Director	10 April 2012
Francisco Augusto Baertl Montori	71	Independent Non-executive Director	10 April 2012
Du Qiang	45	Vice President	28 August 2014

Chairman, Chief Executive Officer and Executive Director

Zhang Chengzhong

Dr. Zhang Chengzhong, aged 54, is the deputy general manager of Chinalco, a director and the president of China Copper Co., Ltd. (中國銅業有限公司) and the Chairman of the board of China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司). Dr. Zhang obtained his doctorate degree in nonferrous metals metallurgy from Northeastern University (東北大學) and is also a professor-grade senior engineer. Having been engaged in the management of corporation and strategic development at large state-owned enterprises for a long time, Dr. Zhang has extensive experience in corporate management and strategic development. Dr. Zhang joined Chinalco in July 1982. He had served as the first vice plant director of the Alumina Branch of the Shanxi Aluminum Plant (山西鋁廠氧化鋁分廠), the institute director of the research institute, vice plant director of Shanxi Aluminum Plant (山西鋁廠), plant director of Shanxi Aluminum Plant and the vice president of Aluminum Corporation of China Limited (中國鋁業股份有限公司). Since February 2011, he has been serving as a director and the president of China Copper Co., Ltd. (中國銅業有限公司), the chairman of the board of Chinalco Shanghai Copper Co., Ltd. (中鋁上海銅業有限公司), the chairman of the board of Yunnan Copper (Group) Co., Ltd. (雲南銅業(集團)有限公司) and the chairman of the board of Chinalco Luoyang Copper Co., Ltd. (中鋁洛陽銅業有限公司).

Non-Executive Directors

Li Bohan

Dr. Li Bohan, aged 52, joined Chinalco in August 1983. Currently, he is serving as the vice president and chief financial officer of China Copper Corporation Limited (中國銅業有限公司). From December 2001 to October 2003, Dr. Li was the head of the Finance Department (Audit Department) of Aluminum Corporation of China (中國鋁業公司). From October 2003 to March 2004 he served as the head of the Administrative Service Department of Aluminum Corporation of China (中國鋁業公司). From March 2004 to March 2008, Dr. Li was the head of the Administrative Service Department of Aluminum Corporation of China (中國鋁業公司) and the chairman and general manager of Chinalco Property Development Co., Ltd (中鋁置業發展有限公司). Dr. Li served as the general manager of Chinalco Property Development Co., Ltd. from March 2008 to February 2012. From February 2012 to December 2013, Dr. Li worked as the head of the Party Discipline Inspection Office of Aluminum Corporation of China (中國鋁業公司).

Dr. Li was granted the title of research fellow in May 2003. He graduated from Zhejiang Metallurgy Economics Junior College (浙江冶金經濟高等專科學校) with a college degree in finance and accounting in August 1983. Majoring in Political Economy, Dr. Li graduated from Party School of the Central Committee of the Communist Party of China (中央黨校) with a doctoral degree in economics in July 2006. Dr. Li has been working in the fields of financial management and business management for 31 years and has extensive management experiences.

Liu Hongjun

Dr. Liu Hongjun, aged 52, joined Aluminum Corporation of China (中國鋁業公司) in August 2012 and served as the general manager of the Enterprise Management Department of China Copper Corporation Limited (中國銅業有限公司). Dr. Liu has been working as the assistant to the president of China Copper Corporation Limited (中國銅業有限公司) since June 2014.

From November 2001 to October 2007, Dr. Liu was the deputy director of Dexing Mine of Jiangxi Copper Corporation (江西銅業集團). He served as the deputy commander of the Engineering Construction Commanding Office of Wushan Project from October 2007 to September 2008. From September 2008 to August 2012, Dr. Liu was the general manager of China Gold Inner Mongolia Mining Co., Ltd. (中國黃金集團內蒙古礦業有限公司).

In July 1998, Dr. Liu was granted the title of professor-grade senior engineer by Jiangxi Copper Corporation (江西銅業集團). He graduated from Jiangxi Metallurgical Institute (江西冶金學院) in August 1982 with a bachelor's degree in engineering and majoring in ore dressing. Dr. Liu has been working in the fields of ore dressing and business management for 32 years and has extensive experiences in business management, mine construction and project management. During his terms of office with China Gold Inner Mongolia Mining Co., Ltd. (中國黃金集團內蒙古礦業有限公司). Dr. Liu led the construction of a substantial mine of ultra-large scale – the Wushan Project, which was named as the “benchmark of China’s copper industry” among the non-ferrous metal industry of China. The project was highly rated by leaders from the State-owned Assets Supervision and Administration Commission of the State Council.

Wang Dongbo

Dr. Wang Dongbo, aged 52, joined Aluminum Corporation of China (中國鋁業公司) in January 2010 and served as the deputy general manager and the chief geologist of Chinalco Resources Corporation (中鋁礦產資源有限公司). He also worked as the deputy director of the Mineral Resources Department of Aluminum Corporation of China (中國鋁業公司) in 2012.

From November 1993 to June 1998, Dr. Wang worked as the deputy director of Beijing Institute of Geology for Mineral Resources affiliated to the China National Nonferrous Metals Corporation (有色金屬工業總公司北京礦產地質研究所). He was the director of Beijing Institute of Geology for Mineral Resources (北京礦產地質研究所) from June 1998 to December 2001. From December 2001 to January 2002, Dr. Wang served as the secretary of the Communist Party Committee of Beijing Institute of Geology for Mineral Resources (北京礦產地質研究所). From January 2002 to December 2005, Dr. Wang worked as both the director and the secretary of the Communist Party Committee of the Institute of Geology under the Chinese Academy of Geological Sciences (中國地質科學院地質研究所). From December 2005 to January 2010, Dr. Wang was the bureau-level inspector of the Institute of Geology under the Chinese Academy of Geological Sciences (中國地質科學院地質研究所).

In December 1994, Dr. Wang was granted the title of professor-grade senior engineer by China National Nonferrous Metals Corporation (有色金屬工業總公司). Majoring in geochemistry in the faculty of geochemistry, Dr. Wang graduated from China University of Geosciences (中國地質大學) with a doctoral degree of science in October 1989. From January 1990 to November 1991, Dr. Wang was engaged in research at the post-doctoral exchange center of Central South University (中南大學). Dr. Wang has been working in the fields of ore deposits and mineral resources prospecting and exploration for 22 years and has extensive management experiences.

Other Executive Directors

Huang Shanfu

Mr. Huang Shanfu, aged 49, has been a director and the president and the chief executive officer of Chinalco Peru since December 2010, and has been in charge of the construction of the Toromocho Project. He was appointed as an executive Director and the vice president of the Company on 28 February 2012.

From February 2010 to November 2010, Mr. Huang was the general manager of the Enterprise Management Department of China Copper Corporation Limited* (中國銅業有限公司), overseeing the daily operation of the enterprise management department. Mr. Huang was the vice general manager of Yunnan Copper Group (雲南銅業(集團)有限公司) from December 2004 to November 2010, and was responsible for technology development and further processing of products. From November 2003 to December 2004, he was the assistant to the general manager of Yunnan Copper Group, and was responsible for technology development. From May 1998 to November 2003, Mr. Huang served as a director and vice general manager of Yunnan Copper Co., Ltd. (雲南銅業股份有限公司), where he was in charge of production and operation of the company. From October 2006 to January 2010, Mr. Huang was a director, president and the chief executive officer of Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司) in Zambia, where he was responsible for the construction and operation of the company. From January 2005 to September 2006, he was a director of P.T. Hanjaya Smelting Indonesia (印尼漢榮冶煉有限公司) in Indonesia, where he was in charge of the company's establishment preparation. He participated in the exchange program to Norddeutsche Affinerie AG (德國北德冶煉公司) from December 2003 to June 2004.

Mr. Huang has over 23 years of mining experience, particularly in the copper industry.

Jin Yanbing

Mr. Jin Yanbing, aged 36, has been the head of the Finance Department (Overseas Finance Department) of the parent of the Company, Aluminum Corporation of China (中國鋁業公司) and manager of Integrated Finance Department of Chalco Iron Ore Holdings Limited (中鋁鐵礦控股有限公司) since July 2014. He has been the manager of Integrated Finance Department of Chalco Iron Ore Holdings Limited (中鋁鐵礦控股有限公司) since May 2012. From February 2010 to May 2012, he worked as the deputy manager of Finance Department of Aluminum Corporation of China Overseas Holdings Limited (中鋁海外控股有限公司). From October 2007 to February 2010, he was the operating officer of Finance Department (General Office) of Aluminum Corporation of China (中國鋁業公司).

Mr. Jin was the business manager of Flextronics (China) Electronics Co., Ltd. from December 2005 to October 2007 and was the commercial officer of Siemens Mobile (China) (西門子移動(中國)) from September 2004 to December 2005. He worked as the accountant of Lenovo Import & Export Company (聯想進出口公司) and Lenovo Group IT Service Group (聯想集團IT服務群組) from July 2004 to September 2004. Mr. Jin was the project manager of Audit Department 2 of Zhong Rui Hua Heng Xin Accounting Firm (中瑞華恆信會計師事務所) from August 2002 to July 2003.

Mr. Jin graduated from Nankai University in 1999, majoring in accounting and obtained a master degree in accounting from Nankai University in 2002.

Independent Non-Executive Directors

Scott McKee Hand

Mr. Scott M. Hand, aged 72, was appointed as an independent non-executive Director of the Company on 10 April 2012. Mr. Hand has been the executive chairman of Royal Nickel Corporation (“Royal Nickel”), a company listed on the Toronto Stock Exchange (Stock code: RNX) since November 2009.

Mr. Hand was the chairman and chief executive officer of Inco Limited (“Inco”) from April 2002 until he retired from Inco in January 2007. Inco was acquired by Companhia Vale do Rio Doce (now called Vale S.A.) in late 2006. Mr. Hand joined Inco in 1973 and held various positions in law, strategic planning and business development and was the president of Inco from 1992 until 2002. Inco is a major global resources enterprise and a leading producer and marketer of nickel and other metals based in Canada.

Mr. Hand is currently involved in a number of public and private companies, primarily in the mineral resource industry. In addition to Royal Nickel, he was a member of the boards of directors of Legend Gold Inc., a company listed on the TSX Venture Exchange (Stock code: LGN). He was also a director of Fronteer Gold Inc., a company listed on the Toronto Stock Exchange and the New York Stock Exchange (Stock code: FRG) from 2007 to 2011 when Fronteer was sold to Newmont Mining Corporation and Royal Coal Corp., a company formerly listed on the TSX Venture Exchange (Stock code: RDA).

Mr. Hand has over 37 years experience in all aspects of the mining industry based on his participation in Inco’s mining and processing operations and projects in Canada, Indonesia, New Caledonia and Guatemala and Inco’s processing and refining operations in the United Kingdom, Japan, China, South Korea and Taiwan. In addition to nickel, Inco was an important producer and refiner of copper, cobalt and the precious and platinum group metals. Mr. Hand was also a member of the boards of directors of the Nickel Institute and P.T International Nickel Indonesia Tbk. Mr. Hand is currently engaged in a number of private ventures in copper, gold, oil and gas and industrial minerals.

Mr. Hand is also a member of the board of directors of Manulife Financial Corporation, a major worldwide insurance and financial services company based in Canada listed on the Toronto Stock Exchange (Stock code: MFC), Boyd Technologies LLC (non-woven materials) in the United States and World Wildlife Fund Canada.

Ronald Ashley Hall

Mr. Ronald Ashley Hall, aged 61, was appointed as an independent non-executive Director of the Company on 10 April 2012. He is an independent consultant advising on technical and strategic issues. He has over 30 years of professional experience in the copper mining industry. He has been involved in business and mining opportunities in China, India, Russia, North America and South America.

From 2004 to 2011, Mr. Hall was a vice president of Wardrop Engineering, a private Canadian engineering company engaged in providing engineering design and consulting services to the mining, energy and infrastructure sectors in Canada.

From 2001 to 2004, Mr. Hall served as president and consultant at Minmet Consulting Limited. From 1998 to 2001, Mr. Hall was a project manager of Hatch Associates Ltd. in Vancouver. He was involved in many mining projects around the globe from scoping and feasibility studies, due diligence investigations and technical support to detailed engineering design and project management.

Mr. Hall also previously served as director and vice president of China Clipper Gold Mines based in Vancouver, Canada, as an operations superintendent of BCL Ltd. at Botswana, RTZ Palabora Mining Co. Phalaborwa South Africa and De Beers Botswana, where he was responsible for operations in relation to nickel, copper and diamond.

Lai Yat Kwong Fred

Mr. Lai Yat Kwong Fred, aged 66, was appointed as an independent non-executive Director on 10 April 2012. Mr. Lai has over 39 years of experience in accounting, auditing and company secretarial matters. He has been an executive director and the chief financial officer of Champion Technology Holdings Limited, a company listed on the Stock Exchange (Stock code: 92) since April 1996 with responsibility for its financial and accounting policy and control after initial service in March 1994 as company secretary. He has been the chief executive officer (acting), chief financial officer and an executive director of Kantone Holdings Limited, a company listed on the Stock Exchange (Stock code: 1059) since November 1996, where he was primarily responsible for overseeing the entire operation. He has served as a non-executive director of DigitalHongKong.com, a company listed on the Stock Exchange (Stock code: 8007) from January 2005 to 6 October 2014 where he joined the board of directors to ensure the proper and profitable operation of the company. He also served as an independent non-executive director of Trony Solar Holdings Company Limited, a company listed on the Stock Exchange (Stock code: 2468) from 1 October 2011 to 7 February 2013 and was the chairman of the audit committee of that company.

Mr. Lai is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (Practising).

Francisco Augusto Baertl Montori

Mr. Francisco Augusto Baertl Montori, aged 71, was appointed as an independent non-executive Director of the Company on 10 April 2012.

Since December 2010, he has served as a director of Golden Alliance Resources, a company listed on the TSX Venture Stock Exchange (Stock code: GLL). Golden Alliance Resources is active in gold, copper and silver exploration.

Since September 2007, he has been a director of Norsemont Mining Inc., which was listed on the Toronto Stock Exchange and the Lima Stock Exchange (Stock code: NOM), but was delisted after being bought by Hudbay Resources in February 2011. Norsemont Mining Inc. is active in exploration for copper, molybdenum and silver.

Since July 2004, he has been a director of Alturas Minerals Corp., which is listed on the TSX Venture Stock Exchange (Stock code: ALT). From July 2007 to March 2009, he was the chairman of Alturas Minerals Corp. Alturas Minerals Corp. is active in mineral exploration.

Since March 2002, Mr. Baertl Montori has been a director of Interbank Peru, the second Peruvian commercial bank with offices in Shanghai, China and São Paulo, Brazil. From March 2005 to March 2011 he was a director of Graña & Montero, a real estate and construction company listed on the Lima Stock Exchange (Stock code: GRAMONC1). Since April 2001, he has been a director of FIMA, listed on the Lima Stock Exchange (Stock code: FIMA I1) and active in manufacturing of equipment for mining and other activities. From June 2009 to November 2010, he was a director of Dorato Resources Inc. Dorato Resources Inc. is listed on the TSX Venture Stock Exchange (Stock code: DRI) and active in gold and copper exploration.

