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 2015

CONTENTS

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 sole shareholder of the Company, was 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 the Toromocho Project through Minera Chinalco Peru S.A. ("Chinalco Peru" or "MCP"), a wholly-owned subsidiary of the Company in Peru. The Toromocho Project is located in the 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. The Toromocho Project has commenced commercial production since 17 June 2015.

MISSION / VISION / VALUES

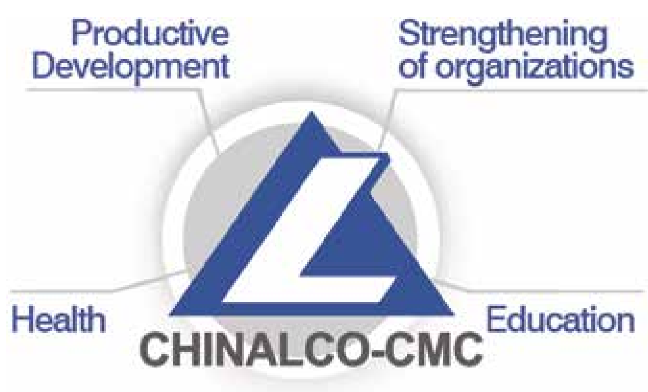
As the Company has a corporate spirit which strives for excellence through innovation and competitive work, we constantly promote the development and practice of social responsibility, building a resourceful, efficient, environmentally friendly, and operationally safe company.

Mission

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

Vision

Our vision is to be recognized as a top mining company due to the high efficiency and quality of our management.



Values

Integrity
We act in an honest, fair, ethical and transparent way 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 for our decisions, our actions and our results. We give our maximum effort in everything we do and work with high efficiency and quality.

Respect
We treat all people fairly and equally all the time, showing dignity 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. We do our best to ensure our colleagues' welfare and the integrity of the facilities. We also promote a healthy and constructive coexistence with communities in our environment and are committed to operating with the highest environmental standards in the industry.

Non-executive Directors
Liu Jianping *(chairman)*
Luan Shuwei
Liu Hongjun
Wang Dongbo

Executive Directors
Liu Yuewei
Jin Yanbing

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)*
Luan Shuwei *(member)*
Liu Hongjun *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*

Members of the Remuneration Committee
Scott McKee Hand *(chairman)*
Liu Jianping *(member)*
Jin Yanbing *(member)*
Ronald Ashley Hall *(member)*
Lai Yat Kwong Fred *(member)*

Members of the Nomination Committee
Liu Jianping *(chairman)*
Liu Yuewei *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*
Lai Yat Kwong Fred *(member)*

Members of the Executive Committee
Liu Jianping *(chairman)*
Liu Yuewei *(member)*
Luan Shuwei *(member)*
Liu Hongjun *(member)*
Wang Dongbo *(member)*
Jin Yanbing *(member)*

Members of the Strategic Investment Committee
Liu Jianping *(chairman)*
Liu Yuewei *(member)*
Liu Hongjun *(member)*
Wang Dongbo *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*

Members of the Futures Risk Management Committee
Liu Yuewei *(chairman)*
Luan Shuwei *(member)*
Du Qiang *(member)*
Jin Yanbing *(member)*
Xiao Tianyong *(member)*

Company Secretary
Du Qiang

Authorized Representatives
Liu Yuewei
Lai Yat Kwong Fred

Alternate Authorized Representatives
Mok Ming Wai
Du Qiang

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PO Box 309, Ugland House
Grand Cayman
KY1-1104, Cayman Islands

Headquarters
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Haidian District, Beijing, PRC

Principal Place of Business in Hong Kong
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Causeway Bay,
Hong Kong

Website Address
www.chinalco-cmc.com

Stock Code
3668

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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

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

Auditors
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

Dear Shareholders,

It is the first time I report on the performance of Chinalco Mining Corporation International (the "Company") as I severed as Chairman of the Company since January 2016.

On 17 June last year, the Company officially announced that the Toromocho Project has commenced commercial operation, indicating that the Toromocho Project has stepped into a stable operation stage in all aspects. It also implies that the production and operation of the Company have been put to the right way, and daily production is expected to be stable. In 2015, the Company produced 763,500 tonnes of copper concentrates, including 182,288 tonnes of copper and 5,294,670 ounces of silver.

When we are excited about the commercialized production of the Company, attention shall also be paid that the Toromocho Project is still in the initial period of its production and operation stage, and the Company still faces many challenges in the course of development. For one thing, the price of international commodities (including copper) suffered sharp decrease since last year, though we are always optimistic in long-term price of copper. This will surely bring a company that just stepping into commercialized production stage more challenges to maximize the return to shareholders by satisfactorily achieving production and operation goals. For another, as the Company has just entered into production and operation stage, the production equipment of the Toromocho Project should be further commissioned; members of production and operation team are required to cooperate well with each other; and both the production technicians and management personnel are required to learn and accumulate more knowledge in the context of complicated economic conditions.

In spite of challenges facing us on our way forward, we are confident to take challenges and overcome difficulties. Firstly, we have known clearly what the challenges are and made clear the goal for improvement. This is the key for us to overcome difficulties in the next step. Secondly, we have established harmonious relationships with the local society of Peru in all aspects through unremitting efforts, and we have also formed a gradually-improved and mature working team with Peruvian workers after nearly 4-year preparation and nearly 3-year construction. More importantly, as the controlling shareholder of the Company, Aluminum Corporation of China has given great support to the development of the Company, and will create more favorable conditions for the Company to overcome difficulties.

This year, the focus of production and operation works of the Company will be cost reduction and efficiency improvement. The Company will further optimize the production and organization by strengthening production management. In the meantime, the Company will be devoted to technical advancement and benefit improvement by technical advancement.

Here, I'd like to reiterate that sustainable development policy and the Health & Safety ("H&S") principles have formed the cornerstone of our H&S culture. For Mr. Joel Zevallos Osores who passed away in an accident in June last year, the Company expresses heartfelt condolences to his families. The Company will carefully learn from the accident, further strengthen safety measures of mines, and spare no efforts to put an end to casualty accidents.

In a word, the Company will continue to adhere to the ideas of "integrity, collaboration, responsibility, respect, innovation and good neighbor", and convert natural resources into products used by the society through unremitting efforts to reward local residents, communities, shareholders and the whole society in an efficient manner under the premise of environmental protection and safety.

Finally, I'd like to express my sincere thanks to our great people for their hard works for years. As the new Chairman, I do appreciate your great supports and hope to pursue more success together with you in the future.

Mr. Liu Jianping
Chairman
CHINALCO MINING CORPORATION INTERNATIONAL

30 March 2016

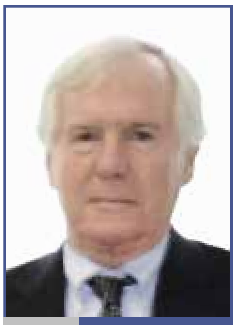
BOARD

Chairman of the Board and Non-executive Director
Liu Jianping

Non-executive Director
Luan Shuwei

Non-executive Director
Liu Hongjun

Non-executive Director
Wang Dongbo



Independent Non-executive Director
Scott McKee Hand

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Ronald Ashley Hall

Independent Non-executive Director
Lai Yat Kwong Fred

Independent Non-executive Director
Francisco Augusto Baertl Montori

Executive Director
Liu Yuewei

Executive Director
Jin Yanbing

MANAGEMENT

Management team of the Company

Chief Executive Officer
Liu Yuewei

Vice President
Du Qiang

Chief Financial Officer
Jin Yanbing

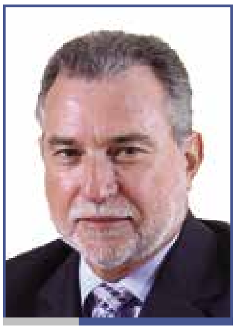
Management team of MCP

President
Liu Yuewei

Deputy Senior 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

This Management Discussion and Analysis is prepared as of 30 March 2016. It should be read in conjunction with the annual audited consolidated financial statements and notes thereto of the Group for the year ended 31 December 2015.

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 Public of Peru. "JORC" refers to Australasian Joint Ore Reserves Committee. "Feasibility Study" refers to the feasibility study conducted by Aker Solutions in 2007 in connection with the Toromocho Project. 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, being the only mining asset currently operated by the Company, is located in central Peru in the core of the Morococha mining district. 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 plans to employ a semi-autogenous grinding 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"), 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 resources and reserves in respect of the Toromocho Project (based on the same basis and assumptions under the Competent Person's Report) as at 31 December 2015. The resources measured and indicated was an estimation based on previous resource estimation report from Feasibility Study and depletion with the new reserves calculation.

JORC Ore Reserve Category	Tonnes (millions)	Grade			Metal Content		
		Copper (%)	Molybdenum (%)	Silver (grams/tonnes)	Copper (million tonnes)	Molybdenum (tonnes)	Silver (tonnes)
Proved	690	0.512	0.020	6.42	3.53	138,000	4,400
Probable	784	0.434	0.018	7.31	3.40	141,000	5,700
Total	1,474	0.471	0.019	6.89	6.93	279,000	10,100

JORC Measured and Indicated Mineral Resources Category	Tons (millions)	Grade			Metal Content		
		Copper (%)	Molybdenum (%)	Silver (grams/tonnes)	Copper (million tonnes)	Molybdenum (tonnes)	Silver (tonnes)
Measured	156	0.410	0.014	6.20	0.64	22,000	1,000
Indicated	364	0.360	0.012	6.06	1.31	44,000	2,200
Total	520	0.375	0.013	6.10	1.95	66,000	3,200

JORC Inferred Mineral Resources Category	Tons (millions)	Grade			Metal Content		
		Copper (%)	Molybdenum (%)	Silver (grams/tonnes)	Copper (million tonnes)	Molybdenum (tonnes)	Silver (tonnes)
Inferred	174	0.460	0.015	11.54	0.80	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 Sociedad Minera de Responsabilidad Limitada Juanita de Huancayo ("Juanita"), in which the Group holds a 50% equity interest. Chinalco Peru has entered into a memorandum of understanding with Volcan Compania Minera S.A. ("Volcan") and is likely to acquire Volcan's remaining 50% equity interest in Juanita during 2016. 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

Progresses in 2015

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 2014, the Company evaluated that the expected time of commencing commercial production of the Toromocho Project would be the second quarter of 2015.

On 17 June 2015, the Company announced that the Toromocho Project had commenced commercial production, in line with its latest plan as disclosed in the Company's annual report for the year ended 31 December 2014.

The Toromocho Project achieved annual production of 763.5 thousand tonnes of copper concentrates and copper and silver contents in concentrates reaching 182,288 tonnes and 5,294,670 ounces respectively. These were the only products in 2015 as molybdenum flotation and hydrometallurgical plant have not started commissioning. The results of mining operation in 2015 were 93,234 thousand tonnes of mined material and 36,115 thousand tonnes of ore milled.

Based on the information currently known to the Company, the Company estimates that the Toromocho Project will produce in 2016 approximately 756 thousand tonnes of copper concentrates with 179 thousand tonnes copper contained in the concentrates. Taking into account various factors such as, the grade of molybdenum in the ore and the current market price of molybdenum, the Company will engage a professional institute with high reputation in China to conduct experimental research on the process technology of copper-molybdenum separation, for the purpose of improving the grade of molybdenum concentrates.

Set forth below is the highlights of the production in 2015 and the corresponding estimations based on the Competent Person's Report:

Production	Unit	Year 2015 (1st operation year)	Competent Person's Report
Mined materials	thousand tonnes	93,234	95,000
Ore Milled	thousand tonnes	36,115	43,180
Copper in Concentrates	tonnes	182,288	218,383
Silver in Concentrates	ounces	5,294,670	7,130,983

Production per unit cost	Unit	Year 2015 (1st operation year)	Competent Person's Report
Per tonne of material moved	US$	1.12	1.11
Per tonne of ores milled	US$	6.66	5.28

Part of the copper concentrates produced by the Toromocho Project in 2015 contained arsenic content exceeding 0.5% (the "arsenic issue"). In 2016, the Company will take production optimization measures in its production process, to reduce the impact of the arsenic issue which may help gradually alleviate the arsenic issue in the next few years.

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 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 funded (i) by 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). Currently, the Company continues to prepare for the Project Expansion, applying for approval from the government, and engaging a Chinese professional design institution to optimize the design of the Project Expansion.

Re-settlement

As of 31 December 2015, 871 or approximately 94.7% 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 2016.

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.

Market Review

Copper market was getting more volatile in 2015. After hitting a low level of around US$4,400 per tonne in February, copper price rallied following Chinese stimulus policies and its rising stock market. In early May, copper reached its yearly high price of US$6,480 per tonne. However, the soaring price level did not last long: copper price pulled back strongly when both Chinese stocks and crude oil price were retreating fast since June, and copper price dropped below US$5,000 per tonne in August. To make things worse, the 4th quarter figures showed that Chinese economy had slowed down more than expected. In addition, the Federal Reserve of the United States (the "US Fed") raised interest rate, which resulted in stronger US dollar. The negative emotions and fears dominated the entire commodities market, and brought down copper price to its yearly low of US$4,516 per tonne. The average LME copper price in 2015 was US$5,501.69 per tonne, which is 20% lower than its 2014 average of US$6,859.68 per tonne.

As copper's biggest consumer, China had a demand growth rate of 2.3% in 2015. To be more specific, the basic infrastructure and public transportation sector had biggest growth in copper demand, while home appliance consumptions retreated. The overall growth prediction in 2016 by analysts is around 2.8%. By the end of 2015, the 20% falling copper price has pushed major mining companies into cost reduction and we saw that more and more key players started to announce production cut. Considering that there will also be new mines going into production in 2016, the supply-demand relationship would stay balanced.

As lower copper price put pressure on most producers, the miners became more reluctant to sell than before. This resulted in tightening concentrate market, and both treatment and refining charges started gradually slipping since the 2nd quarter of 2015.

To summarize, the copper market fundamentals have not been significantly improved. However, with a strong expectation of China's more aggressive economic easing policies, we have a reason to stay slightly optimistic about copper price in 2016.

Silver price continued its downturn in 2015. Its highest level was in January at US$18.5 per ounce and lowest level was in December at US$13.6 per ounce. The safe investment instruments, such as gold and silver, became less attractive under easing economic environment. As US Fed started to raise interest rate from the end of 2015, silver may have its real price turnaround in year 2016.

Financial Review

Revenue and cost of sales

The Group announced the commencement of the commissioning of Toromocho Project in December 2013, and the Group has commenced commercial production in June 2015. Therefore, revenue has been generated and cost of sales has been recorded from June 2015 onwards. For the year ended 31 December 2015, the total sales of copper concentrate were approximately US$426.6 million and the cost of sales was approximately US$293.9 million.