From May 1967 to December 1996, Mr. Baertl Montori served various positions (including the president and chief executive officer from April 1994 to December 1996 and operations manager from May 1982 to March 1994) at Compania Minera Milpo ("Milpo"), a company listed on the Lima Stock Exchange (Stock code: MILPOC1) and one of the leading mining companies in Peru, active in the exploration and production of copper, zinc and lead concentrates.

From September 1997 until January 2003, Mr. Baertl Montori served Compania Minera Antamina ("Antamina") as its president and chief executive officer. Antamina is active in the production of copper, zinc, lead and molybdenum concentrates. He led the exploration, development, construction and establishment of this world-class project, which involved an investment of US\$2,250 million. Antamina is considered as one of the biggest and most important copper and zinc skarn type deposits, with an ore processing capacity of 120,000 tpd in an open pit operation at 4,200 meters above sea level in the Andes Cordillera, Ancash Region.

Since January 2003, Mr. Baertl Montori has been the chief executive officer of Gestora de Negocios e Inversiones, which is engaged in promoting investments in mining and agricultural activities and offering consulting services to various mining ventures.

Mr. Baertl Montori has been an active member in the Mining, Petroleum and Energy Chamber of Commerce since March 1970, having served as the chairman of its board for two terms, from April 1991 to April 1993 and from April 1999 to April 2001. During his first term as the chairman, a piece of new legislation was enacted for the promotion of investment in mining activities in Peru (Decreto Legislativo N° 708 Ley de Promoción de Inversiones en el Sector Minero) (November 1991).

He has been an active member of the Peruvian Institute of Mining Engineers. He was Chairman of the board of the institute since April 1986 to April 1988.

Senior Management

Du Qiang

Mr. Du Qiang, aged 45, is a Vice President and the chief representative of the Beijing representative office of the Company. He has also been the Secretary of the Company since January 2010. He is also a director of Minera Chinalco Peru S.A. (中鋁秘魯礦業公司). Currently he is responsible for marketing and sales of the Company to enable the Company to achieve its long-term and short-term commercial goals. He also takes full responsibility and accountability of managing and overseeing legal affairs, investor relationship, internal control policy and corporate governance of the Company. He had mainly led the successful initial public offering of the Company on the Stock Exchange of Hong Kong Limited in 2013 with other senior management of the Company.

Mr. Du has been a key member of the management team for developing and operating the Toromocho Project and responsible for the daily development and operation of the Toromocho Project in respect of commercial business, compliance and corporate governance, since he joined the Chinalco group as senior business manager of Chinalco Overseas Holdings Limited (中鋁海外控股有限公司) in 2009. Before he joined Chinalco group, Mr. Du had been a senior manager at Kamsky Associates Inc. where he was leading consulting projects to satisfy accounts demands in merge and acquisition, strategic investment, government relationship, public relationship and market strategy etc. Prior to that, Mr. Du had served as the general manager of Chinatex Leanfaith Garment Company Limited (中紡森誠服裝有限公司) and a manager responsible for mergers and acquisitions in the Strategic Department of Chinatex Corporation Limited (中國中紡集團公司). Mr. Du also has more than ten years of experience in international trade business.

Mr. Du specializes in business operations and management, especially running international trade business, based on his extensive experiences. He also has a strong professional background and substantial experience in strategic investment through leading significant merger and acquisition ("M&A") transactions not only when he takes office at the Chinalco Group but also during his service for other firms which includes commercial negotiations for various M&A and joint venture projects. As the Joint Company Secretary, Mr. Du is accomplished in corporate governance and risk control. Mr. Du obtained an MBA degree from Peking University in July 2002 and is a Financial Risk Manager (FRM) certified by the Global Association of Risk Professionals in April 2010.

Joint Company Secretaries

Du Qiang

Refer to the section under “Senior Management” on page 39.

Mok Ming Wai

Ms. Mok Ming Wai, aged 43, is a director of KCS Hong Kong Limited. She has around 20 years’ of professional and in-house experience in company secretarial field. Ms. Mok is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom. Meanwhile, Ms. Mok is also the company secretary or joint company secretary of certain listed companies currently.

The directors of the Company (the "Directors") are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Corporate Information

The Company was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law (2012 Revision) of the Cayman Islands (the "Companies Law"). The Company's shares (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 January 2013.

Principal Activities

The Group is principally engaged in exploration, development and production of ore resources and other mining related activities. There were no significant changes in the nature of the principal activities of the Group during the year ended 31 December 2014.

Results

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 71 of this annual report.

Final Dividends

The Directors do not recommend a dividend for the year ended 31 December 2014.

Financial Summary

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 140 of this annual report. That summary does not form part of the audited consolidated financial statements.

Use of Net Proceeds from Listing

The net proceeds from the IPO (the "Proceeds") (including those Shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately US\$394 million. Reference is made to the Company's announcement dated 17 June 2013 in relation to the Project Expansion and the change in use of Proceeds. In light of the Company's decision to implement the expansion of the Project Expansion and the availability of funds due to the fact that there was not yet any suitable acquisition that the Board had decided upon, the Board resolved to re-allocate 30% of the Proceeds which was originally intended for pursuing selective acquisitions of suitable non-ferrous and non-aluminum mining projects to the Project Expansion. Details of the change in use of the Proceeds are set out in the Company's announcement dated 17 June 2013. Except for the re-allocation of 30% of the Proceeds as described above, there were no other changes to the intended use of Proceeds as disclosed in the Prospectus.

As at 31 December 2014, part of the Proceeds have been applied as follows:

- (i) the Company repaid US\$103 million of the borrowings from Chinalco Overseas on 28 February 2013;
- (ii) the Group had disbursed approximately US\$120 million for the development of the Toromocho Project;
- (iii) the Group had disbursed approximately US\$120 million for the expansion of the Toromocho Project; and
- (iv) approximately US\$40 million had been used for supporting the Group's working capital requirement.

Major Customers and Suppliers

The Group has not commenced commercial production and so recorded no turnover during the year ended 31 December 2014. As at the date of this report, the Group had entered into off-take agreements with five customers for the sale of in aggregate 70% of the Toromocho Project's annual production of copper concentrates. These off-take agreements all run for a period of at least five years from the start of production of the Toromocho Project.

Purchases from the Group's five largest suppliers accounted for approximately 35% of the Group's total purchases for the year ended 31 December 2014 and purchases from the Group's single largest supplier amounted to 12% of the Group's total purchases for the year.

None of the Directors or any of their associates or any Shareholder that, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had any interest in any of the Group's five largest customers or suppliers.

Property, Plant and Equipment

Additions to the property, plant and equipment of the Group during the year ended 31 December 2014 were approximately US\$574 million. Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2014 are set out in note 4 to the consolidated financial statements in this annual report.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2014 are set out in note 15 to the consolidated financial statements in this annual report.

Reserves

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity on page 72 of this annual report.

Distributable Reserves

As at 31 December 2014, the Company had no reserves available for distribution, calculated in accordance with the provisions of the Companies Law.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2014 are set out in note 19 to the consolidated financial statements in this annual report.

Directors

The Directors for the year ended 31 December 2014 and up to the date of this report were:

Executive Directors:

- Dr. Zhang Chengzhong (*chairman and chief executive officer*)
(appointed as chief executive officer and re-designated from non-executive Director to executive Director on 12 August 2014, and appointed as chairman on 28 August 2014)
- Mr. Huang Shanfu (*vice president*)
- Mr. Jin Yanbing
(appointed as executive director and chief financial officer on 29 March 2015)
- Dr. Peng Huaisheng
(resigned as director and chief executive officer on 12 August 2014)
- Ms. Liang Yunxing
(resigned as executive director and chief financial officer on 27 March 2015)

Non-Executive Directors:

- Dr. Li Bohan (*appointed on 28 August 2014*)
- Dr. Liu Hongjun (*appointed on 28 August 2014*)
- Dr. Wang Dongbo (*appointed on 28 August 2014*)
- Dr. Xiong Weiping (*resigned as non-executive director and chairman on 28 August 2014*)
- Dr. Liu Caiming (*resigned on 28 August 2014*)

Independent non-executive Directors:

- Mr. Scott McKee Hand
- Mr. Ronald Ashley Hall
- Mr. Lai Yat Kwong Fred
- Mr. Francisco Augusto Baertl Montori

In accordance with article 16.2 of the articles of association of the Company, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board will hold office until the next following annual general meeting of the Company after his/her appointment.

In accordance with article 16.18 of the articles of association of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) will retire from office by rotation and will be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years.

Details of the Directors to be re-elected at the forthcoming annual general meeting of the Company are set out in the circular to shareholders.

Note: Dr. Peng Huaisheng resigned as executive Director of the Company on 12 August 2014, Dr. Xiong Weiping and Dr. Liu Caiming resigned as non-executive Directors of the Company on 28 August 2014 and Ms. Liang Yunxing resigned as executive Director of the Company on 27 March 2015.

Board of Directors and Senior Management

Biographical details of the Directors and senior management of the Group are set out on pages 32 to 40 of this annual report.

Confirmation of Independence of Independent Non-executive Directors

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

Directors' Service Contracts

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts of Significance

No Director had any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2014.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2014.

Emolument Policy

A remuneration committee was set up to develop the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 30 and 31 to the consolidated financial statements in this annual report.

Changes to Information in Respect of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this Annual Report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules since the date of the 2014 interim report of the Company.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

- (i) Interests and short positions in the Shares, underlying Shares and debentures of the Company:

Long positions in the Shares and the underlying Shares

Name of the Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Ms. Liang Yunxing (resigned as executive director on 27 March 2015)	Beneficial owner	100,000	0.000846%

- (ii) Interests and short positions in the shares, underlying shares and debentures of associated corporations of the Company:

Long positions in the shares and the underlying shares in Aluminum Corporation of China Limited

Name of the Director	Capacity/Nature of interest	Number of H Shares	Approximate percentage of shareholding
Ms. Liang Yunxing (resigned as executive director on 27 March 2015)	Beneficial owner	10,000	0.000253%

Save as disclosed above, as at 31 December 2014, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2014.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding
Chinalco (Note)	Interest in a controlled corporation	10,001,171,428.58	84.63%
Aluminum Corporation of China Overseas Holdings Limited ("COH") (Note)	Beneficial owner	10,001,171,428.58	84.63%

Note: COH is a wholly-owned subsidiary of Chinalco. By virtue of the SFO, Chinalco was deemed to be interested in the 10,001,171,428.58 Shares of the Company held by COH.

Other than as disclosed above, as at 31 December 2014, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Purchase, Sale or Redemption of Listed Securities

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

Non-Competition Undertaking

Chinalco, as the indirect controlling shareholder of the Company, has provided a non-competition undertaking (the "Non-Competition Undertaking"), through which it has undertaken to the Company that it and its subsidiaries (other than its listed subsidiaries and members of the Group) will not, directly or indirectly, on their own account or with each other or in conjunction with or on behalf of any person, firm or company (except through a member of the Group), among other things, carry on, participate in or be interested in or engage in, acquire or hold any business that competes with the core business of the Group in the regions in which the Group operates. Details of the Non-competition Undertaking were contained in the Prospectus.

Chinalco has confirmed to the Company its compliance with the Non-Competition Undertaking during the year ended 31 December 2014 for disclosure in this annual report.

Directors' Interests in Competing Business

The executive Director, namely Dr. Zhang Chengzhong also holds office as director or senior management of Chinalco or its relevant subsidiaries, which do not, or do not materially, compete with the business of the Company. Save as described above, during the year ended 31 December 2014, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to the Listing Rules.

Connected Transactions

During the year, the Group entered into certain transactions with parties regarded as related parties under the applicable accounting standards. A summary of the related party transactions entered into by the Group during the year ended 31 December 2014 is contained in Note 33 to the consolidated financial statements. The transactions summarized in items (a) to (c) of such Note fall under the definition of "connected transactions" under the Listing Rules.

The Company has complied with the disclosure requirements, to the extent they are not exempted or waived by the Stock Exchange, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2014.

Charitable Donations

During the year ended 31 December 2014, the Group did not make any charitable or other donations (2013: Nil).

Post Balance Sheet Events

Please see the section headed "Management Discussion and Analysis" in this annual report for a summary of the major events that have occurred in relation to the Company since the balance sheet date.

Audit Committee

The audit committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2014.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. Save as disclosed in this annual report, the Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Information on the corporate governance practices adopted by the Company and details of the compliance by the Company with the CG Code are set out in the Corporate Governance Report on pages 51 to 66 of this annual report.

Sufficiency of Public Float

Rule 8.08(1) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. The Stock Exchange has granted the Company a waiver from strict compliance with Listing Rule 8.08(1) so as to allow a lower public float percentage of 15% (or such higher percentage as may be held by the public upon the exercise of the over-allotment option of the initial public offering of the Company). Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this annual report, there was a sufficient prescribed public float of the issued share of the Company as per the waiver granted by the Stock Exchange throughout the year ended 31 December 2014 and as at the date of this annual report.

Auditor

PricewaterhouseCoopers has retired as auditor of the Company at the annual general meeting held on 18 June 2014 due to the regulatory requirements of the State-Owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, and Ernst & Young has been appointed as new auditor of the Company for the year ended 31 December 2014 at such annual general meeting. Please refer to the Company's announcements dated 22 April 2014 and 18 June 2014 and circular dated 30 April 2014 for details of such change of auditors of the Company.

Ernst & Young shall retire in the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

Professional Tax Advice Recommended

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

On behalf of the Board

Dr. ZHANG Chengzhong

Chairman

Beijing, the PRC

30 March 2015

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Except as disclosed in this annual report, the Company has been in compliance with the mandatory code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Listing Rules for the year ended 31 December 2014 (the “Review Period”). The key corporate governance principles and practices of the Company are outlined later in this annual report.

The Board Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established six Board committees, namely the audit committee (the “Audit Committee”), the remuneration committee (the “Remuneration Committee”), the nomination committee (the “Nomination Committee”), the executive committee (the “Executive Committee”), the technical committee (the “Technical Committee”, which has been replaced by the Strategic Investment Committee), the Strategic Investment Committee (the “Strategic Committee”, newly established on 28 August 2014 to replace the Technical Committee) and the Futures Risk Management Committee (the “Futures Risk Management Committee”) (together, the “Board Committees”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Board Composition

As at the date of this report, the Board comprises ten members, consisting of three executive Directors, three non-executive Directors and four independent non-executive Directors as set out below:

Executive Directors (“EDs”)

Dr. ZHANG Chengzhong

(re-designated from non-executive Director to executive Director on 12 August 2014)

Mr. HUANG Shanfu

Mr. JIN Yanbing *(appointed on 29 March 2015)*

Non-executive Directors (“NEDs”)

Dr. LI Bohan *(appointed on 28 August 2014)*

Dr. LIU Hongjun *(appointed on 28 August 2014)*

Dr. WANG Dongbo *(appointed on 28 August 2014)*

Independent non-executive Directors (“INEDs”)

Mr. Scott McKee HAND

Mr. Ronald Ashley HALL

Mr. LAI Yat Kwong Fred

Mr. Francisco Augusto BAERTL MONTORI

The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

During the year ended 31 December 2014, the Company was in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Each of the INEDs has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategic Committee, the Futures Risk Management Committee and the Executive Committee.