General and Administrative expenses

The Group's general and administrative expenses were approximately US$19.5 million for the year ended 31 December 2015, as compared to approximately US$11.3 million for the year ended 31 December 2014. The increase was primarily due to the fact that the expense incurred in 2014 was mostly capitalized during the commissioning period.

Net finance cost

The Group's net finance cost increased by approximately US$72.7 million, from approximately US$10.7 million for the year ended 31 December 2014 to approximately US$83.4 million for the year ended 31 December 2015, primarily due to the increase of foreign exchange loss (2015: 26.6 million; 2014: 8.0 million) and the increase of interest expense (2015: 57.3 million; 2014: 3.4million), which was mainly due to the fact that the expense incurred in 2014 was mostly capitalized during the commissioning period.

Profit/(loss) before income tax

The Group has turned from loss-making to profit-making because the Toromocho Project has commenced commercial production in June 2015. The Group's profit before income tax increased from approximately US$16.5 million (loss) for the year ended 31 December 2014 to approximately US$3.4 million (profit) for the year ended 31 December 2015.

Income tax (expense)/benefit

The Group's income tax benefit (expense) changed from approximately US$3.3 million (benefit) for the year ended 31 December 2014 to approximately US$17.0 million (expense) for the year ended 31 December 2015. The decrease was primarily due to the foreign exchange difference from the recognized tax loss occurred in 2015 which amounted to approximately US$24.9 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 increased from approximately US$13.2 million for the year ended 31 December 2014 to approximately US$13.7 million for the year ended 31 December 2015.

Liquidity and Financial resources

The principal sources of cash were borrowings from banks and other financial institutions 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 and December 2012, June and November 2013 and May 2014, respectively);
- US$125 million short term loan facility from CDB (obtained in August 2015);
- US$100 million and New PEN 135 million one-year term loan facility from the Banco Bilbao Vizcaya Argentaria ("BBVA") (both obtained in December 2015);
- New PEN 100 million and New PEN 66 million short term loan facility from Banco de Crédito del Peru ("BCP") (both obtained in November 2015);
- US$120 million short term loan facility from Standard Chartered Bank (Taiwan) Limited (obtained in December 2015);
- US$100 million short term loan facility from Natixis (Hong Kong) Limited (obtained in December 2015);
- US$27 million long term loan facility from Shanghai Pudong Development Bank (obtained in December 2015);
- US$59 million and US$23 million long term loan facility from Caterpillar Financial Services ("CFSC") Corporation (obtained in October and November 2015, respectively).

The borrowings from the banks mentioned above mainly carry interest at a floating rate. As of 31 December 2015, the Group had cash and cash equivalents of approximately US$122.1 million. The Group uses bank and cash 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 be maintained on-hand by its forecast of 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 for business expansion opportunities as they arise.

Operating activities

Net cash generated in operating activities for the year ended 31 December 2015 was approximately US$67.3 million, which was primarily attributable to the positive profit before income tax, the increase of investment income and the decrease in working capital. The Group has announced commencement of the commercial production of the Toromocho Project in June 2015, and it had strengthened the capacity compared to commissioning period of 2014. Hence, the net cash flows generated from operating activities were positive.

Investing activities

Net cash used in investing activities for the year ended 31 December 2015 was approximately US$468.1 million, which was primarily attributable to the Group's purchases of property, plant and equipment of approximately US$493.3 million, which we used for construction activities and purchase of fixed assets.

Financing Activities

Net cash generated from financing activities for the year ended 31 December 2015 was approximately US$449.4 million, which was mainly consisted of the proceeds from the Group's loans with its immediate holding company (US$860 million), BCP (US$88.72 million), Naxitis (US$100 million), BBVA (US$39.63 million), CDB (US$125 million), Shanghai Pudong Dev. Bank (US$27 million) and CFSC (US$82 million) and the repayment of the loan with its immediate holding company (US$220 million), Eximbank (US$211.18 million), CDB (US$11.8 million), Standard Chartered Bank (US$200 million), BBVA (US$190 million) and BCP (US$40 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 2015 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 2015:

(US$ in million)	Competent Person's Report	Costs incurred as of 31 December 2015
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	804.98
Additional Projects	622.60	533.50
Total	3,502.20	3,673.48

Notes:

(i) The capital expenditure of Process Plant and Infrastructure 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. Up to now, the Moly Hydromet Plant is still under commissioning.

(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's 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 and expenses 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 2015:

(US$ in million)	Feasibility Study Report	Costs incurred as of 31 December 2015
Project Expansion		
Mining	115.19	74.47
Process Plant and Infrastructure	1,061.18	465.93
Owner's Cost	142.33	7.25
Total	1,318.70	547.65

(c) Other than the capital expenditure described above, there was an amount of US$110 million sustaining capital expenditure incurred for the year ended 31 December 2015, of which the accumulated amount was US$223.2 million which was mainly the expense for the sustaining construction of the tailing dam and mine drainage system and the procurement of railway wagons for the transportation of copper concentrate.

Capital structure

During the year ended 31 December 2015, 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 ratio of the Group as of 31 December 2015 is as follows:

	As at 31 December 2015 US$'000	As at 31 December 2014 US$'000
Total borrowings	**4,160,258**	3,704,428
Less: cash and cash equivalents	**(122,111)**	(75,173)
Net debt	**4,038,147**	3,629,255
Total equity	**672,644**	701,546
Total capital	**4,710,791**	4,330,801
Gearing ratio	**86%**	84%

The increase in the gearing ratio during the year ended 31 December 2015 resulted primarily from the increase of the Group's borrowings and loans in current year, which was mainly due to the development of commercial production of Toromocho Mining project and funding for development of Toromocho Mining Project.

Employee and remuneration policy

As of 31 December 2015, the Group had 1,596 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 labor 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 its transactions related to the acquisition of services and loans received from related parties and banks, denominated and settled in US dollars.

Accordingly, the Group is exposed to foreign exchange risk that may arise from fluctuations in the New Peruvian Soles to US dollar exchange rate. The New Peruvian Soles is currently in its devaluation trend and the Group maintains a net asset position expressed in New Peruvian Soles that may have a negative impact upon the Group's financial condition and results of operation. The Group has not yet used any financial instrument to hedge its foreign exchange risk during the year ended 31 December 2015, but the management is working on appropriate solutions to reduce the possible impact.

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 2015, 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

Saved as disclosed in Note 2 to the financial statements for the year ended 31 December 2015, no other reportable events or transactions have taken place after the balance sheet date.

Chinalco Peru is the subsidiary fully owned by the Company which is required to comply with all Peru laws, standards, and guidelines. The Toromocho Project is the primary operation 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 guarantees the internal and external equity through salary structures by hierarchies.

Recruitment & Selection of Personnel

Chinalco Peru establishes an efficient and centralized recruitment guidelines, in order to provide Chinalco Peru with the best human talents required in each position. All of this will be achieved in an environment of fairness, impartiality and transparency in the process.

Development & Training

(i) Chinalco Peru guarantees the improvement of technical skills and the organizational culture, in order to attract and retain the best employees in the market and satisfy their professional and personal needs. 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 has two main aspects: (a) organizational culture, which includes the training in management and leadership, values and safety; and (b) technical skills in operation and support areas.

(ii) The percentage of employees trained by employee category during 2015:

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

(iii) The average training hours completed per employee by employee category during 2015:

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

Personnel Administration

Policies

Name of document	Number of document	Description
1. Personnel management policy	POL-DOR-001-12	Guidelines related to the recruitment 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 MCP 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 MCP about providing safe and sanitary labor conditions for all its employees and the procedure that it has to follow up when it has been detected a person under the influence of alcohol and drugs at their facilities.
5. Expatriates policy	POL-RSG-006	Guidelines related to the contract, working visa, permanence, vacations, compensations and benefits, and termination of contract.
6. Vacations policy	POL-RSG-007	Guidelines related to the record, the approval of vacations considering the different working hours that MCP has established.
7. Salary advance and loans	POL-RSG-008	The requirements for loans and salary advance as well as the request and approval.
8. Internal regulations of MCP	Mandatory according to Peruvian law	Internal rules related to: working hours, assistance control, performance of employee during the working hours, rest, vacations, duties and liabilities of MCP, duties and liabilities of employees, sanctions, employee claims, health and safety, procedure about bullying and harassment.

Health and safety

The safety and health of our staff is a core value to every aspect of our business and we provide an incident and injury-free environment for all our staff. 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 make injury free a reality.

Chinalco Peru has endorsed a Sustainable Development Policy (please refer to the section headed "Environmental Protection – Emissions" hereinafter). We are committed to undertake our activities 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 areas being influenced by our operations.

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 and so generate long-term sustainable relationships.

- Providing training and procuring the development of our stakeholders in order to equip them with the abilities and opportunities necessary to grow with us.

- Operating in a responsible manner, with the objective of minimizing negative environmental impacts.

- Monitoring the activities that will promote continual improvement in our processes.

- Establishing and maintaining an open, transparent and horizontal communication with our stakeholders, local communities and the public with respect to our performance in relation to 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.

In 2015, we commenced the initiative to control the most critical risks, so we issued the Critical Risks Controls Standard" where we addressed the control or mitigation of the 13 most critical risks identified, considered as potential source of fatal or serious injuries events. Alongside with this, we are starting to work with the zero tolerance policy throughout the implementation of the "Life Saving Rules".

We believe with these tools we would reduce or eliminate future fatalities or serious injuries in our operations. Effective and visible leadership is the key aspect, which will drive these initiatives towards a big success.

MCP remains committed to the H&S programs and aspirations mentioned in this report and in being transparent in its performance, reporting the areas needing improvement, as well as the company's successes. MCP's commitment to continual improvement drives the company's goals for the following year, as well as refines and improves its programs, processes and technique. MCP strives to support and protect its present and future employees, clients, shareholders, working environments and communities.

The compliance with Peruvian legislation (DS-055-2010 EM and Law 29783) was verified in 2015 by external auditors certified by the Ministry of Energy and Mines.

In 2015, MCP received two safety awards from the insurance company RIMAC.

OHSMS Elements – PDCA Cycle

During 2015, 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). Thus, in the planning, development, implementation and monitoring of our Sustainable Development, we work according to internationally recognized standards like OHSAS 18001 – known as the 17- element model. These 17 elements are grouped into four steps. which results in the consistently effective implementation based on the PDCA (Plan-Do-Control-Act) methodology.

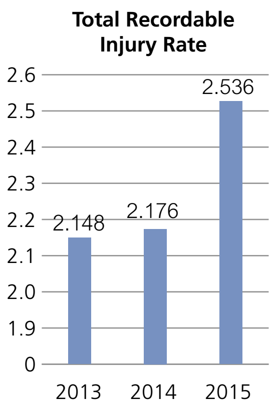
Our Performance

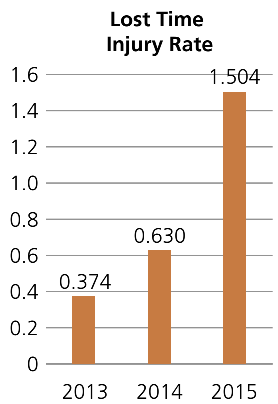
The results for 2015 were the following:

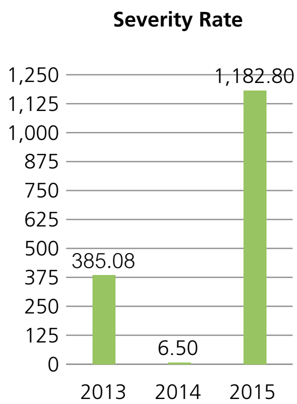
Target		Performance
Zero Harm	**Result**	**Commentary**
Zero Fatalities		2 Fatalities *(Note)*
Safety		
LTIFR ≤ 0.85		We achieved a LTFIR of 1.50
TRIFR ≤ 2.19		We achieved a TRIFR of 2.53
Severity Rate ≤ 22.00		We achieved a SR of 1,182.8 due to the 2 fatalities.
H & S Systems and Training		
100% Implementation of Documentation System for OHSAS 18001		We achieved a 100% of Implementation of the documentation system for our H&S Management according to OHSAS 18001
Training Rate ≥ 0.010		We achieved a training rate of 0.027, with more than 273,740.20 hours of training
Occupational Health		
Zero Occupational Diseases		We didn't have any occupational disease during the year

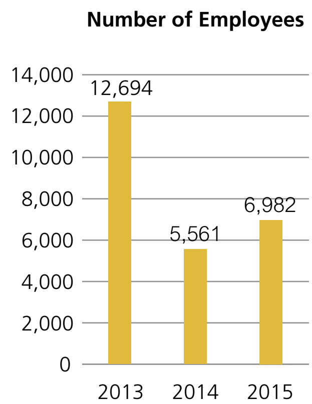
Note: One of the deceased is not a member of our staff.

Not Achieved Achieved









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 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 get the attention and participation of the employees at the project. The most successful programs and special activities include:

- Zero Tolerance – Life Saving Rules – We have implemented 10 mandatory Life Saving Rules, where breaches to safety will not be accepted.

- Critical Risks Controls – We have identified the most critical risks, which may lead to fatalities. We have set 13 controls to minimize the occurrence of fatal or serious incidents. Senior management and persons in charge have been appointed as controller for each risk.

- Alcohol and Drugs Test – We start enforcing the compliance with the "Alcohol and Drugs Policy" where every day we perform a random test for all people who arrives to the Toromocho Project.

- Top observations – During 2015 we noticed that we increased the number of personnel at the site but maintained the same amount of safety observations. The safety observations are very important in the safety program because they help identify the trends that can lead to an accident. We implemented the "Top Observation" awards and the average amount of observation increased to 1 per employee.

- Special campaigns – We let the workers join the planning of all the campaigns that we organized during the last 3 years. They provided ideas and were part of the implementations. Most of the ideas came from our workers. We performed the following campaigns: "Near Miss report", "Working at heights", "Hands Safety".

- JSA reviews – In order to improve the quality of the elaboration of self-review, we created small groups of inspectors that conducted inspections and provided guidance to the supervisors.

- Training – Involvement and engagement of the workforce in the H&S training program is also essential to ensure that all project participants understand management processes and responsibilities and this was an effective mechanism for feedback from the work force. During the last 4 years, we provided more that 2.0 million hours of safety training. At least 16 different modules of training were available at all times. Some of the trainings were mandatory in the mining ministry including the induction that required 16 hours of training before the worker was allowed to perform her/his duties.

ENVIRONMENTAL PROTECTION

Emissions

(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 undertake our activities 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 areas influenced by our operation.

(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 regard 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 water quality of the plant far exceeds the quality of 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 to deal with 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, NOx, CO, PM10, and PM2.5. Six have been completed and the rest are under development. In the meantime, third party monitoring is conducted to ensure regulatory compliance. Quality Assurance/Quality Control procedures follow Peruvian and US EPA guidelines.