With regards to the code provision of the CG Code requiring directors to disclose to the Company at the time of appointment and in a timely manner for any change, the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved (the “Commitments”), the Directors have disclosed their Commitments to the Company at the time of their appointments and agreed to disclose their Commitments to the Company in a timely manner.

Induction and Continuous Professional Development

The Directors were provided with the relevant training to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations as a Director of a listed company as well as the compliance practice under the Listing Rules.

The attendance record of professional training received by the existing Directors for the year ended 31 December 2014 is as follows:

Director	Date of attendance of directors' training
Dr. LI Bohan ^(Note 1)	2 Decemebr 2014 in Lima
Dr. LIU Hongjun ^(Note 1)	2 Decemebr 2014 in Lima
Dr. WANG Dongbo ^(Note 1)	2 Decemebr 2014 in Lima
Dr. ZHANG Chengzhong	2 Decemebr 2014 in Lima
Mr. HUANG Shanfu	2 Decemebr 2014 in Lima
Mr. JIN Yanbing ^(Note 3)	Not Applicable
Mr. Scott McKee HAND	2 Decemebr 2014 in Lima
Mr. Ronald Ashley HALL	2 Decemebr 2014 in Lima
Mr. LAI Yat Kwong Fred	2 Decemebr 2014 in Lima
Mr. Francisco Augusto BAERTL MONTORI	2 Decemebr 2014 in Lima

Notes:

- 1 Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo were appointed as non-executive Directors on 28 August 2014.
- 2 Dr. Xiong Weiping and Dr. Liu Caiming resigned as non-executive Directors on 28 August 2014, and Dr. Peng Huaisheng resigned as executive Director on 12 August 2014, therefore they did not participate in the directors' training held for all the Directors on 2 December 2014.
- 3 Ms. Liang Yunxing resigned as executive Director on 27 March 2015, and Mr. Jin Yanbing was appointed as executive Director on 29 March 2015 and has therefore not attended the directors' training in 2014.

Chairman and Chief Executive Officer

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals, but due to Dr. Zhang Chengzhong's background, qualifications and experience at the Company, he was considered the most suitable person to take both roles in the current circumstances. The Board was of the view that it is appropriate and in the best interests of the Company that Dr. Zhang Chengzhong holds both positions at the current stage, as it helps to maintain the continuity of the policies and the stability and efficiency of the operations of the Company. The Board also meets regularly on a quarterly basis to review the operations of the Company led by Dr. Zhang Chengzhong. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the management of the Company.

Non-executive Directors – term of appointment

None of the non-executive Directors is appointed for a specific term of longer than three years.

Directors' Service Contracts

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

None of the Directors has a service contract with the Group which is for a duration which may exceed three years or which requires the Company to, in order to terminate such contract, give a notice period in excess of one year or pay or make other payments equivalent to more than one year's emoluments.

The rules and procedures governing the appointment, retirement, re-election and removal of Directors are set out in the articles of association of the Company (the "Articles of Association"). The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Nomination, appointment, retirement and re-election

In accordance with the Articles of Association, at least one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation and shall be eligible for re-election and re-appointment at every annual general meeting of the Company provided that each Director shall be subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next annual general meeting after appointment.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular board meetings.

For other Board and Board committee meetings, reasonable notice will generally be given. The agenda and accompanying board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board committee meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board committee and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

Four Board meetings were held during the year ended 31 December 2014 and the attendance of the individual Directors at these meetings is set out in the table below:

Name of Director	Category	Board Meeting Attended/ Eligible to attend	General Meeting Attended/ Eligible to attend
Dr. Xiong Weiping	NED	3/3 ⁽¹⁾	0/1
Dr. Liu Caiming	NED	2/3 ⁽¹⁾	0/1
Dr. Li Bohan	NED	1/1 ⁽²⁾	0/0 ⁽²⁾
Dr. Liu Hongjun	NED	1/1 ⁽²⁾	0/0 ⁽²⁾
Dr. Wang Dongbo	NED	1/1 ⁽²⁾	0/0 ⁽²⁾
Dr. Zhang Chengzhong	ED	4/4	1/1
Dr. Peng Huaisheng	ED	2/2 ⁽³⁾	1/1
Mr. Huang Shanfu	ED	4/4	1/1
Ms. Liang Yunxing	ED	4/4	1/1
Mr. Scott McKee Hand	INED	4/4	1/1
Mr. Ronald Ashley Hall	INED	3/4	0/1
Mr. Lai Yat Kwong Fred	INED	4/4	1/1
Mr. Francisco Augusto Baertl Montori	INED	4/4	1/1

Notes:

- (1) Up to the resignation date of Dr. Xiong Weiping and Dr. Liu Caiming on 28 August 2014, three Board meetings were convened during the year ended 31 December 2014.
- (2) One Board meeting was convened and no general meeting was held during the year ended 31 December 2014 after the respective appointments of Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo on 28 August 2014.
- (3) Up to the resignation date of Dr. Peng Huaisheng on 12 August 2014, two Board meetings were convened during the year ended 31 December 2014.

During the year ended 31 December 2014, the Chairman also held a meeting with the non-executive Directors (including independent non-executive Directors) without the executive directors present.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

- (a) to develop and review the Company's policy and practices on corporate governance;
- (b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (c) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (d) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Board Committees

Nomination Committee

As at 30 March 2015, the Nomination Committee comprises five members, namely Dr. Zhang Chengzhong (ED) (chairman), Dr. Li Bohan (NED), Mr. Scott McKee Hand (INED), Mr. Ronald Ashley Hall (INED) and Mr. Lai Yat Kwong Fred (INED), the majority of whom are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

- reviewing the structure, size and composition of the Board and making recommendations regarding any proposed changes;
- reviewing the board diversity policy (the "Board Diversity Policy") of the Company regularly (including any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives);

- identifying, nominating and recommending qualified candidates for appointment as directors;
- making recommendations to the Board on appointment or re-appointment of and succession planning for directors; and
- assessing the independence of independent non-executive directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2014, the Nomination Committee convened two committee meetings. The Nomination Committee had assessed the independence of INEDs; reviewed the Board Diversity Policy; considered the re-appointments of the retired Directors; discussed matters relating to procedure of nomination of director candidate by shareholders, directors' evaluation and succession plan; considered and recommended to the Board on the appointments of Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo as the non-executive Directors, the re-designation of Dr. Zhang Chengzhong ("Dr. Zhang") as the executive Director, the appointment of Dr. Zhang as the Chairman and Chief Executive Officer and the appointment of Mr. Du Qiang as the Vice-President of the Company. Attendance of each Nomination Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Dr. Xiong Weiping	2/2 ⁽¹⁾
Dr. Zhang Chengzhong	2/2
Dr. Li Bohan	0/0 ⁽²⁾
Mr. Scott McKee Hand	2/2
Mr. Ronald Ashley Hall	2/2
Mr. Lai Yat Kwong Fred	2/2

Notes:

- (1) Up to the resignation date of Dr. Xiong Weiping on 28 August 2014, two Nomination Committee meetings were convened during the year ended 31 December 2014.
- (2) No Nomination Committee meeting was convened during the year ended 31 December 2014 after the appointment of Dr. Li Bohan on 28 August 2014.

Under the Board Diversity Policy, the Nomination Committee would monitor the implementation of the Board Diversity Policy and give adequate consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board. The Board will regularly review the Board Diversity Policy and make appropriate revisions to ensure the effectiveness of the Board Diversity Policy.

Remuneration Committee

As at 30 March 2015, the Remuneration Committee comprises five members, namely Mr. Scott McKee Hand (INED) (chairman), Dr. Zhang Chengzhong (ED), Mr. Jin Yanbing (ED), Mr. Ronald Ashley Hall (INED) and Mr. Lai Yat Kwong Fred (INED), the majority of whom are independent non-executive Directors.

The principal duties of the Remuneration Committee include the following:

- making recommendations to the Board for approval of the remuneration policy and structure and remuneration packages of the Directors and the senior management;
- determining with delegated responsibility the remuneration packages of the executive Directors and the senior management;
- making recommendations to the Board on the remuneration of non-executive Directors; and
- ensuring that no Director or any of his/her associates will be involved in deciding his/her own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2014, two committee meetings were convened by the Remuneration Committee to recommend to the Board on the compensation policies and structure for all Directors and senior management as well as considered and recommended to the Board on the remuneration packages of Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo as the non-executive Directors, Dr. Zhang Chengzhong as the executive Director, Chairman and Chief Executive Officer, and Mr. Du Qiang as the Vice-President of the Company. Attendance of each Remuneration Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. Scott McKee Hand	2/2
Dr. Zhang Chengzhong	2/2
Dr. Xiong Weiping	2/2 ⁽¹⁾
Ms. Liang Yunxing	2/2
Mr. Ronald Ashley Hall	2/2
Mr. Lai Yat Kwong Fred	2/2

Note:

- (1) Up to the resignation date of Dr. Xiong Weiping on 28 August 2014, two Remuneration Committee meetings were convened during the year ended 31 December 2014.

Audit Committee

As at 30 March 2015, the Audit Committee comprises five members, namely Mr. Lai Yat Kwong Fred (INED) (chairman), Dr. Li Bohan (NED), Dr. Liu Hongjun (NED), Mr. Scott McKee Hand (INED) and Mr. Ronald Ashley Hall (INED), the majority of whom are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

- reviewing the financial information of the Company including financial statements and annual and interim reports and accounts before submission to the Board;
- making recommendations to the Board on the appointment, reappointment and removal of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board of Directors;
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

The written terms of reference of the Audit Committee are available on the website of the Stock Exchange and the Company.

During the year ended 31 December 2014, the Audit Committee convened two committee meetings to review the interim results and financial statements of the Company and its subsidiaries for the six months ended 30 June 2014 and the annual results and the financial statements for the year ended 31 December 2013. Attendance of each Audit Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. Lai Yat Kwong Fred	2/2
Dr. Xiong Weiping	2/2 ⁽¹⁾
Dr. Liu Caiming	1/2 ⁽¹⁾
Dr. Li Bohan	0/0 ⁽²⁾
Dr. Liu Hongjun	0/0 ⁽²⁾
Mr. Scott McKee Hand	2/2
Mr. Ronald Ashley Hall	2/2

Notes:

- (1) Up to the resignation date of Dr. Xiong Weiping and Dr. Liu Caiming on 28 August 2014, two Audit Committee meetings were convened during the year ended 31 December 2014.
- (2) No Audit Committee meeting was convened during the year ended 31 December 2014 after the appointments of Dr. Li Bohan and Dr. Liu Hongjun on 28 August 2014.

Executive Committee

As at 30 March 2015, the Executive Committee comprises six members, namely Dr. Zhang Chengzhong (ED) (chairman), Dr. Li Bohan (NED), Dr. Liu Hongjun (NED), Dr. Wang Dongbo (NED), Mr. Huang Shanfu (ED) and Mr. Jin Yanbing (ED).

The principal duties of the Executive Committee include the following:

- implementing board resolutions and organizing associated business management activities;
- coordinating with Chinalco and related business segments and associated companies on allocation of resources and the relationship between the Company and business operating segments; and
- determining performance targets and management methods for various departments of the headquarters and the remuneration incentive schemes for various departments.

During the year ended 31 December 2014, the Executive Committee did not convene any committee meeting.

Technical Committee

The Technical Committee was replaced by the Strategic Committee on 28 August 2014. Immediately before the replacement, the Technical Committee was comprised of seven members, namely Mr. Scott McKee Hand (INED), Mr. Ronald Ashley Hall (INED), Mr. Francisco Augusto Baertl Montori (INED), Mr. Huang Shanfu (ED), Ms. Liang Yunxing (ED), Dr. Ezio Martino Buselli Canepa and Mr. David John Thomas.

The main duties of the Technical Committee included the following:

- reviewing and making recommendations to the Board of Directors on technical aspects of business proposals, scope of work included in feasibility studies for mine development and technical aspects of annual exploration, appraisal and development programmes and budgets;
- reviewing all resource and reserve estimates for the Group's mineral resource properties, management's procedures for the disclosure of resource and reserve information and the compliance of such disclosure with regulatory and listing requirements;
- reviewing major commercial arrangements for engineering, procurement and construction management activities planned for the development of mineral resource properties and, in the Technical Committee's discretion, making recommendations to the Board of Directors for consideration;
- reviewing all material proposals for mine construction programs and, in the Technical Committee's discretion, making recommendations to the Board of Directors for consideration;
- reviewing annual operating and production plans, together with operating reports, for all proposed and existing operating mines and, in the Technical Committee's discretion, making recommendations to the Board of Directors for consideration; and
- annually reviewing the adequacy of the Company's safety, environmental and social responsibility policy and, in the Technical Committee's discretion, recommending any changes to the Board of Directors for consideration which are necessary to keep pace with health, safety, environmental and social responsibility trends or developments in the international mining industry.

From 1 January 2014 to 27 August 2014, the Technical Committee did not convene any committee meeting.

Strategic Committee

The Strategic Committee was established to replace the Technical Committee on 28 August 2014. As at 30 March 2015, the Strategic Committee comprises six members, namely Dr. Zhang Chengzhong (ED) (chairman), Dr. Liu Hongjun (NED), Dr. Wang Dongbo (NED), Mr. Huang Shanfu (ED), Mr. Scott McKee Hand (INED) and Mr. Ronald Ashley Hall (INED).

The main duties of the Strategic Committee include the following:

- (A) review and research on the strategic plans for middle and long-term development of the Company, make recommendations to the Board and supervise the implementation thereof;
- (B) review and assess significant investments, financing, material and major acquisition proposals, business expansion, capital operations, asset management and other material investment issues affecting the development of the Company and make recommendations to the Board;
- (C) review and monitor strategies for budget control process, market development and operation of the Company on a regular basis and make recommendations to the Board;
- (D) review the progress report on material projects of the Company and report to the Board;
- (E) research on other significant investment and project development issues affecting the operation of the Company and make recommendations to the Board; and
- (F) perform other duties assigned to it by the Board from time to time.

From 28 August 2014 (date of establishment) to 31 December 2014, the Strategic Committee did not convene any committee meeting.

Futures Risk Management Committee

The Futures Risk Management Committee was established on 30 March 2015. As at 30 March 2015, the Futures Risk Management Committee comprises five members, namely Dr. Zhang Chengzhong (ED) (chairman), Mr. Huang Shanfu (ED), Mr. Du Qiang (Vice President and Joint Company Secretary of the Company), Mr. Jin Yanbin (ED), Mr. Xiao Tianyong (Manager of Marketing Management Division of China Copper).