SOLID WASTE: Chinalco Peru produces approximately 9.81 ton/day of solid waste plus 592 gal/day of waste oil. Among this, 2.02 tons/day are deemed hazardous by Peruvian law.

All wastes are separated and managed according to the stringent requirement of Peru, including disposal in certified and permit landfills. The waste management program is overseen by a senior Peruvian official with the support of an internationally recognized safety and health instructor from the United States and a manager who has been trained and certified by the United States in hazardous materials management. Waste oil and recyclable metals and other materials are purchased by certified recyclers. Where Peruvian guidelines are insufficient, procedures and guidelines of the United States are applied.

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. As the Toromocho Project is approaching its designed operation capacity, Chinalco Peru will make every effort to ensure that its operations will comply with the relevant Peruvian regulations on GHG.

Conservation of Natural Resources

(i) The Toromocho Mine Unit 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 consumes approximately 852,049,646 kwh/year (2015), which at present equates 1,114.35 kwh per ton of concentrate produced.

Approximately 15,163,583 gallons of diesel were consumed during 2015, equating to 19.83 gallons per ton of concentrate produced.

(iii) Toromocho consumes 447,879 m^3/year of fresh water per year for domestic purposes. Due to the shortage of clean water in the area, water treatment is necessary.

(iv) As Toromocho ramps-up to full capacity in 2016, energy efficiency measures are being implemented as part of the sustainable development and GHG initiatives.

Labor Union & Collective Negotiation

In December 2014, "Sindicato Unificado de Trabajadores de Minera Chinalco Peru S.A." was established as the first Labor Union of workers initially comprised 180 members from the Maintenance and Operations Mine, about 180 people. To the end of 2015, it has 600 members in total. The workers (not staff) of the Company are 930.

According to Peruvian law, between May and November 2015, negotiations were conducted collectively between the representatives of the Union and the Company, to draft the Collective Agreement (which was signed by both parties) and working conditions remuneration, which was signed on November 20, 2015 with effect from 18 May 2015 until 31 December 2016.

An Overview of Directors and Senior Management

As at 30 March 2016, 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 2015. According to the articles of association of the Company ("Articles of Association"), 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 2016.

Name	Age	Position	Date of appointment
Liu Jianping	48	Chairman	6 January 2016
Luan Shuwei	55	Non-executive Director	26 August 2015 (appointed as Director) 12 October 2015 (re-designated as Executive Director and appointed as Chief Executive Officer) 3 March 2016 (further re-designed as Non-executive Director and resigned as Chief Executive Officer)
Liu Hongjun	53	Non-executive Director	28 August 2014
Wang Dongbo	53	Non-executive Director	28 August 2014
Liu Yuewei	56	Executive Director and Chief Executive Officer	3 March 2016
Jin Yanbing	37	Executive Director and Chief Financial Officer	29 March 2015
Scott McKee Hand	73	Independent Non-executive Director	10 April 2012
Ronald Ashley Hall	62	Independent Non-executive Director	10 April 2012
Lai Yat Kwong Fred	67	Independent Non-executive Director	10 April 2012
Francisco Augusto Baertl Montori	72	Independent Non-executive Director	10 April 2012
Du Qiang	46	Vice President	28 August 2014

Chairman and Non-executive Director

Liu Jianping

Mr. Liu Jianping, aged 48, is currently the Chairman and the non-executive Director of the Company. He is also the vice general manager of Chinalco, the chairman of China Copper Corporation Limited (中國銅業有限公司) and the chairman of Yunnan Copper (Group) Co., Ltd. (雲南銅業(集團)有限公司). Mr. Liu graduated from Renmin University of China (中國人民大學) with a master's degree in economics majoring in commodity science. He joined Chinalco in October 2008. He had served as deputy head and head of personnel department in Chinalco, general manager of human resource department in Aluminum Corporation of China Limited (中國鋁業股份有限公司), assistant to the general manager, head of human resource department and deputy general manager in Chinalco. Mr Liu has extensive experience in corporate management.

Other Non-executive Directors

Luan Shuwei

Mr. Luan Shuwei, aged 55, is currently a director and deputy chief executive officer of China Copper Co., Ltd. He is also a professor-grade senior engineer. He served as the vice president and president of Shenyang Institute of Aluminum and Magnesium Design and Research, deputy general manager of China Aluminum International Engineering Corporation Limited and general manager of investment management department of Aluminum Corporation of China Limited, having extensive experience in management of enterprises at basic level and investment management.

Mr. Luan graduated from Xi'an Metallurgy and Architecture College in 1983 with a bachelor's degree in engineering, majoring in industrial and civil construction.

Liu Hongjun

Dr. Liu Hongjun, aged 53, 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 awarded 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 33 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 53, 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 23 years and has extensive management experiences.

Executive Directors

Liu Yuewei

Mr. Liu Yuewei, aged 56, is an executive Director and the Chief Executive Officer of the Company, and he is also the Chairman of the board of MCP and General Manager of MCP. He graduated from Anshan Institute of Iron and Steel Technology (鞍山鋼鐵學院) in July 1982, majoring in Open Pit Mining. He was awarded the title of professor-grade senior engineer. He joined the Chinalco group in August 2014, and served as the vice president and chief security officer of China Copper Corporation Limited (中 國銅業有限公司). He once served as the deputy director of Dexing Copper Mine of Jiangxi Copper Company Limited (江西銅業股份有限公司), the director and general engineer of Dexing Copper Mine, the deputy general manager of Jiangxi Copper Company Limited, the deputy general manager of China Metallurgical Group Copper and Zinc Co.,Ltd. (中冶集團銅鋅有限公司), the deputy general manager of China Metallurgical Australia Holding Co., Ltd. (中冶澳大利亞控股有限公司), the deputy general manager of China Metallurgical Ramu Nico Management (MCC) Limited (中冶瑞木鎳鈷管理公司). Mr. Liu worked in China's largest open pit copper mine, Dexing Copper Mine for a long time, and has more than 30 years' experience in open pit mining management. Moreover, Mr. Liu once worked in Australia and Papua New Guinea, and has rich experience in international mining project management.

Jin Yanbing

Mr. Jin Yanbing, aged 37, 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 Two of Zhong Rui Hua Heng Xin Accounting Firm (中瑞華恒信會計師事務所) from August 2002 to July 2003.

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

Independent Non-Executive Directors

Scott McKee Hand

Mr. Scott M. Hand, aged 73, 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 is also 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 38 years experience in all aspects of the mining industry. He has participated 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 was 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) until May 2015. Mr. Hand is also a member of the board of directors of Boyd Technologies LLC (non-woven materials) in the United States, Universal Helicopters Newfoundland and Labrador LP (a Labrador Inuit controlled company).

Ronald Ashley Hall

Mr. Ronald Ashley Hall, aged 62, 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.

Since May 2015, Mr. Hall has been serving as the chairman of Benz Mining Corp., a company listed on the TSX Venture Exchange (Stock code: BZ).

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 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 67, was appointed as an independent non-executive Director on 10 April 2012. Mr. Lai has over 40 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). He was admitted as a fellow member of the Hong Kong Institute of Directors in April 2015.

Francisco Augusto Baertl Montori

Mr. Francisco Augusto Baertl Montori, aged 72, 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 acquired by Hudbay Resources in February 2011. Norsemont Mining Inc. is active in copper, molybdenum and silver exploration.