The main duties of the Futures Risk Management Committee include the following:

- (A) monitor, manage and oversee all financial instrument trading and hedging activities covered by the Company's hedging policy in accordance thereto;
- (B) review the Company's hedging policy and any other related strategies and policies of the Company and the compliance in connection therewith through holding monthly meetings and make recommendations to the Board in relation to any appropriate amendments for final approval;

- (C) approve any hedging strategy, plan and hedging transactions based on the performance report prepared by the Futures Risk Management Team authorized by the Board as specified in the Company's hedging policy;
- (D) handle and monitor any hedging transaction as specified in the Company's hedging policy on behalf of the Company in accordance with the approved plan, hedging position limits and procedures specified in the Company's hedging policy;
- (E) review and comment on the performance of the Futures Risk Management Team at its monthly meetings and make recommendation on the hedging activities (where necessary);
- (F) present annual performance report and six-month working plan in relation to the financial instrument trading and hedging activities to the Board; and
- (G) establish a contingency plan to deal with and mitigate the financial instrument transaction risks; and perform other duties assigned to it by the Board.

The Futures Risk Management Committee was established on 30 March 2015 and therefore did not convene any committee meeting in the year ended 31 December 2014.

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2014 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

Directors' Liability Insurance

The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

Internal Control

The Board acknowledges that it is the responsibility of the Board to maintain an adequate internal control system to safeguard shareholder investments and Company assets and review the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

Auditor's Remuneration

For the year ended 31 December 2014, the total remuneration paid or payable to the Company's auditor, Ernst & Young, for audit and audit related services totalling US\$277,000.

An analysis of the remuneration paid or payable to Ernst & Young is set out below:

Items of auditors' services	Amount (US\$'000)
Audit services:	
Audit and audit related service	257
Non-audit service:	20
Total	277

Joint Company Secretaries

Mr. Du Qiang, one of our joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Mok Ming Wai, director of KCS Hong Kong Limited, as another joint company secretary to assist Mr. Du in discharging his duties as company secretary of the Company. The primary corporate contact person at the Company is Mr. Du Qiang, one of the joint company secretaries of the Company.

During the year ended 31 December 2014, Mr. Du and Ms. Mok have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Remuneration of the Senior Management

For the year ended 31 December 2014, the remuneration of four highest paid individuals, other than Directors, is listed as below by band:

Band of remuneration	No. of person
HK\$4,000,000 to HK\$4,500,000	1
HK\$4,500,001 to HK\$5,000,000	–
HK\$5,000,001 to HK\$5,500,000	2
HK\$5,500,001 to HK\$6,000,000	–
HK\$6,000,001 to HK\$6,500,000	–
HK\$6,500,001 to HK\$7,000,000	1

Further details of the remuneration of Directors and the five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in Notes 30 and 31 to the financial statements.

Communication with Shareholders and Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication with its Shareholders and encourage their participation in general meetings, the Company has established a shareholders' communication policy and maintains a website at www.chinalco-cmc.com, where up-to-date information on the Company's business operations and developments is available.

The 2013 annual general meeting (the "AGM") was held on 18 June 2014. Under code provision A.6.7 of the CG Code, all non-executive Directors are recommended to attend general meetings of the Company. All non-executive Directors of the Company (including independent non-executive Directors) attended the AGM, other than Dr. Xiong Weiping, Dr. Liu Caiming and Mr. Ronald Ashley Hall who were absent from the AGM due to pre-arranged business commitments.

Under provision E.1.2 of the CG Code, the chairman of the Board is recommended to attend annual general meetings of the Company. Dr. Xiong Weiping, being the chairman of the Board at the AGM date, was absent from the AGM due to a pre-arranged business commitment.

Shareholders' Rights

The Company intends to avoid bundling of resolutions at general meetings such that a separate resolution shall be proposed for each substantially separate issue at general meetings.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

In accordance with the Articles of Association, two or more Shareholders of the Company may convene an extraordinary general meeting provided that they deposit a written requisition at the principal office of the Company and such requisitioning Shareholders hold as at the date of deposit of such requisition not less than 10% of the paid up capital of the Company which carries voting rights at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting in accordance with the Companies Law of the Cayman Islands and the Articles of Association.

As regards proposing a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board should email their enquiries to Mr. Du Qiang at c.du@chinalco-cmc.com.

Change in Constitutional Documents

There were no significant changes in the Memorandum and Articles of Association of the Company during the year ended 31 December 2014.

Going concern

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future for a period that is not less than 12 months from the date of this report (for detailed assessment, please see the corresponding note in the financial statements). The Group therefore continues to adopt the going concern basis in preparing the financial statements.



To the shareholders of Chinalco Mining Corporation International

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chinalco Mining Corporation International (the "Company") and its subsidiaries (together, the "Group") set out on pages 69 to 139, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Auditors' responsibility *(continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
30 March 2015

Statements of Financial Position

31 December 2014

	Note	Group 31 December		Company 31 December	
		2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	4,357,377	3,814,043	12	–
Intangible assets	5	516	1,255	–	–
Investments in subsidiaries	6	–	–	927,888	928,870
Investment in a joint venture	7	1,914	3,598	–	–
Deferred tax assets	8	31,225	27,742	–	–
Value-added tax recoverable	9	172,512	183,945	–	–
Prepayments and other receivables	10	12,321	3,047	–	–
Restricted cash	11	7,888	11,440	–	–
		4,583,753	4,045,070	927,900	928,870
Current assets					
Inventories	12	105,058	62,610	–	–
Prepayments and other receivables	10	55,385	37,578	40	–
Value-added tax recoverable	9	71,050	23,250	–	–
Accounts receivable	14	75,993	–	–	–
Cash and cash equivalents	13	75,173	122,916	231	2,590
		382,659	246,354	271	2,590
Total assets		4,966,412	4,291,424	928,171	931,460
EQUITY AND LIABILITIES					
Equity attributable to the Company's equity holders					
Share capital	15	472,711	472,711	472,711	472,711
Share premium	15	327,267	327,267	327,267	327,267
Reserves	17	4,450	12,110	16,521	16,521
Accumulated deficits		(102,882)	(89,669)	(49,554)	(43,358)
Total equity		701,546	722,419	766,945	773,141

Statements of Financial Position

31 December 2014

	Note	Group 31 December		Company 31 December	
		2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	19	2,591,448	2,689,808	155,271	151,604
Provision for remediation and restoration	18	126,472	90,200	–	–
Deferred income		4,072	4,191	–	–
		2,721,992	2,784,199	155,271	151,604
Current liabilities					
Loans and borrowings	19	1,112,980	381,000	–	–
Accounts payable	20	392,612	361,317	–	–
Accruals and other payables	21	34,856	40,063	3,529	4,289
Amount due to immediate holding company	22	2,426	2,426	2,426	2,426
		1,542,874	784,806	5,955	6,715
Total liabilities		4,264,866	3,569,005	161,226	158,319
Total equity and liabilities		4,966,412	4,291,424	928,171	931,460
Net current liabilities		(1,160,215)	(538,452)	(5,684)	(4,125)
Total assets less current liabilities		3,423,538	3,506,618	922,216	924,745

The accompanying notes are an integral part of these financial statements.

Zhang Chengzhong
Director

Jin Yanbing
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
Revenue	23	–	–
Other gains, net	24	5,566	3,859
Operating costs			
General and administrative expenses	25	(11,275)	(39,905)
Operating loss		(5,709)	(36,046)
Finance income	26	752	541
Finance costs	26	(3,392)	(2,342)
Foreign exchange (loss)/gain, net		(8,026)	1,448
Investment income		1,586	–
Share of loss of a joint venture	7	(1,684)	(87)
Loss before income tax		(16,473)	(36,486)
Income tax benefit	27	3,260	5,422
Loss for the year		(13,213)	(31,064)
Other comprehensive loss:			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(7,660)	(4,411)
Other comprehensive loss for the year, net of tax		(7,660)	(4,411)
Total comprehensive loss for the year		(20,873)	(35,475)
Loss per share attributable to the equity holders of the Company (expressed in US\$ per share)			
Basic and diluted	28	(0.001)	(0.003)

Details of the dividends for the year are disclosed in note 29 to the financial statements.

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Note	Share capital US\$'000	Share premium US\$'000	Capital reserves US\$'000	Exchange fluctuation reserve US\$'000	Accumulated deficits US\$'000	Total US\$'000
At 1 January 2014		472,711	327,267	16,521	(4,411)	(89,669)	722,419
Loss for the year		-	-	-	-	(13,213)	(13,213)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations		-	-	-	(7,660)	-	(7,660)
Total comprehensive loss for the year		-	-	-	(7,660)	(13,213)	(20,873)
At 31 December 2014		472,711	327,267	16,521	(12,071)	(102,882)	701,546
At 1 January 2013		400,047	-	16,521	-	(58,605)	357,963
Loss for the year		-	-	-	-	(31,064)	(31,064)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations		-	-	-	(4,411)	-	(4,411)
Total comprehensive loss for the year		-	-	-	(4,411)	(31,064)	(35,475)
Transactions with owners							
Issuance of new shares	15	72,664	327,267	-	-	-	399,931
At 31 December 2013		472,711	327,267	16,521	(4,411)	(89,669)	722,419

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
Cash flows from pre-operating activities			
Loss before income tax		(16,473)	(36,486)
Adjustments for:			
Depreciation and amortisation	25	459	606
(Gain)/loss on disposal of property, plant and equipment	24	(2,014)	742
Finance income	26	(752)	(541)
Finance costs	26	3,392	2,342
Foreign exchange loss/(gain)		8,026	(1,448)
Investment income		(1,586)	–
Share of loss of a joint venture		1,684	87
Changes in working capital:			
Inventories		(42,448)	(43,186)
Accounts receivable		(75,993)	–
Prepayments and other receivables		14,450	(21,335)
Accruals and other payables		(5,207)	28,073
Deferred income		(119)	(141)
Income tax paid		(4,704)	(1,989)
Interest received		752	–
Net cash used in pre-operating activities		(120,533)	(73,276)
Cash flows from investing activities			
Purchases of property, plant and equipment		(520,854)	(1,267,096)
Interest paid		(93,037)	(77,087)
Purchases of intangible assets		(364)	(1,537)
Investment in a joint venture	7	–	(172)
Value-added tax refunds received		49,857	171,439
Interest received		–	541
Decrease in restricted cash		3,552	6,464
Proceeds from derivative financial instrument		1,586	–
Net cash used in investing activities		(559,260)	(1,167,448)
Cash flows from financing activities			
Proceeds from loans and borrowings		1,024,620	1,021,000
Repayment of loans and borrowings		(391,000)	(200,000)
Proceeds from issuance of shares		–	402,745
Listing expense paid pertaining to the issuance of shares		–	(2,558)
Net cash generated from financing activities		633,620	1,221,187
Net decrease in cash and cash equivalents		(46,173)	(19,537)
Cash and cash equivalents at beginning of the year		122,916	142,656
Effects of exchange rates on cash and cash equivalents		(1,570)	(203)
Cash and cash equivalents at end of the year		75,173	122,916

The accompanying notes are an integral part of these financial statements.

1. General information

Chinalco Mining Corporation International (the "Company") was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its name was Peru Copper Syndicate, Ltd. on incorporation and changed to Chinalco Mining Corporation International on 30 September 2011. The Company's registered office is PO Box 309 Uglund House, Grand Cayman, KY 1-1104, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 January 2013.

The Company is a subsidiary of Aluminum Corporation of China Overseas Holdings Limited ("Chinalco Overseas"), a company incorporated in Hong Kong with limited liability. As at the date of these financial statements were approved, the directors of the Company regard Aluminum Corporation of China ("Chinalco"), a state-owned enterprise incorporated in the People's Republic of China (the "PRC") and administered by the State-owned Assets Supervision and Administration Commission ("SASAC") of the State Council (the "State Council") of the PRC, as its ultimate holding company.

The Company and its subsidiaries (together, the "Group") are principally engaged in exploration, development and production of ore resources and other mining related activities.

In May 2003, the Company's subsidiary, Minera Chinalco Peru S.A. ("MCP"), was awarded by the Peruvian government a right to develop and extract ore resource in the district of Morococha, Yauli Province, the Republic of Peru ("Peru") through a public bidding (the "Toromocho Project"). In June 2003, the Company signed an assignment agreement and by which the Company was entitled to exercise a purchase option of the mining concessions during a period which could be extended to June 2008. In May 2008, the Company exercised its right and signed with Activos Mineros (an entity incorporated by the Peruvian government), in the name of Peruvian Government, the Mining Concessions Transference Agreement of the Toromocho Project (the "Assignment Agreement"). Under the Assignment Agreement, Activos Mineros transferred to the Company the title of certain mining concessions, their surface property, buildings and water usage right pertaining to the Toromocho Project.

From August 2012 to February 2013, the Company entered into five binding off-take agreements with four cornerstone investors (or their affiliates) and one independent third party, pursuant to which the Company agreed to sell an aggregate of 70% of the annual production of copper concentrates from the Toromocho Project for a period of five years starting from the first official production of the Toromocho Project at a price determined by reference to certain benchmark market rates adjusted based on the grade of the copper concentrates, two of which will automatically continue for another five years (the "Off-take Agreements"), subject to any amendment agreed between the parties to reflect market terms.

As at the date of these financial statements were approved, the Group's operations are substantially limited to construction and start-up activities of the Toromocho Project. The Toromocho Project started commissioning in December 2013 and commercial production has not yet commenced.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) (which include all International Financial Reporting Standards, International Accounting Standards (“IAS”) and Interpretations) as issued by the International Accounting Standards Board (“IASB”).

In addition, these financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

These financial statements are presented in US dollar (“US\$”) and all values are rounded to the nearest thousands, except when otherwise indicated.

Going concern

As at 31 December 2014, the Group had net current liabilities of approximately US\$1,160 million (31 December 2013: US\$538 million) and accumulated deficits of approximately US\$103 million (31 December 2013: US\$90 million). The directors of the Company (the “directors”) has considered, among others, the internally generated funds and financial resources available to the Group as follows:

- In March 2015, the Group submitted a formal application to CDB to obtain a revolving loan facility amounting to between US\$100 million to US\$200 million for the purpose of production of copper concentrate. The application is currently subject to CDB’s final approval.
- In March 2015, the Group was in negotiation with ICBC Leasing to secure a finance lease arrangement amounting to US\$450 million for proper development of the Toromocho Project.
- In March 2015, the Group was in negotiation with SCTSC to secure a structured import financing arrangement for proper development of the Toromocho Project.
- In April and November 2014, the Company’s immediate holding company, Chinalco Overseas provided to the Group a loan facility of US\$200 million and US\$350 million respectively, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. As at 31 December 2014, loans amounting to US\$280 million have been drawn down, and the remaining undrawn portion of the facilities provided by Chinalco Overseas was US\$270 million.

2.1 Basis of preparation *(continued)*

Going concern *(continued)*

- The Company's immediate holding company, Chinalco Overseas, has agreed not to demand repayment of the loan due from the Group amounting to approximately US\$435 million as at 31 December 2014 (31 December 2013: US\$152 million) until the Group is financially capable to do so. The Company's ultimate holding company, Chinalco also agreed that it would provide continuing financial support to finance the future operations of the Group for a period of not less than 12 months from the date these financial statements were approved.

Based on the above, the directors of the Company believe that the Group will have adequate resources to continue in operations for a period that is not less than 12 months from 31 December 2014. The Group therefore continues to adopt the going concern basis in preparing these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities

These amendments include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as none of the entities in the Group qualifies to be an investment entity as defined in IFRS 10.

Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” for offsetting financial assets and financial liabilities and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has no derivatives designated as a hedging instrument during the current period.

Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets

These amendments removed unintended disclosures of the recoverable amount of a cash-generating unit which is not impaired as required by IFRS 13. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. These amendments have no impact on the Group.

2.2 Changes in accounting policies and disclosures *(continued)*

IFRIC 21 Levies

This interpretation is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. It clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The adoption of IFRIC 21 did not have any impact on the consolidated financial statements of the Group.

IFRS Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

IFRS Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

2.3 New and revised IFRSs and new disclosure requirements under the Hong Kong Companies Ordinance not yet adopted

The following new and revised standards that are applicable to the Group's operations have been issued but are not yet effective in 2014 and have not been early adopted.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

2.3 New and revised IFRSs and new disclosure requirements under the Hong Kong Companies Ordinance not yet adopted *(continued)*

IFRS Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. It also clarifies that the scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue.

The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

2.3 New and revised IFRSs and new disclosure requirements under the Hong Kong Companies Ordinance not yet adopted *(continued)*

IFRS 15 Revenue from Contracts with Customers *(continued)*

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate or amortize its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in their separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

2.4 Summary of significant accounting policies

2.4.1 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4.2 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

2.4 Summary of significant accounting policies *(continued)*

2.4.2 Joint arrangements *(continued)*

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4.3 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 Summary of significant accounting policies *(continued)*

2.4.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Summary of significant accounting policies *(continued)*

2.4.5 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management (including the chief financial officer) together referred to as the "Senior Management" that makes strategic decisions.

2.4 Summary of significant accounting policies *(continued)*

2.4.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollars (US\$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

2.4 Summary of significant accounting policies *(continued)*

2.4.8 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price, any directly attributable costs of bringing the asset to its working condition and location for its intended use, the estimate of the provision for remediation and restoration, and, for qualifying assets (where relevant), borrowing costs.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss and other comprehensive income during the financial period in which they are incurred.

The directly attributable costs of an item of property, plant and equipment include the costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition. Thus these net proceeds are offset against the cost of the assets.

Mine and plant development assets will be, upon commencement of production, depreciated using the unit-of-production ("UOP") method based on the estimated economically recoverable reserves to which they relate or will be written-off if the property is abandoned. Depreciation for all other property, plant and equipment is calculated using the straight-line method to allocate their cost less their residual value over their estimated useful life, as follows:

Land and buildings	up to 50 years
Machinery and equipment	up to 35 years
Motor vehicles	up to 5 years
Furniture, fixtures and others	4 -10 years

Construction in progress represents mine sites and processing plants under construction, which is stated at cost less any impairment losses, and is not depreciated until it is ready for its intended use. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The assets' residual values and useful lives and the estimated economically recoverable reserves are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.4 Summary of significant accounting policies *(continued)*

2.4.8 Property, plant and equipment *(continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.4.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains, net' in the consolidated statement of profit or loss and other comprehensive income.

2.4.9 Intangible assets – computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives and recorded in 'amortisation and depreciation' within general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

2.4.10 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4.11 Financial assets

(a) Classification

The Group classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "accounts receivable", "other receivables", "cash and cash equivalents" and "restricted cash" in the statements of financial position.

2.4 Summary of significant accounting policies *(continued)*

2.4.11 Financial assets *(continued)*

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(d) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 Summary of significant accounting policies *(continued)*

2.4.11 Financial assets *(continued)*

(d) Impairment of financial assets *(continued)*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income.

2.4.12 Financial liabilities

(a) Classification

Financial liabilities are classified, at initial recognition, as loans and borrowings by the Group.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables, an amount due to the immediate holding company and interest-bearing loans and borrowings.

2.4 Summary of significant accounting policies *(continued)*

2.4.12 Financial liabilities *(continued)*

(b) Recognition and measurement

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance expenses in the profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

2.4.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.4.14 Derivative financial instruments

The Group uses derivative financial instruments, such as copper concentrate future, to hedge its commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IAS 39 is recognised in the consolidated statement of profit or loss and other comprehensive income as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

2.4 Summary of significant accounting policies *(continued)*

2.4.15 Inventories

Inventories primarily consist of finished goods, supplies and spare parts. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.4.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.4.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalization rate ranging between 1.17% and 4.39% has been applied to the expenditure on the individual assets for the year ended 31 December 2014.

2.4 Summary of significant accounting policies *(continued)*

2.4.19 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 Summary of significant accounting policies *(continued)*

2.4.19 Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4.20 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4.21 Employee benefits

(a) Pension obligations

The Group operates various defined contribution schemes. A defined contribution scheme is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.4 Summary of significant accounting policies *(continued)*

2.4.21 Employee benefits *(continued)*

(a) Pension obligations *(continued)*

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee profit sharing

In accordance with Peruvian labor law, mining companies need to pay its employee profit sharing based on 8% of its taxable income. The employee profit sharing should be paid by the company to its employee directly annually. Therefore, once commercial production starts, the Company will recognise a liability and an expense for employee's profit sharing. The employee's profit sharing is a deductible item for income tax purpose.

2.4.22 Provisions

Provisions for environmental restoration and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation which reflects the risks specific to the obligation, using a pre-tax rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time is recognised as interest expense.

2.4.23 Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2.4 Summary of significant accounting policies *(continued)*

2.4.23 Leases *(continued)*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

2.4.24 Dividends distribution

Dividends distribution to the Company's equity holders are recognised as a liability in the statements of financial position in the period in which the dividends are approved by the Company's shareholders and declared.

2.4.25 Loss per share

Basic loss per share is determined by dividing the profit or loss attributable to the Company's equity holders by the weighted average number of participating shares outstanding during the reporting year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and adjusting the profit or loss attributable to the Company's equity holders accordingly for related amounts. The effect of potentially dilutive ordinary shares are included only if they are dilutive.

3. Significant accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Recovery of the cost of mine and development assets of the Toromocho Project and ore reserves estimates

The Group capitalises qualified expenditures, comprising exploration, and acquisition of materials and supplies, technical assessments and applicable taxes, directly attributable to the Toromocho Project.

In accordance with the Group's relevant accounting policy as set out in Note 2.4, the Group evaluates, on a periodic basis, the ore reserves estimates of the Toromocho Project, which is the amount of unexploited copper in the mining concessions to which the Group is entitled and which may be produced and sold to generate revenues. Such evaluations are based on engineering tests performed on samples of drilling well and other mine pits combined with certain assumptions regarding copper market prices and production costs.

Based on the estimation of the internal experts of the Group, the estimated unexploited proved and probable ore reserve in the mining concessions to which the Group entitled approximated 1,520Mt. Based on the Group's projections of the future economic benefits expected from the ore reserves of the Toromocho Project, the Group concluded that no impairment was required as at 31 December 2014.

Because the economic assumptions used to estimate the value of reserves may change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial statements in a number of ways, including the following:

- Assets' carrying values may be affected due to changes in estimated future cash flows.
- Depreciation, depletion and amortisation charged in the profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

3. Significant accounting judgements and estimates *(continued)*

(a) Recovery of the cost of mining exploration assets of the Toromocho Project and ore reserves estimates *(continued)*

- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

(b) Provision for remediation and restoration

Provision for remediation and restoration included environmental remediation costs, assets retirements obligation and similar obligation in relation to the Group's operations. Provision is made when the related environmental disturbance and present obligations occur, based on the net present value of estimated future costs. The ultimate cost of environmental disturbances, asset retirement and similar obligation are uncertain and management uses its judgment and experience to provide for these costs over the life of operations. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, the Group's related policies, the emergence of new restoration techniques and the effects of inflation. Cost estimates are updated throughout the life of the operation.

The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, or production rates, operating license or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base the risk free discount rate used for this purpose also requires judgment. As a result of all of the above factors there could be significant adjustments to the provision for close down, restoration and clean up costs which would affect future financial results.

The Group currently operates mainly in Peru. The outcome of environmental and other similar obligations under proposed or future environmental legislation in Peru cannot reasonably be estimated at present, and could be material. Under existing legislation, however, the directors of the Company are in their opinion that there are no probable liabilities, that are in addition to amounts which have already been reflected in the financial statements, that will have a materially adverse effect on the financial position of the Group.

3. Significant accounting judgements and estimates *(continued)*

(b) Provision for remediation and restoration *(continued)*

The Group engaged an independent valuer, namely Walsh Peru S.A. to perform a mine closure plan including the estimated future expenditure in relation to remediation and restoration costs as well as other similar obligations on the Toromocho Project and a report was issued in August 2012 and was approved by the Ministry of Energy and Mines of Peru ("MEM") on 27 December 2012 (the "Mine Closure Plan"). Taking into consideration of report issued by Walsh Peru S.A. and approval of the Mine Closure Plan from the MEM, the Group has assessed and provided for remediation and restoration and similar obligations amounted to US\$126,472,000 as at 31 December 2014 (31 December 2013: US\$90,200,000). Further details are set out in Note 18.

(c) Income taxes and value-added tax recoverable

The estimates of deferred income tax assets require estimates of future taxable profit and the corresponding applicable income tax rates of future years. Changes in future income tax rates and timing will affect income tax expense or benefit, as well as deferred income tax assets and liabilities. The realisation of deferred income tax assets also depends on the realisation of sufficient profitability (taxable profit) of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets.

Determination of tax obligations and expenses requires interpretations of the applicable tax laws and regulations. The Group seeks professional legal tax counsel before making any decision on tax matters. Management considers that their estimates are prudent and appropriate; however, differences of interpretation may arise from the interpretation made by Peruvian Tax Authorities that may affect future charges for taxes.

Similarly, the recoverability of value-added tax recoverable is determined by management based on past experience, taking into account existing relevant Peruvian tax rules.

3. Significant accounting judgements and estimates *(continued)*

(d) Commencement date of commercial production

The Group assesses the stage of each mining project under construction to determine when a mine moves into the commercial production stage being when the mine is substantially complete and ready for its intended use.

The criteria used to assess the commencement date are determined based on the unique nature of each mine construction project. The Group considers various relevant criteria to assess when the commercial production phases is considered to commence and all related amounts are reclassified from "Construction in progress" to the appropriate category of "Property, plant and equipment". Some of the criteria used include, but are not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimates
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal for a reasonable period of time

When a mine development/construction project moves into the commercial production stage, the capitalization of certain mine development/construction costs ceases and costs are either regarded as forming part of the costs of inventories or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortization commences.

(e) Going concern

As set out in Note 2.1, the ability of the Group to continue operations is dependent upon obtaining necessary financing borrowings and/or financial support from its holding companies in order to maintain sufficient cash flow to meet its liabilities as they fall due. In the event the Group is unable to obtain adequate funding, there is uncertainty as to whether the Group will be able to continue as a going concern. These financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Group be unable to continue as a going concern.

4. Property, plant and equipment – Group

	Mine and plant development assets (Note (a)) US\$'000	Land and buildings (Note (b)) US\$'000	Machinery and equipment US\$'000	Motor vehicles US\$'000	Furniture, fixtures and others US\$'000	Construction- in-progress US\$'000	Total US\$'000
At 1 January 2013							
Cost	653,551	32,971	56,453	6,187	3,466	1,841,081	2,593,709
Accumulated depreciation	–	(1,442)	(9,556)	(2,406)	(2,137)	–	(15,541)
Net book amount	653,551	31,529	46,897	3,781	1,329	1,841,081	2,578,168
Year ended 31 December 2013							
Opening net book amount	653,551	31,529	46,897	3,781	1,329	1,841,081	2,578,168
Additions	165,425	13,717	27	174	–	1,071,646	1,250,989
Depreciation	–	(1,269)	(10,284)	(2,302)	(504)	–	(14,359)
Transfer in/(out)	–	10,892	41,585	14,864	228	(67,569)	–
Disposals	–	–	(741)	(14)	–	–	(755)
Closing net book amount	818,976	54,869	77,484	16,503	1,053	2,845,158	3,814,043
At 31 December 2013							
Cost	818,976	57,580	96,752	20,846	3,578	2,845,158	3,842,890
Accumulated depreciation	–	(2,711)	(19,268)	(4,343)	(2,525)	–	(28,847)
Net book amount	818,976	54,869	77,484	16,503	1,053	2,845,158	3,814,043
Year ended 31 December 2014							
Opening net book amount	818,976	54,869	77,484	16,503	1,053	2,845,158	3,814,043
Additions	82,801	–	23,983	–	14	467,032	573,830
Depreciation	–	(1,752)	(22,744)	(3,444)	(489)	–	(28,429)
Transfer (out)/in	–	(1,320)	129,778	1,094	1,225	(130,777)	–
Disposals	–	–	(2,028)	(26)	(13)	–	(2,067)
Closing net book amount	901,777	51,797	206,473	14,127	1,790	3,181,413	4,357,377
At 31 December 2014							
Cost	901,777	56,260	248,421	21,729	4,804	3,181,413	4,414,404
Accumulated depreciation	–	(4,463)	(41,948)	(7,602)	(3,014)	–	(57,027)
Net book amount	901,777	51,797	206,473	14,127	1,790	3,181,413	4,357,377

4. Property, plant and equipment – Group *(continued)*

Note:

- (a) The Group owns 50% equity interest in Juanita, a limited liability company incorporated under the laws of Peru and established for the purpose of holding one of the mining concession rights of the Toromocho Project (the “Metallic Mining Concession Right”). Except for holding of the Metallic Mining Concession Right, Juanita has no other significant business activities during the years ended 31 December 2014 and 2013. The directors of the Company are of the opinion that since the sole purpose of Juanita is to hold the Metallic Mining Concession Right of the Toromocho Project, the Group’s 50% share of the concession right amounting to US\$3,500,000 is accounted for as part of “mine and plant development assets”. There are no significant contingent liabilities relating to the Group’s interest in Juanita, and of Juanita itself.
- (b) The Group’s freehold land and buildings included in property, plant and equipment with a net carrying amount of US\$51,797,000 (2013: US\$54,869,000) is situated in Peru.

Included in the addition of property, plant and equipment of the Group for the year ended 31 December 2014 were estimated remediation and restoration obligations in relation to the property, plant and equipment amounting to US\$33,007,000 (31 December 2013: US\$18,643,000) (Note 18).

As at 31 December 2014, the Group has capitalised finance costs included in the additions of property, plant and equipment amounting to US\$99,736,000 (31 December 2013: US\$76,616,000) (Note 26).

As at 31 December 2014, the bank borrowings from the Eximbank amounting to US\$2,402,157,000 (31 December 2013: US\$2,399,204,000) (Note 19(b)) were guaranteed by Chinalco and according to the borrowing agreements, in case that the credibility or financial status of Chinalco deteriorates or has the potential to deteriorate, all the property, plant and equipment pertaining to the Toromocho Project will be pledged as additional security for these borrowings.

In connection with the agreement to construct and operate the Kingsmill Tunnel Water Treatment Plant (facilities used to supply water to the Toromocho Project), the Group is required to maintain certain deposits with a bank. At 31 December 2014, bank deposits amounting to US\$540,000 (31 December 2013: US\$540,000) were held as performance guarantee.