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.

From March 2002 to March 2015, Mr. Baertl Montori has been a director of Interbank Peru, the second Peruvian commercial bank with offices in Shanghai, China and Sao Paulo, Brazil. From March 2005 to March 2011 he was a director of Grana & 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, a company 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, which were 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 Promocion 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 46, 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 the marketing and sale of the Company to enable the Company to achieve its long-term and short-term commercial goals. He also takes full responsibility for managing and overseeing legal affairs, investor relationship, internal control policy and corporate governance of the Company. He led the successful initial public offering of the Company on the Stock Exchange of Hong Kong Limited in 2013 with other members of the 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 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 has accumulated extensive experience 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.

Company Secretary

Du Qiang

Please refer to the above section headed "Senior Management".

The directors of the Company (the "Directors") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

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 2015.

Business Review

A review of the business of the Group during the year ended 31 December 2015, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and the particulars of important events affecting the Company that have occurred since the end of the financial year are contained in the section headed "Management Discussion and Analysis" in this annual report.

The Company's environmental policies and performances, a discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Group and the Company's relationship with its employees are contained in the section headed "Social Responsibility Report" in this annual report.

The Company's relationships with customers and suppliers are mentioned under the section headed "Major Customers and Suppliers" on page 40 of this annual report.

Results

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this annual report.

Final Dividends

The Board does not recommend any dividend for the year ended 31 December 2015.

Financial Summary

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 152 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 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 were 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 2015, 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 has been used for supporting the Group's working capital requirements.

Major Customers and Suppliers

The Group commenced commercial production on 17 June 2015. As at the date of this annual report, the Group has entered into off-take agreements with five customers for the sale of copper concentrates in aggregate amounting to 70% of the Toromocho Project's annual production volume. These off-take agreements all run for a period of at least five years from the commencement of production of the Toromocho Project.

Purchases from the Group's five largest suppliers accounted for approximately 38.5% of the Group's total purchases for the year ended 31 December 2015 and purchases from the Group's single largest supplier amounted to 17.1% of the Group's total purchases for the year.

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

During the year ended 31 December 2015, the Company maintained a good relationship with its customers and suppliers.

Property, Plant and Equipment

Additions to the property, plant and equipment of the Group during the year ended 31 December 2015 were approximately US$418 million. Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2015 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 2015 are set out in note 14 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 2015 are set out in the consolidated statement of changes in equity on page 70 of this annual report.

Distributable Reserves

As at 31 December 2015, 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 2015 are set out in note 16 to the consolidated financial statements in this annual report.

Directors

The Directors for the year ended 31 December 2015 and up to the date of this annual report were:

Non-Executive Directors:

Mr. Liu Jianping *(Chairman)*
(appointed as Director and Chairman on 6 January 2016)
Mr. Luan Shuwei
(appointed as Director on 26 August 2015, appointed as Chief Executive Officer and re-designated from non-executive Director to executive Director on 12 October 2015, re-designated from executive Director to non-executive Director and resigned as Chief Executive Officer on 3 March 2016)
Dr. Liu Hongjun
Dr. Wang Dongbo
Dr. Zhang Chengzhong
(resigned as Chief Executive Officer and re-designated from executive Director to non-executive Director on 12 October 2015, resigned as Director and Chairman on 6 January 2016)
Dr. Li Bohan
(resigned as Director on 26 August 2015)

Executive Directors:

Mr. Liu Yuewei *(Chief Executive Officer)*
(appointed as Director and Chief Executive Officer on 3 March 2016)
Mr. Jin Yanbing *(Chief Financial Officer)*
(appointed as Director and Chief Financial Officer on 29 March 2015)
Mr. Huang Shanfu *(Vice President)*
(resigned as Director and Vice President on 3 March 2016)
Ms. Liang Yunxing
(resigned as Director and Chief Financial Officer on 27 March 2015)

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, 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, 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: Ms. Liang Yunxing resigned as executive Director on 27 March 2015 due to a decision to pursue other personal development.

Dr. Li Bohan resigned as non-executive Director on 26 August 2015, and Dr. Zhang Chengzhong resigned as non-executive Director of the Company on 6 January 2016, both due to changes in personnel allocation within the Aluminum Corporation of China Group.

Mr. Huang Shanfu resigned as executive Director on 3 March 2016 due to health reasons.

Board of Directors and Senior Management

Biographical details of the Directors and senior management of the Group are set out on pages 30 to 37 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 Transactions, Arrangements and Contracts of Significance

No Director or any entity connected with a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party which subsisted at the end of the year or at any time during the year ended 31 December 2015.

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 2015.

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 32 and 33 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 2015 interim report of the Company.

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

As at 31 December 2015, 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 Securities and Futures Ordinance (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 2015.

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

As at 31 December 2015, 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
Aluminum Corporation of China ("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 2015, 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 2015.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the 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 2015 for disclosure in this annual report.

Directors' Interests in Competing Business

During the year ended 31 December 2015, 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 and Continuing Connected Transactions

As at 31 December 2015, the Group had entered into the following connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

Related Party Transactions

A summary of the related party transactions entered into by the Group during the year ended 31 December 2015 is contained in Note 35 to the consolidated financial statements. The transactions summarised in paragraphs (a) and (b) of such Note fall under the definition of "connected transactions" under the Listing Rules.

The Copper Concentrates Sales Agreement

On 12 May 2015, the Company and Yunnan Copper Corporation Ltd. ("Yunnan Copper") entered into the copper concentrates sales agreement for the purpose of governing the sale and purchase of no more than 100,000 dmt of copper concentrates produced from the Toromocho Project or blended copper concentrates per year for three years commencing from 1 January 2016. Yunnan Copper is an indirect subsidiary of Chinalco, the indirect controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, Yunnan Copper is therefore a connected person of the Company and the Copper Concentrates Sales Agreement constitutes a continuing connected transaction.

The annual cap set under the Copper Concentrates Sales Agreement for each of the years ending 31 December 2016, 2017 and 2018 is US$205.3 million.

For details of the above continuing connected transactions, please refer to the Company's announcement dated 13 May 2015.

The independent non-executive Directors have reviewed the above continuing connected transactions during the year and confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into during the year ended 31 December 2015:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of the continuing connected transactions described above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap by the Company.

The Company has complied with the disclosure requirements, to the extent they are not 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 2015.

Charitable Donations

During the year ended 31 December 2015, the Group did not make any charitable or other donations (2014: Nil).

Events after the Reporting Period

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 after the reporting period.

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 2015.

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 2015.

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 section headed "Corporate Governance Report" in 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 2015 and as at the date of this annual report.

Permitted Indemnity and Directors' Liability Insurance

Pursuant to the Articles of Association and subject to the provisions of the Companies Law of the Cayman Islands, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he/she is acquitted. The Company has arranged appropriate Directors' liability insurance coverage for the Directors during the year in respect of any legal actions which may be taken against the Directors in the execution and discharge of their duties or in relation thereto.

Auditors

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

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, at the Company's annual general meeting held on 18 June 2014, PricewaterhouseCoopers retired as auditors of the Company and Ernst & Young was appointed as auditors of the Company for the year ended 31 December 2014. 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.

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
Mr. Liu Jianping
Chairman

Beijing, the PRC
30 March 2016

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 below, the Company has been in compliance with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2015.

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.

Prior to 12 October 2015, in view of Dr. Zhang Chengzhong's background, qualifications and experience at the Company, he was considered the most suitable person to take both roles as chairman and chief executive officer. The Board was of the view that it was appropriate and in the best interests of the Company that Dr. Zhang Chengzhong held both positions at that time, as it helped to maintain the continuity of the policies and the stability and efficiency of the operations of the Company.

The chairman of the Board and the chief executive officer of the Company are currently two separate individuals, namely Mr. Liu Jianping and Mr. Liu Yuewei, respectively, with distinct responsibilities. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure the issues raised at Board meetings are explained appropriately. The chief executive officer is responsible for the management of the business of the Company and implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

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 Strategic Investment Committee (the "Strategic Investment 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 annual report, the Board comprises ten members, consisting of two executive Directors, four non-executive Directors and four independent non-executive Directors as set out below:

Non-executive Directors ("NEDs")

Mr. Liu Jianping
(appointed on 6 January 2016)
Mr. Luan Shuwei
(appointed on 26 August 2015, re-designated as ED on 12 October 2015 and further re-designated as NED on 3 March 2016)
Dr. Liu Hongjun
Dr. Wang Dongbo

Executive Directors ("EDs")

Mr. Liu Yuewei *(appointed on 3 March 2016)*
Mr. Jin Yanbing *(appointed on 29 March 2015)*

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 in the section headed "Directors and Senior Management" in this annual report.

During the year ended 31 December 2015, 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.

Save as disclosed in this annual report, to the best knowledge of the Company, there is no financial business, family, or other material relationship among members of the Board or senior management.

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 2015 is as follows:

Director	Date of attendance of directors' training
Mr. Liu Jianping (Note 1)	Not Applicable
Mr. Luan Shuwei (Note 2)	7 December 2015 in Lima
Dr. Liu Hongjun	7 December 2015 in Lima
Dr. Wang Dongbo	7 December 2015 in Lima
Mr. Liu Yuewei (Note 3)	Not Applicable
Mr. Jin Yanbing (Note 4)	7 December 2015 in Lima
Mr. Scott McKee Hand	8 December 2015 in Lima
Mr. Ronald Ashley Hall	8 December 2015 in Lima
Mr. Lai Yat Kwong Fred	8 December 2015 in Lima
Mr. Francisco Augusto Baertl Montori	8 December 2015 in Lima

Notes:

1 Mr. Liu Jianping was appointed as a non-executive Director on 6 January 2016. Therefore he did not participate in the director's training held for all the executive and non-executive Directors on 7 December 2015.

2 Mr. Luan Shuwei was appointed as a non-executive Director on 26 August 2015, re-designated as an executive Director on 12 October 2015 and further re-designated as a non-executive Director on 3 March 2016.

3 Mr. Liu Yuewei was appointed as an executive Director on 3 March 2016. Therefore he did not participate in the director's training held for all the executive and non-executive Directors on 7 December 2015.

4 Mr. Jin Yanbing was appointed as an executive Director on 29 March 2015.

5 Dr. Li Bohan resigned as a non-executive Director on 26 August 2015, and Ms. Liang Yunxing resigned as an executive Director on 27 March 2015, therefore they did not participate in the directors' training held for all the executive and non-executive Directors on 7 December 2015. Dr. Zhang Chengzhong was a non-executive Director until 6 January 2016 and Mr. Huang Shanfu was an executive Director until 3 March 2016, therefore they participated in the director's training held for all the executive and non-executive Directors on 7 December 2015.

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.

Prior to 12 October 2015, in view of Dr. Zhang Chengzhong's background, qualifications and experience at the Company, he was considered the most suitable person to take both roles as chairman and chief executive officer. The Board was of the view that it was appropriate and in the best interests of the Company that Dr. Zhang Chengzhong held both positions at that time, as it helped to maintain the continuity of the policies and the stability and efficiency of the operations of the Company.

The chairman of the Board and the chief executive officer of the Company are currently two separate individuals, Mr. Liu Jianping and Mr. Liu Yuewei, respectively, with distinct responsibilities. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure the issues raised at Board meetings are explained appropriately. The chief executive officer is responsible for the management of the business of the Company and implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

Non-executive Directors – term of appointment

None of the non-executive Directors is appointed for a specific term which is 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. 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 are 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 details 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 and one annual general meeting were held during the year ended 31 December 2015 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
Mr. Liu Jianping	NED	0/0(1)	0/0(1)
Mr. Luan Shuwei	NED	1/1(2)	0/0(2)
Dr. Liu Hongjun	NED	4/4	1/1
Dr. Wang Dongbo	NED	4/4	1/1
Dr. Zhang Chengzhong	NED	4/4(3)	1/1(3)
Dr. Li Bohan	NED	2/3(4)	1/1(4)
Mr. Liu Yuewei	ED	0/0(1)	0/0(1)
Mr. Jin Yanbing	ED	4/4(5)	1/1(5)
Mr. Huang Shanfu	ED	4/4(6)	1/1(6)
Ms. Liang Yunxing	ED	0/0(7)	0/0(7)
Mr. Scott McKee Hand	INED	4/4	1/1
Mr. Ronald Ashley Hall	INED	4/4	1/1
Mr. Lai Yat Kwong Fred	INED	4/4	1/1
Mr. Francisco Augusto Baertl Montori	INED	4/4	1/1

(1) During the year ended 31 December 2015, Mr. Liu Jianping and Mr. Liu Yuewei have not been appointed as Directors thus were not eligible to attend the Board meetings and the annual general meeting.

(2) After the appointment of Mr. Luan Shuwei on 26 August 2015, one Board meeting was convened and no general meeting was held during the year ended 31 December 2015.

(3) Dr. Zhang Chengzhong resigned as the Director on 6 January 2016.

(4) Up to the resignation date of Dr. Li Bohan on 26 August 2015, three Board meetings were convened during the year ended 31 December 2015.

(5) After the appointment of Mr. Jin Yanbing on 29 March 2015, four Board meetings and one annual general meeting were convened during the year ended 31 December 2015.

(6) Mr. Huang Shanfu resigned as a Director on 3 March 2016.

(7) Up to the resignation date of Ms. Liang Yunxing on 27 March 2015, no Board meeting and general meeting were convened during the year ended 31 December 2015.

During the year ended 31 December 2015, 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 Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all Directors, the Company confirmed that all Directors complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

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 transaction 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 policies 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 2016, the Nomination Committee comprises five members, namely Mr. Liu Jianping (NED) (chairman), Mr. Liu Yuewei (ED), 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 2015, 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 Mr. Luan Shuwei and Mr. Jin Yanbing and Mr. Liu Jianping as the Directors, the re-designations of Dr. Zhang Chengzhong as the non-executive Director and Mr. Luan Shuwei as the executive Director, the appointments of Mr. Luan Shuwei as the chief executive officer of the Company and Mr. Liu Jianping as the Chairman of the Board. Attendance of each Nomination Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. Liu Jianping	0/0(1)
Mr. Liu Yuewei	0/0(1)
Mr. Luan Shuwei	0/0(2)
Mr. Scott McKee Hand	2/2
Mr. Ronald Ashley Hall	2/2
Mr. Lai Yat Kwong Fred	2/2
Dr. Zhang Chengzhong	2/2(3)
Dr. Li Bohan	1/2(4)

Notes:

(1) During the year ended 31 December 2015, Mr. Liu Jianping and Mr. Liu Yuewei have not been appointed as Directors thus were not eligible to attend the Nomination Committee meetings.

(2) No Nomination Committee meeting was convened during the year ended 31 December 2015 after the appointment of Mr. Luan Shuwei on 26 August 2015, and he resigned as a member of the Nomination Committee on 3 March 2016.