As at 31 December 2014, the amount of approximately US\$16 million by which net proceeds received exceed the costs of testing while bringing the Toromocho Project to commercial production levels has been credited to the cost of property, plant and equipment of the Group.

4. Property, plant and equipment – Group *(continued)*

During the year ended 31 December 2014, depreciation expense was recognised as follows:

	2014	2013
	US\$'000	US\$'000
Capitalised in construction-in-progress	27,991	13,753
General and administrative expenses	438	606
Total	28,429	14,359

5. Intangible assets – Group

	2014	2013
	US\$'000	US\$'000
Computer Software		
Opening net book value	1,255	399
Additions	376	1,537
Disposals	(12)	–
Amortisation	(1,103)	(681)
Closing net book value	516	1,255
Cost	5,141	4,779
Accumulated amortisation	(4,625)	(3,524)
Net book value	516	1,255

During the year ended 31 December 2014, amortisation is recognised as follows:

	2014	2013
	US\$'000	US\$'000
Capitalised in construction in progress	1,082	681
General and administrative expenses	21	–
Total	1,103	681

6. Investments in subsidiaries – Company

	At 31 December	
	2014	2013
	US\$'000	US\$'000
Investments, at cost, unlisted shares	628,499	628,499
Amount due from a subsidiary (Note)	299,389	300,371
	927,888	928,870

6. Investments in subsidiaries – Company *(continued)*

Note: This is a loan to MCP, which is dominated in US\$, interest free, unsecured and with no fixed terms of repayment. As the Company does not intend to demand repayment it in the foreseeable future, the loan is accounted for as a quasi-investment.

As at 31 December 2014, the Company had direct and indirect interests in the following subsidiaries, all of which are limited liability entities incorporated in Peru and are principally engaged in mining related activities in Peru:

Name	Date of incorporation/ establishment	Registered and fully paid capital US\$'000	Percentage of equity attributable to the Company (%)		Principal activities
			Direct	Indirect	
Minera Chinalco Perú S.A. ("MCP")	20 May 2003	383,500	100	–	Mining activities
Minera Centenario S.A.C. ("Centenario")	3 April 2006	3	–	100	Mining activities
Cal del Centro S.A.C. ("Centro")	16 March 2011	–	–	100	Industrial activities related with mining activities
Sociedad Minera Pesares S.A. ("Pesares")	6 June 1905	–	–	83.28	Mining activities
Pomacocha Power S.A.C. ("Pomacocha") (Note)	17 January 2011	–	–	100	Operating and exploiting the 220Kv Pomacocha Transmission Line

Note: Pomacocha was established by MCP and Abengoa Perú S.A.C., a third party Peruvian construction company, solely for the purpose of the construction of power transmission lines that connect the areas of the Toromocho Project to the power grid which is financed entirely and to be used solely by the Group. The substance of the relationship between MCP and Pomacocha demonstrated that the Group enjoys substantially all economic benefits and exposes to the risks of Pomacocha. Accordingly, Pomacocha is considered a subsidiary of the Group from its establishment. In November 2013, the Group acquired the remaining 90% equity interest in Pomacocha from Abengoa Perú S.A.C. with a cash consideration of New PEN 1,080 (equivalent to US\$385). This share transfer was completed on 22 November 2013.

7. Investment in a joint venture – Group

	2014	2013
	US\$'000	US\$'000
At beginning of the year	3,598	3,513
Loans to a joint venture (Note)	–	172
Share of loss	(1,684)	(87)
At end of the year	1,914	3,598

Note: Loans to a joint venture are denominated in US\$ and with no fixed terms of repayment. The directors of the Company are in their opinion that no repayment is expected in the foreseeable future and therefore, the loans are included in investment in a joint venture.

In September 2010, the Group and four other independent investors jointly established Transportadora Callao S.A. (“Transportadora Callao”), a company incorporated under the laws of Peru. In accordance with the investment agreement, the Group contributed US\$1,290,000 for 7% equity interest in Transportadora Callao. Transportadora Callao was established exclusively for the design, construction, finance, operation and conservation of a specialised dock for mineral concentrates and the corresponding conveyer belt located in the northern wave break of the Callao Port in Peru according to the term and conditions established in the Concession Agreement signed with the Peruvian government. As at 31 December 2014, Transportadora Callao has completed the construction work and is at operation stage.

The following table illustrates the aggregate financial information of Transportadora Callao that is not individually material:

	2014	2013
	US\$'000	US\$'000
Share of the joint venture’s loss for the year	1,684	87
Share of the joint venture’s other comprehensive income	–	–
Share of the joint venture’s total comprehensive income	1,684	87
Aggregate carrying amount of the Group’s investments in the joint venture	1,914	3,598

As at 31 December 2014, the Peruvian government requires Transportadora Callao to maintain a guarantee deposit of US\$27,000,000 (31 December 2013: US\$27,000,000) as performance guarantee. In this connection, the Group placed in a designated bank account for cash amounting to US\$1,890,000, which represents the Group’s proportional share of the total guarantee deposit as at 31 December 2014 (31 December 2013: US\$1,890,000)(Note 11(a)).

7. Investment in a joint venture – Group *(continued)*

In June 2012, Transportadora Callao borrowed US\$20,000,000 from Banco de Credito del Peru (“BCP”). In this connection, the Group is required to issue a letter of credit in favour of BCP as guarantee for the borrowing amounting to US\$1,400,000, representing its proportional share of the guarantee. As at 31 December 2013, this letter of credit is secured by cash deposit amounting to US\$1,400,000 of the Group (Note 11(b)). In 2014, the Group received the cash deposit from BCP as Transportadora Callao had repaid the loan.

There are no significant contingent liabilities in relation to the Group’s interest in the joint venture and no significant contingent liabilities of the joint venture itself.

Except as disclosed in preceding paragraphs, there are no other significant commitments in relation to the Group’s interest in the joint venture, and no significant commitments of the joint venture itself.

8. Deferred income tax – Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the income tax levied by the same tax authority. All of the deferred income tax assets and liabilities are to be recovered or settled after more than 12 months.

The gross movements in the deferred tax account are as follows:

	2014	2013
	US\$'000	US\$'000
At beginning of the year	27,742	22,175
Credited to the profit or loss (Note 27)	3,483	5,567
At end of the year	31,225	27,742

8. Deferred income tax – Group *(continued)***Deferred income tax assets/liabilities**

	At 1 January 2013 US\$'000	Credit to the profit or loss US\$'000	At 31 December 2013 US\$'000	Credit to the profit or loss US\$'000	At 31 December 2014 US\$'000
Deferred tax assets					
Tax losses available	–	–	–	261,813	261,813
Expenses capitalized for tax purposes	19,531	6,174	25,705	1,714	27,419
Asset remediation and restoration provision	1,763	565	2,328	1,200	3,528
Accounts receivable	–	–	–	4,861	4,861
Others	881	(1,172)	(291)	1,345	1,054
Total deferred tax assets	22,175	5,567	27,742	270,933	298,675
Deferred tax liabilities					
Accelerated tax depreciation of mine development costs	–	–	–	(267,450)	(267,450)
Total deferred tax liabilities	–	–	–	(267,450)	(267,450)
Deferred tax assets, net	22,175	5,567	27,742	3,483	31,225

There was no unrecognised net operating tax loss as at 31 December 2014 (31 December 2013: Nil).

9. Value-added tax recoverable – Group

On 14 September 2010, by means of Supreme Decree No 060-2010-EM issued by the MEM, as countersigned by the Ministry of Economy and Finance, the Company is entitled to use the Special Regime of the Value-added Tax (“VAT”) Anticipated Refunding (RERA IGV, the Spanish acronym), in adherence to Legislative Decree 973. Accordingly, qualified VAT paid on purchases can be used to set off tax payable to local sales, income taxes or any other taxes required by the Peruvian tax authorities or refunded in the form of negotiable credit notes or non-negotiable checks.

The Group signed an investment agreement with respect to the Toromocho Project (the “Investment Agreement”) on 16 June 2009 with MEM, which was modified under addendum dated 27 July 2010. Pursuant to the Investment Agreement, the Group agreed to invest into the Toromocho Project US\$2,053 million by the end of 2012, which was qualified for the above entitlement under RERA IGV. On 15 December 2011, MEM and MCP signed an addendum of the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, in order to extend the period of fulfillment of the committed investment until December 2013.

On 17 January 2014, the Group signed an amendment of the Investment Agreement with MEM, pursuant to which, the Group committed to invest US\$2,984 million into the Toromocho Project until 31 December 2014.

VAT recoverable represents the VAT credit entitled to the Group for VAT paid on the acquisition of goods and services related to its exploration and development activities, and is summarised as follows:

	At 31 December	
	2014	2013
	US\$'000	US\$'000
VAT recoverable:		
– to be recovered after more than 12 months	172,512	183,945
– to be recovered within 12 months	71,050	23,250
	243,562	207,195

10. Prepayments and other receivables – Group

	At 31 December	
	2014 US\$'000	2013 US\$'000
Other receivables		
Amounts due from contractors for purchase of fuel on their behalf	9,181	13,600
Employee advances	598	547
Amounts due from ultimate holding company (Note 33(d))	192	144
Loan to a joint venture (Note (a))	9,274	8,100
Loan to a transportation services provider (Note (b))	3,047	3,047
Others	600	804
	22,892	26,242
Less: impairment	–	–
	22,892	26,242
Prepayments		
Prepaid income tax	9,647	3,237
Prepaid insurance	1,431	2,050
Others (Note (c))	33,736	9,096
	44,814	14,383
Total prepayments and other receivables	67,706	40,625
Less: non-current portion (Note (d))	(12,321)	(3,047)
	55,385	37,578

Note:

- (a) The loan to a joint venture is unsecured and bears interest at LIBOR plus 5% per annum and are due in 9 years.
- (b) As at 31 December 2014, the other receivables amounting to US\$3,047,000 (31 December 2013: US\$3,047,000) represented loan to Ferrocarril Central Andino S.A., a third party Peruvian limited liability company which provides certain transportation services to the Group. Such loan receivable is unsecured, interest free and are due in 8 years.
- (c) Other prepayment mainly include the prepayments for future work to be performed by contractors.
- (d) Non-current portion mainly includes other receivables from a joint venture and Ferrocarril Central Andino S.A.

10. Prepayments and other receivables – Group *(continued)*

Aging analysis of other receivables are as follows:

	At 31 December	
	2014 US\$'000	2013 US\$'000
Within 3 months	5,960	7,168
3 to 6 months	3,103	5,887
6 months to 1 year	1,508	10,140
1 to 2 years	9,274	3,047
2 to 3 years	3,047	–
	22,892	26,242

In determining the recoverability of other receivables, the Group performs a risk analysis considering the type and aging of the outstanding receivables and the creditworthiness of the counterparty.

Prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2014 US\$'000	2013 US\$'000
US\$	41,022	33,339
New PEN	26,684	7,286
	67,706	40,625

11. Restricted cash – Group

	At 31 December	
	2014 US\$'000	2013 US\$'000
Guaranteed deposits for import of equipment into Peru	2,754	4,906
Bank deposits held for performance guarantee (Note (a))	2,430	2,430
Bank deposits held for issuance of letter of credit (Note (b))	919	2,319
Bank deposits held in escrow account (Note (c))	1,668	1,668
Others	117	117
	7,888	11,440

11. Restricted cash – Group *(continued)*

Note:

- (a) Bank deposits held for performance guarantee represented deposits held in banks for performance guarantee under the relevant contracts and agreements (Notes 4 and 7).
- (b) Bank deposits held for issuance of letter of credit represented guarantee for issuance of letter or credit (Notes 7 and 32(a) (iii)2).
- (c) The Group acquired certain mining concessions and equity interest in Centenario from Austria Duvaz which is a Peruvian mining group in 2006. US\$1,668,000 represented the remaining outstanding consideration for the acquisition of Centenario and was paid into an escrow account in March 2011 and will be paid to Austria Duvaz after it presents the final report of contingencies of labor and environmental matters.

All of the restricted cash were denominated in US\$ as at 31 December 2014 and 2013.

12. Inventories – Group

As at 31 December 2014 and 2013, inventories of the Group mainly represented supplies and spare parts used for the commissioning of the Toromocho Project. As the project commenced commissioning since December 2013, the inventory balance include copper concentrates in finished goods of US\$4,860,000 as at 31 December 2014 (31 December 2013: Nil).

13. Cash and cash equivalents – Group and Company

	Group		Company	
	At 31 December		At 31 December	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	75,173	120,853	231	2,280
Term deposits	–	2,063	–	310
Cash and cash equivalents	75,173	122,916	231	2,590

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	At 31 December		At 31 December	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
US\$	61,538	120,547	98	2,247
New PEN	13,502	2,026	–	–
HK\$	21	343	21	343
RMB	112	–	112	–
	75,173	122,916	231	2,590

13. Cash and cash equivalents – Group and Company *(continued)*

Cash at banks earns interest as floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and term deposits are deposited with creditworthy banks with no recent history of default.

14. Accounts Receivable

	At 31 December	
	2014 US\$'000	2013 US\$'000
Accounts receivable	75,993	–
Less: impairment	–	–
	75,993	–

The Group mainly requires its customers to make payment at a specific percentage the accounts receivables, within the credit period is generally three months, extending up to six months. As at 31 December 2014, none of accounts receivable were past due but not impaired. Accounts receivable are non-interest-bearing.

In determining the recoverability of receivables, the Group performs a risk analysis considering the type and aging of the outstanding receivables and the creditworthy of the counterparty.

An aging analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	At 31 December	
	2014 US\$'000	2013 US\$'000
Within 3 months	60,256	–
3 to 6 months	9,576	–
6 months to 1 year	6,161	–
	75,993	–

15. Share capital and share premium – Group and Company

As at 31 December 2014, the number of total authorised ordinary shares was 25 billion (31 December 2013: 25 billion) with a par value of US\$0.04 (31 December 2013: US\$0.04) per share.

The details of the issued and fully paid ordinary shares of the Company are as follows:

	Number of issued shares	Ordinary shares US\$'000	Share premium US\$'000
At 1 January 2013	10,001,171,429	400,047	–
Issuance of ordinary shares (Note)	1,816,611,000	72,664	327,267
At 31 December 2013	11,817,782,429	472,711	327,267
Issuance of ordinary shares	–	–	–
At 31 December 2014	11,817,782,429	472,711	327,267

Note: The Company completed initial public offering on 31 January 2013 and the over-allotment option was exercised on 22 February 2013 with 1,764,913,000 and 51,698,000 shares issued respectively at a par value of US\$0.04 per share. The issue price was HK dollar 1.75 per share.

16. Loss attributable to owners of the parent

The consolidated loss attributable to owners of the parent for the year ended 31 December 2014 includes a loss of US\$6,246,000 (2013: US\$13,113,000) which has been dealt with in the financial statements of the Company.

17. Reserve – Company

As at 31 December 2014 and 2013, of the total capital reserve amounting to US\$16,521,000 and US\$16,521,000 represented capital contributions by the immediate holding company in connection with borrowings made available to the Company at a preferential interest rate.

18. Provision for remediation and restoration – Group

	2014	2013
	US\$'000	US\$'000
At beginning of the year	90,200	69,675
Additional provision	33,007	18,643
Accretion expenses (Note 26)	3,265	1,882
At end of the year	126,472	90,200

Provision for remediation and restoration includes environmental remediation costs, assets retirements obligation and similar obligation in relation to the Group's development of the Toromocho Project. Pursuant to the Assignment Agreement of the Toromocho Project (Note 1), the Group is responsible for the remediation of the alternations of the lands given for mineral exploitation, even if these damages were caused before the signing of the relevant concession agreements. In addition, the Group is also obliged to operate and maintenance certain facilities after closure of the mines.

In August 2012, Walsh Peru S.A., an independent valuer, issued to the Group the Mine Closure Plan which was approved by the MEM on 27 December 2012. Taking into consideration of the report issued by Walsh Peru S.A. and the MEM's approval of the Mine Closure Plan, the Group has assessed and provided for remediation and restoration and similar obligations amounting to US\$126,472,000 as at 31 December 2014 (31 December 2013: US\$90,200,000).

19. Loans and borrowings – Group and Company

	Group At 31 December		Company At 31 December	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Current				
Borrowings from immediate holding company (a)				
– unsecured	280,000	–	–	–
Short-term bank loans (b)				
– guaranteed	400,000	281,000	–	–
– unsecured	210,000	100,000	–	–
Long-term bank loans, due within one year (b)				
– guaranteed	222,980	–	–	–
	1,112,980	381,000	–	–
Non-current				
Borrowings from immediate holding company (a)				
– unsecured	155,271	151,604	155,271	151,604
Long-term bank loans (b)				
– guaranteed	2,436,177	2,538,204	–	–
	2,591,448	2,689,808	155,271	151,604
	3,704,428	3,070,808	155,271	151,604

19. Loans and borrowings – Group and Company *(continued)***(a) Borrowings from immediate holding company**

During the years ended 31 December 2014 and 2013, the Group's borrowings from immediate holding company are as follows:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
At beginning of the year	151,604	250,766	151,604	250,766
Addition	280,000	100,000	–	–
Interest charged	5,710	4,332	3,667	4,332
Repayment	(2,043)	(203,494)	–	(103,494)
At the end of the year	435,271	151,604	155,271	151,604
Among which:				
Principal	423,399	143,399	143,399	143,399
Interest payable	11,872	8,205	11,872	8,205
	435,271	151,604	155,271	151,604

In 2013, borrowings due to immediate holding company together with its related interests amounting to US\$103,494,000 were repaid on 28 February 2013. On 6 November 2013, the Company's immediate holding company provided a loan facility of US\$100 million for general corporate purposes including but not limited to funding the working capital for the Toromocho Project in its commissioning stage. The Group drew down and repaid the borrowings amounting to US\$100 million in 2013. As at 31 December 2013, the remaining borrowings were repayable in 7 years or at any time at the Company's discretion. The borrowings bear an interest at LIBOR plus 2% per annum.

In April and November 2014, the immediate holding company provided a loan facility of US\$200 million and US\$350 million, respectively, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project.

Loans amounting to US\$280 million were drawn down in 2014. As at 31 December 2014, the borrowings due to the immediate holding company were repayable at any time at the Company's discretion, which bear an interest rate per annum equal to the lower of: i) the all-in cost to the lender of funding the drawdown; and ii) LIBOR plus 4% – 4.2% per annum.

19. Loans and borrowings – Group and Company *(continued)*

(b) Bank loans

As at 31 December 2014 and 2013, bank loans are summarised as follows:

Banks	At 31 December 2014		At 31 December 2013	
	Amount US\$'000	Effective interest rate	Amount US\$'000	Effective interest rate
Eximbank (Note(i))	2,402,157	2.21% – 3.86%	2,399,204	2.20% – 3.85%
CDB (Note(ii))	257,000	3.86%	220,000	3.85%
Other banks (Note(iii))	610,000	1.17% – 2.26%	300,000	1.35% – 1.80%
	3,269,157		2,919,204	

Note:

- (i) In December 2010, the Group obtained a banking facility amounting to US\$2,000 million from Eximbank for the purpose of financing the development of the Toromocho Project. The Group is required to pay a 1% commission fee for each drawdown and the facility bears an interest rate at LIBOR plus 1.85% per annum. This facility is guaranteed by Chinalco (Note 33(a)) and will become secured by all property, plant and equipment pertaining to the Toromocho Project if Chinalco's credibility or financial status deteriorates (Note 4). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

In March 2013, the Group signed a supplemental agreement with Eximbank which provided an additional loan facility amounting to US\$419 million with an interest rate at LIBOR plus 3.5% per annum. The Group is required to pay a 1% commission fee for each drawdown. This facility is guaranteed by Chinalco (Note 33(a)) and will become secured by all property, plant and equipment pertaining to the Toromocho Project if Chinalco's credibility or financial status deteriorates (Note 4). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

As at 31 December 2014 and 2013, the above banking facilities with Eximbank had been fully drawn down.

- (ii) In September 2012, the Group obtained a banking facility amounting to US\$83 million from the CDB for the construction, maintenance and operation of Kingsmill Tunnel Water Treatment Plant. This facility is guaranteed by Chinalco (Note 33(a)) and bears interest at LIBOR plus 3.5% per annum.

In September 2012, CDB issued a memorandum indicating its commitment to lend US\$274 million to the Group for certain designated projects in relation to the development of the Toromocho Project, in which US\$100 million was cancelled later due to delay of the related specific project. Pursuant to this memorandum, the Group obtained banking facilities which are guaranteed by Chinalco (Note 33(a)) and bear interest at LIBOR plus 3.5% per annum.

As at 31 December 2014, loans from CDB amounting to US\$257 million in aggregate have been drawn down since 2012.

19. Loans and borrowings – Group and Company *(continued)***(b) Bank loans** *(continued)*Note: *(continued)*

(iii) As at 31 December 2014, the Group obtained short-term bank loans of US\$610 million from Banco Bilbao Vizcaya Argentaria (“BBVA”), Standard Chartered Bank (Taiwan) Limited and Standard Chartered Bank, Offshore Banking Unit (collectively referred as “SCB”), which are all denominated in US\$ and bear interest at rates ranging from 1.17% to 2.26% per annum, among which, US\$400 million is guaranteed by China Export and Credit Insurance Corporation, a third party, with a counter-guarantee provided by Chinalco (Note 33(a)).

(c) As at 31 December 2014, the long-term bank borrowings were repayable as follows:

	Group At 31 December		Company At 31 December	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Within 1 year	222,980	–	–	–
Between 1 and 2 years	193,580	219,926	–	–
Between 2 and 5 years	699,118	613,507	–	–
Over 5 years	1,698,750	1,856,375	155,271	151,604
	2,814,428	2,689,808	155,271	151,604
Amount due within one year shown under current liabilities	(222,980)	–	–	–
	2,591,448	2,689,808	155,271	151,604

20. Accounts payable – Group

Aging analysis of accounts payable is as follows:

	At 31 December	
	2014 US\$'000	2013 US\$'000
Within 3 months	284,329	352,894
3 to 6 months	67,972	1,061
6 months to 1 year	40,311	7,362
	392,612	361,317

The carrying amounts of the Group's accounts payable are denominated in the following currencies:

	At 31 December	
	2014 US\$'000	2013 US\$'000
US\$	250,096	313,071
New PEN	136,116	48,246
AUD	1,037	–
EUR	5,363	–
	392,612	361,317

The accounts payable are non-interest-bearing and are normally settled in 60 days to 90 days.

21. Accruals and other payables - Group

	At 31 December	
	2014 US\$'000	2013 US\$'000
Accrued expenses and others	7,659	7,483
Other payables	15,201	23,984
Payroll and welfare payables	8,450	5,637
Taxes other than corporate income tax	3,546	2,959
Total	34,856	40,063

22. Amount due to immediate holding company – Group and Company

Amount due to immediate holding company are unsecured, interest free and repayable on demand and are denominated in US\$.

23. Revenue

As the Group has not commenced commercial production, no revenue was generated during the year ended 31 December 2014 (2013: Nil).

Management determines the operating segments based on the information reported to the Group's chief operating decision maker. As all of the Group's activities are engaged in the mining development and all the principal assets employed by the Group are located in Peru, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the results of the Group as a whole. Therefore no further segment information is disclosed.

24. Other gains, net

	2014	2013
	US\$'000	US\$'000
Income on mine concessions (Note)	120	141
Gain/(loss) on disposal of property, plant and equipment	2,014	(742)
Income from indemnity	700	2,478
Gains on sales of supplies to contractors	343	1,290
Others	2,389	692
	5,566	3,859

Note: Income on mine concessions represented rental income from third party miners for the use and mining of certain mines owned by the Group. As at 31 December 2014, the advance received from these miners amounting to US\$4,072,000 (31 December 2013: US\$4,191,000) was recorded in "deferred income".

25. General and administrative expenses

	2014	2013
	US\$'000	US\$'000
By nature:		
Employee benefit expenses		
– Wages, salaries and allowance	53,232	41,508
– Directors' emoluments	1,571	1,509
– Pension costs – defined contribution plans	6,449	5,247
– Other staff benefits	10,606	9,345
Less: staff cost capitalised into construction-in-progress	(66,460)	(45,119)
	5,398	12,490
Depreciation and amortisation	459	606
Auditors' remuneration	277	353
Consulting and other service expenses	1,036	13,348
Operating lease expense	1,307	1,317
Travel and transportation	813	1,264
Taxes other than income tax	537	419
Advertising and promotion	85	1,555
Listing expenses	–	2,602
Others	1,363	5,951
	11,275	39,905

26. Finance income / (costs)

	2014 US\$'000	2013 US\$'000
Finance income		
– Interest income	752	541
Total finance income	752	541
Finance costs		
– Interest expense on borrowings wholly repayable within five years	(13,766)	(809)
– Interest expense on borrowings wholly repayable after five years	(85,970)	(75,807)
– Bank charges	(127)	(460)
– Accretion of interest on provision for remediation and restoration (Note 18)	(3,265)	(1,882)
	(103,128)	(78,958)
Less: amounts capitalised into construction-in-progress	99,736	76,616
Total finance costs	(3,392)	(2,342)

27. Income tax benefit

	2014 US\$'000	2013 US\$'000
Current income tax	(223)	(145)
Deferred income tax (Note 8)	3,483	5,567
	3,260	5,422

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Subsidiaries established in Peru are subject to corporate income tax at a rate of 32% during the year ended 31 December 2014 (2013: 30%).

27. Income tax benefit *(continued)*

The income tax on the Group's loss before tax differs from the theoretical amount that would arise using the applicable tax rates to losses of the consolidated entities as follows:

	2014	2013
	US\$'000	US\$'000
Loss before income tax	(16,473)	(36,486)
Tax benefit calculated at the tax rate applicable to loss in Peru	5,271	10,946
Effect of tax rate difference between the Company and the subsidiaries in Peru	(870)	(2,810)
Effect of change in tax rate on deferred tax previously recognised (from 30% to 32%)	1,850	–
Non-deductible expenses	(3,108)	(2,589)
Others	117	(125)
Income tax benefit	3,260	5,422

28. Loss per share attributable to ordinary equity holders of the Company**(a) Basic**

Basic loss per share is calculated by dividing the net loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	2014	2013
Loss attributable to equity holders of the Company (US\$'000)	(13,213)	(31,064)
Weighted average number of ordinary shares in issue (in thousands)	11,817,782	11,660,379
Basic loss per share (in US\$)	(0.001)	(0.003)

(b) Diluted loss per share for the year ended 31 December 2014 and 2013 are the same as the basic losses per share as there are no potentially dilutive shares.

29. Dividends

No dividend has been paid or declared by the Company during the year ended 31 December 2014 and 2013.

30. Directors' remuneration

Directors' remuneration for the year is as follows:

	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonuses US\$'000	Pension scheme contributions US\$'000	Total US\$'000
For the year ended 31 December 2014					
Non-executive Director:					
Li Bohan (Note i)	-	-	-	-	-
Liu Hongjun (Note i)	-	-	-	-	-
Wang Dongbo (Note i)	-	-	-	-	-
Xiong Weiping (Note i)	-	-	-	-	-
Liu Caiming (Note i)	-	-	-	-	-
Executive Director:					
Zhang Chengzhong (Note ii)	-	-	-	-	-
Peng Huaisheng (Note ii)	-	80	22	-	102
Huang Shanfu	-	512	513	-	1,025
Liang Yunxing (Note iii)	-	110	54	-	164
Independent Non-executive Director:					
Scott McKee Hand	90	-	-	-	90
Francisco Augusto					
Baertl Montori	70	-	-	-	70
Ronald Ashley Hall	70	-	-	-	70
Lai Yat Kwong Fred	50	-	-	-	50
	280	702	589	-	1,571

30. Directors' remuneration (continued)

	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonuses US\$'000	Pension scheme contributions US\$'000	Total US\$'000
For the year ended 31 December 2013					
Non-executive Director:					
Xiong Weiping	-	-	-	-	-
Liu Caiming (Note iv)	-	-	-	-	-
Zhang Chengzhong (Note iv)	-	-	-	-	-
Ren Xudong (Note iv)	-	-	-	-	-
Xie Weizhi (Note iv)	-	-	-	-	-
Executive Director:					
Peng Huaisheng	-	86	127	-	213
Huang Shanfu	-	421	395	-	816
Liang Yunxing	-	103	97	-	200
Independent Non-executive Director:					
Scott McKee Hand	90	-	-	-	90
Francisco Augusto Baertl Montori	70	-	-	-	70
Ronald Ashley Hall	70	-	-	-	70
Lai Yat Kwong Fred	50	-	-	-	50
	280	610	619	-	1,509

- (i) Dr. Xiong Weiping and Dr. Liu Caiming resigned from non-executive directors on 28 August 2014, and Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo were reappointed as the non-executive directors on the same day.
- (ii) Dr. Peng Huaisheng resigned from the chief executive officer and executive director on 12 August 2014, and Dr. Zhang Chengzhong was appointed as the chief executive officer and executive director, as well as the chairman of the board of directors on 28 August 2014. Before 28 August 2014, he was a non-executive director of the Company.
- (iii) Ms. Liang Yunxing resigned from the chief financial officer and executive director on 27 March 2015.
- (iv) Mr. Ren Xudong and Mr. Xie Weizhi resigned from non-executive directors on 1 May 2013, and Dr. Zhang Chengzhong and Dr. Liu Caiming were appointed as non-executive directors on the same day.

30. Directors' remuneration *(continued)*

Dr. Li Bohan, Dr. Liu Hongjun, Dr. Wang Dongbo, Dr. Xiong Weiping, Dr. Zhang Chengzhong and Dr. Liu Caiming received emoluments from Chinalco for the year ended 31 December 2014. Dr. Xiong Weiping, Mr. Ren Xudong, Mr. Xie Weizhi, Dr. Zhang Chengzhong and Dr. Liu Caiming received emoluments from Chinalco for the year ended 31 December 2013. Part of these emoluments are in relation to their services to the Company. No apportionment in 2013 and 2014 has been made as the directors consider that it is impractical to apportion these emoluments between their services to the Company and their services to Chinalco.

During the year ended 31 December 2014, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). No director waived or agreed to waive any emoluments during the year ended 31 December 2014 (2013: Nil).

31. Five highest paid employees

The number of director and non-director included in the five highest paid individuals for the years ended 31 December 2014 and 2013 are set forth below:

	2014	2013
Director	1	1
Non-director	4	4
	5	5

The emoluments of the directors are included in Note 30. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	2014 US\$'000	2013 US\$'000
Salaries and other emoluments	1,671	1,590
Discretionary bonuses	1,064	1,001
Pension scheme contributions	–	–
	2,735	2,591

31. Five highest paid employees *(continued)*

The number of the non-director individuals with the highest emoluments in HK\$ is within the following bands:

	2014	2013
HK\$4,000,000 to HK\$4,500,000	1	2
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	2	–
HK\$5,500,001 to HK\$6,000,000	–	–
HK\$6,000,001 to HK\$6,500,000	–	–
HK\$6,500,001 to HK\$7,000,000	1	1

During the year ended 31 December 2014, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

32. Commitments and contingencies**(a) Commitments****(i) Capital commitments**

Capital expenditure contracted for at the date of the consolidated statement of financial position but not recognized in the consolidated statement of financial position is as follows:

	At 31 December	
	2014	2013
	US\$'000	US\$'000
Property, plant and equipment	79,031	110,924

(ii) Operating lease commitments - where the Group is the lessee

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December	
	2014	2013
	US\$'000	US\$'000
No later than 1 year	2,304	1,180
Later than 1 year and no later than 5 years	1,933	4,491
	4,237	5,671

32. Commitments and contingencies *(continued)*

(a) Commitments *(continued)*

(iii) Investment commitments

- 1) Pursuant to the Investment Agreement in connection with the VAT recoverable entitlement (Note 9), the Group is committed to invest into the Toromocho Project amounting to US\$2,053 million by the end of 2012. On 15 December 2011, the MEM and MCP signed an addendum to the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, to extend the period of fulfilment of the committed investment until December 2013.

On 17 January 2014, the Group signed an amendment to the Investment Agreement with MEM, pursuant to which, the Group committed to invest US\$2,984 million in the Toromocho Project by 31 December 2014.

On 23 November 2013, the Company submitted to the General Mining Bureau ("GMB") a modification request of the "Agreement of Guarantees and Measures to Promote Investment" (the "Stability Agreement", which was initially signed with the MEM on 9 March 2009) to increase the amount of committed investment and extend the period of disbursement. On 27 December 2013, the GMB approved the modification of the investment schedule of the Toromocho Project, with an increase of total investment up to US\$4,383 million and an extended period of disbursement to December 2016.

- 2) The Group maintains letters of credit amounting to US\$5,156,000 as the guarantee for compliance with the Mine Closure Plan (Note 18), which is secured by restricted cash US\$919,000 (Note 11(b)).

32. Commitments and contingencies *(continued)*

(b) Contingencies

- (i) In May 2010, the local government of Morococha issued an order to MCP to cease the construction work for the new town of Morococha for the purpose of relocating the local original residents in relation to the development of the Toromocha Project through an administrative resolution on the ground that the construction started without a proper permit. In August 2011, MCP obtained from the provincial government of Yauli-La Oroya a preliminary relief which explicitly permits it to continue the construction. In August 2011, the district court ruled that the local municipal government of Morococha is a competent authority to issue the aforementioned order and that the evidence shows that the Company did not have a relevant permit at the time of such order. In September 2011, MCP filed an appeal with the court of appeal against the decision by the district court claiming that, among others, the competent authority to supervise this matter should be the provincial government of Yauli-La Oroya of Peru and that the local government of Morococha's resolution on this matter is invalid. In September 2012, the superior court issued a resolution declaring the appeal as inadmissible. MCP filed an appeal to the constitutional high court, which will be the final instance. On 11 March 2013, MCP presented their oral report before the constitutional high court and the final resolution is yet to be released.

As at the date of these financial statements were approved, the aforementioned appeal is still in progress. In consideration of the opinion of an independent legal counsel, the directors of the Company are of the opinion that the claim is likely to be resolved in favour of MCP. Accordingly, no provision is considered necessary with respect to the aforementioned claim as at 31 December 2014.

- (ii) Apart from the above, as at 31 December 2014, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the financial statements.

33. Related party transactions

(a) Saved as disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year.

(i) Purchases of property, plant and equipment

During the year 2014, the Group purchased from a fellow subsidiary certain equipment amounting to US\$816,041 (2013: US\$1,649,000), on prices and terms mutually agreed by the parties involved.

(ii) Borrowings due to immediate holding company

During the year 2014 and 2013, the Group has outstanding borrowings due to its immediate holding company, and the details of related additions and repayments are disclosed in Note 19(a). For the year ended 31 December 2014, the interest expense incurred for such borrowings amounted to US\$5,710,000 (2013: US\$4,332,000).

(iii) Financial guarantees provided by ultimate holding company

As at 31 December 2014, the Group's borrowings amounting to US\$2,659 million (31 December 2013: US\$2,619 million) (Note 19(b)) were guaranteed provided by Chinalco.

As at 31 December 2014, the Group's current borrowings amounting to US\$400 million (31 December 2013: US\$200 million) were guaranteed by China Export and Credit Insurance Corporation, with a counter-guarantee provided by Chinalco (Note 19(b)).

The guarantees will continue to be in place until the Group is able to replace or refinance the existing loan facilities in a commercially justifiable manner.

(iv) Facilities provided by immediate holding company

In April and November 2014, Chinalco Overseas provided a loan facility of US\$200 million and US\$350 million respectively, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. As at 31 December 2014, loans amounting to US\$280 million have been drawn down during current period, the remaining facility provided by Chinalco Overseas was US\$270 million.

33. Related party transactions *(continued)***(b) Key management compensation**

	2014	2013
	US\$'000	US\$'000
Short-term employed benefits	6,403	10,159
Retirement scheme contributions	30	74
	6,433	10,233

(c) Significant transactions with state-owned enterprises except Chinalco and its subsidiaries ("Other State-owned Enterprises").

In accordance with IAS 24 (revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are also defined as related parties of the Group.

During the year ended 31 December 2014, significant transactions with other state-owned enterprises are summarized as follows:

Cash and cash equivalents amounting to US\$135,009 at 31 December 2014 (31 December 2013: US\$375,003) and borrowings amounting to US\$2,659 million as at 31 December 2014 (31 December 2013: US\$2,619 million) (Note 19(b)), and the relevant interest income earned and expenses incurred during the year ended 31 December 2014 and 2013 are transacted with banks owned/controlled by the PRC government.

The above transactions conducted with other state-owned enterprises are based on terms as set out in the underlying agreements as mutually agreed.

The related party transactions in respect of items (a) to (c) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

33. Related party transactions *(continued)***(d) Outstanding balances with related parties**

	As at 31 December	
	2014 US\$'000	2013 US\$'000
Included in prepayments and other receivables		
Amount due from ultimate holding company (Note) (Note 10)	192	144
Included in loans and borrowings		
Borrowings from immediate holding company (Note 19(a))	435,271	151,604
Included in amount due to immediate holding company		
Amount due to immediate holding company (Note 22)	2,426	2,426
Included in accounts payable		
Amount due to a fellow subsidiary	1,441	2,090

Note: Amount due from ultimate holding company is unsecured, interest free and no fixed term of repayment.

34. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at 31 December 2014 and 2013 are as follows:

Group

Financial assets

	31 December 2014	31 December 2013
	Loans and receivables	Loans and receivables
	USD'000	USD'000
Accounts receivable	75,993	–
Other receivables	22,892	26,242
Restricted cash	7,888	11,440
Cash and cash equivalents	75,173	122,916
Total	181,946	160,598

Financial liabilities

	31 December 2014	31 December 2013
	Financial liabilities at amortised costs	Financial liabilities at amortised costs
	USD'000	USD'000
Loans and borrowings	3,704,428	3,070,808
Accounts payable	392,612	361,317
Financial liabilities included in accruals and other payables	15,201	23,984
Amount due to immediate holding company	2,426	2,426
	4,114,667	3,458,535

34. Financial instruments by category *(continued)***Company****Financial assets**

	31 December 2014	31 December 2013
	Loans and receivables USD'000	Loans and receivables USD'000
Other receivables	40	–
Cash and cash equivalents	231	2,590
Total	271	2,590

Financial liabilities

	31 December 2014	31 December 2013
	Financial liabilities at amortised costs USD'000	Financial liabilities at amortised costs USD'000
Loans and borrowings	155,271	151,604
Financial liabilities included in accruals and other payables	3,127	3,964
Amount due to immediate holding company	2,426	2,426
Total	160,824	157,994

34. Financial instruments by category *(continued)*

Management assessed that the fair value of the Group's financial assets and financial liabilities, except the non-current portion of loans and borrowings, approximated to their carrying amounts at the reporting date largely due to the short term maturities of these instruments.

The fair value of the Group's non-current portion of loans and borrowings approximated to their carrying amounts mainly because they are floating rate loans and borrowings.

35. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Peru with most of the transactions denominated and settled in its functional currency (US\$) which are mainly related to the purchase of equipment, services and loans received from related parties and banks. Accordingly, it is exposed to foreign exchange risk that may arise from fluctuations in the exchange rate of the New Peruvian Soles ("New PEN"). The Group maintains a net liability position expressed in New PEN that, in its appreciation trend, may have a negative impact upon liquidation of these monetary assets and liabilities. Based on public estimates available, management does not anticipate a severe devaluation of US\$ against New PEN in the short term that may cause a major impact on the financial position and results of the Group.

During the year ended 31 December 2014 and 2013, the Group did not use based on any financial instrument to hedge the foreign exchange risk.

At 31 December 2014, if the US\$ had strengthened/weakened by 5% (2013: 5%) against the New PEN with all other variables held constant, loss for the year would have been US\$5,511,000 (2013: US\$2,862,000) lower/higher.

(ii) Cash flow interest rate risk

Other than cash held in bank deposits included in cash and cash equivalents, the Group has no significant interest-bearing assets. The Group's interest rate risk mainly arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposit held at variable rates. A detailed analysis of the Group's borrowings, together with their respective effective interest rates and maturity dates, are included in Note 19.

At 31 December 2014, if interest rate had increased/decreased by 10 basis points (2013: 10 basis points) with all other variables held constant, interest expense would have been higher/lower by US\$3,270,000 (2013: US\$2,600,000).

35. Financial risk management objectives and policies *(continued)***(b) Credit risk**

Credit risk is managed on Group basis. The carrying amounts of bank deposits (including restricted cash), accounts receivable and other receivables included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

At 31 December 2014, cash and cash equivalents and restricted cash were deposited in the major banks and financial institutions in Peru and the PRC which the directors of the Company believe are of good credit quality.

(c) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	Less than 1 year USD'000	Between 1 to 2 years USD'000	Between 2 to 5 years USD'000	Over 5 years USD'000	Total USD'000
31 December 2014					
Accounts payable	392,612				392,612
Financial liabilities included in accruals and other payables	15,201	-	-	-	15,201
Amount due to immediate holding company	2,426	-	-	-	2,426
Short-term loans and borrowings	1,188,270	-	-	-	1,188,270
Long-term loans and borrowings	-	262,118	854,178	1,876,575	2,992,871
	1,598,509	262,118	854,178	1,876,575	4,591,380

35. Financial risk management objectives and policies *(continued)***(c) Liquidity risk** *(continued)***Group** *(continued)*

	Less than 1 year USD'000	Between 1 to 2 years USD'000	Between 2 to 5 years USD'000	Over 5 years USD'000	Total USD'000
31 December 2013					
Accounts payable	361,317	–	–	–	361,317
Financial liabilities included in accruals and other payables	23,984	–	–	–	23,984
Amount due to immediate holding company	2,426	–	–	–	2,426
Short-term loans and borrowings	388,606	–	–	–	388,606
Long-term loans and borrowings	65,401	239,382	777,583	2,063,645	3,146,011
	<u>841,734</u>	<u>239,382</u>	<u>777,583</u>	<u>2,063,645</u>	<u>3,922,344</u>

Company

	Less than 1 year USD'000	Between 1 to 2 years USD'000	Between 2 to 5 years USD'000	Over 5 years USD'000	Total USD'000
31 December 2014					
Financial liabilities included in accruals and other payables	3,127	–	–	–	3,127
Amount due to immediate holding company	2,426	–	–	–	2,426
Long-term loans and borrowings	–	–	–	187,916	187,916
	<u>5,553</u>	<u>–</u>	<u>–</u>	<u>187,916</u>	<u>193,469</u>

	Less than 1 year USD'000	Between 1 to 2 years USD'000	Between 2 to 5 years USD'000	Over 5 years USD'000	Total USD'000
31 December 2013					
Financial liabilities included in accruals and other payables	3,964	–	–	–	3,964
Amount due to immediate holding company	2,426	–	–	–	2,426
Long-term loans and borrowings	–	–	–	187,916	187,916
	<u>6,390</u>	<u>–</u>	<u>–</u>	<u>187,916</u>	<u>194,306</u>

35. Financial risk management objectives and policies *(continued)***(c) Liquidity risk** *(continued)***Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During the year ended 31 December 2014, as the Group has not commenced commercial production, its funding is primarily from the proceeds of the Company's initial public offering and shareholder's loans (Note 19(a)), as well as bank loans (Note 19(b)).

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings (including current and non-current loans and borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The gearing ratio of the Group as at the end of the reporting periods were as follows:

Group

	At 31 December	
	2014 USD'000	2013 USD'000
Total loans and borrowings	3,704,428	3,070,808
Less: Cash and cash equivalents	(75,173)	(122,916)
Net debt	3,629,255	2,947,892
Total equity	701,546	722,419
Total capital	4,330,801	3,670,311
Gearing ratio	84%	80%

The increase in the gearing ratio as at 31 December 2014 resulted primarily from the increase of the Group's borrowings and loans which was mainly due to the delay of commercial production of Toromocho project and funding for development of Toromocho Project.

36. Events after the reporting period

Saved as disclosed in Note 2 to the financial statements, no other reportable events or transactions take place after the balance sheet date.

37. Comparative amounts

Certain comparative amounts in the footnotes have been reclassified to conform with the current year's presentation and accounting treatment.

38. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2015.

	2014 US\$'000	Year ended 31 December			
		2013 US\$'000	2012 US\$'000	2011 US\$'000	2010 US\$'000
Results					
Revenue	–	–	–	–	–
Loss before income tax	(16,473)	(36,486)	(25,545)	(21,793)	(10,876)
Income tax benefit	3,260	5,422	5,237	5,281	3,411
Total comprehensive loss for the year	(20,873)	(35,475)	(20,308)	(16,512)	(7,465)
Assets and liabilities					
Non-current assets	4,583,753	4,045,070	2,768,504	1,505,001	742,898
Current assets	382,659	246,354	207,975	185,627	188,959
Non-current liabilities	2,721,992	2,784,199	2,221,719	1,065,984	672,536
Current liabilities	1,542,874	784,806	396,797	246,373	189,358
Equity attributable to the Company's equity holders	701,546	722,419	357,963	378,271	69,963