(3) Dr. Zhang Chengzhong resigned on 6 January 2016.

(4) Up to the resignation date of Dr. Li Bohan on 26 August 2015, two Nomination Committee meetings were convened during the year ended 31 December 2015.

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 2016, the Remuneration Committee comprises five members, namely Mr. Scott McKee Hand (INED) (chairman), Mr. Liu Jianping (NED), 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 2015, 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 Mr. Luan Shuwei as the non-executive Director/executive Director and chief executive officer of the Company, Mr. Jin Yanbing as the executive Director, and Mr. Liu Jianping as the non-executive Director and the chairman of the Board. Attendance of each Remuneration Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. Liu Jianping	0/0(1)
Mr. Jin Yanbing	2/2(2)
Mr. Scott McKee Hand	2/2
Mr. Ronald Ashley Hall	2/2
Mr. Lai Yat Kwong Fred	2/2
Dr. Zhang Chengzhong	2/2(3)

Notes:

(1) During the year ended 31 December 2015, Mr. Liu Jianping has not been appointed as Director thus was not eligible to attend the Remuneration Committee meetings.

(2) two Remuneration Committee meetings were convened during the year ended 31 December 2015 after the appointment of Mr. Jin Yanbing on 29 March 2015.

(3) Dr. Zhang Chengzhong resigned on 6 January 2016.

Audit Committee

As at 30 March 2016, the Audit Committee comprises five members, namely Mr. Lai Yat Kwong Fred (INED) (Chairman), Mr. Liu Hongjun (NED), Mr. Luan Shuwei (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, risk management and internal control systems and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;

– 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. In December 2015, the Company updated the terms of reference of the Audit Committee, to conform with the new Corporate Governance Code requirements in relation to the risk management and internal controls.

During the year ended 31 December 2015, the Audit Committee convened three committee meetings to review the interim results and financial statements of the Company and its subsidiaries for the six months ended 30 June 2015 and the annual results and the financial statements for the year ended 31 December 2014. 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	3/3
Mr. Luan Shuwei	1/1[(1)]
Mr. Liu Hongjun	3/3
Mr. Scott McKee Hand	3/3
Mr. Ronald Ashley Hall	3/3
Dr. Li Bohan	1/2[(2)]

Notes:

(1) One Audit Committee meeting was convened during the year ended 31 December 2015 after the appointment of Mr. Luan Shuwei on 26 August 2015.

(2) Up to the resignation date of Dr. Li Bohan on 26 August 2015, two Audit Committee meetings were convened during the year ended 31 December 2015.

Executive Committee

As at 30 March 2016, the Executive Committee comprises six members, namely Mr. Liu Jianping (NED) (chairman), Mr. Luan Shuwei (NED), Mr. Liu Hongjun (NED), Dr. Wang Dongbo (NED), Mr. Liu Yuewei (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 2015, the Executive Committee did not convene any committee meeting.

Strategic Investment Committee

As at 30 March 2016, the Strategic Investment Committee comprises six members, namely Mr. Liu Jianping (NED) (chairman), Dr. Liu Hongjun (NED), Dr. Wang Dongbo (NED), Mr. Liu Yuewei (ED), Mr. Scott McKee Hand (INED) and Mr. Ronald Ashley Hall (INED).

The main duties of the Strategic Investment Committee include the following:

– 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;

– 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;

– 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;

– review the progress report on material projects of the Company and report to the Board;

– research on other significant investment and project development issues affecting the operation of the Company and make recommendations to the Board; and

– perform other duties assigned to it by the Board from time to time.

During the year ended 31 December 2015, the Strategic Investment 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 2016, the Futures Risk Management Committee comprises five members, namely Mr. Liu Yuewei (ED) (chairman), Mr. Luan Shuwei (NED), Mr. Du Qiang (Vice President and Company Secretary of the Company), Mr. Jin Yanbin (ED) and Mr. Xiao Tianyong (Manager of Marketing Management Division of China Copper).

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

– monitor, manage and oversee all financial instrument trading and hedging activities covered by the Company's hedging policy in accordance thereto;

– 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;

– 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;

– 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;

– 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);

– present annual performance report and six-month working plan in relation to the financial instrument trading and hedging activities to the Board; and

– establish a contingency plan to deal with and mitigate the financial instrument transaction risks; and perform other duties assigned to it by the Board.

During the year ended 31 December 2015, the Futures Risk Management Committee convened three committee meetings to review the hedging strategy of the Company and to make recommendations to the Board in relation to appropriate adjustment to hedging strategy for final approval. Attendance of each Futures Risk Management Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. Liu Yuewei	0/0[(1)]
Mr. Luan Shuwei	1/1[(2)]
Mr. Du Qiang	3/3
Mr. Jin Yanbing	3/3
Mr. Xiao Tianyong	3/3
Dr. Zhang Chengzhong	2/2[(3)]
Mr. Huang Shanfu	1/3[(4)]

Notes:

(1) During the year ended 31 December 2015, Mr. Liu Yuewei has not been appointed as Director thus was not eligible to attend the Futures Risk Management Committee meetings.

(2) One Futures Risk Management Committee meeting was convened during the year ended 31 December 2015 after the appointment of Mr. Luan Shuwei on 12 October 2015.

(3) Up to the resignation of Dr. Zhang Chengzhong as the chairman of the Futures Risk Management Committee on 12 October 2015, two Futures Risk Management Committee meetings were convened during the year ended 31 December 2015.

(4) Mr. Huang Shanfu resigned on 3 March 2016.

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 2015 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.

Risk Management and Internal Controls

Following the publication in December 2014 of the consultation conclusions on proposed changes to the Corporate Governance Code and Corporate Governance Report relating to internal controls, the Stock Exchange made certain amendments to the Corporate Governance Code. In anticipation of the coming into force of the amendments for the accounting periods beginning on or after 1 January 2016, the Company has implemented the following changes:

In October 2015, the Company established its internal audit department ("Internal Audit Department") for the purposes of improving the risk management and internal control systems, formulating and managing the internal audit process, and delivering better supervision on, assessment of and service for the development of internal audit functions in accordance with the relevant rules and regulations.

As mentioned above, in December 2015, the Company updated the terms of reference of the Audit Committee, to conform with the new "Corporate Governance Code" requirements in relation to the risk management and internal controls.

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 2015, the total remuneration paid or payable to the Company's auditor, Ernst & Young, for audit and audit related services amounted to US$327,000.

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	307
Non-audit service:	20
Total	327

Joint Company Secretaries

Mr. Du Qiang, currently the sole company secretary, 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, during the year ended 31 December 2015, the Company had 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 was Mr. Du Qiang at that time. As the Stock Exchange has confirmed and recognized that Mr. Du Qiang is qualified to act as the company secretary under Rule 3.28 of the Listing Rules, Ms. Mok Ming Wai has stepped down as the joint company secretary of the Company on 28 January 2016.

During the year ended 31 December 2015, Mr. Du Qiang and Ms. Mok Ming Wai 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 2015, the remuneration of senior management, other than Directors, is listed as below by band:

Band of remuneration (HKD)	No. of person
HK$3,000,000 to HK$3,500,000	1
HK$3,500,001 to HK$4,000,000	–
HK$4,000,001 to HK$4,500,000	–
HK$4,500,001 to HK$5,000,000	–
HK$5,000,001 to HK$5,500,000	1
HK$5,500,001 to HK$6,000,000	2

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 32 and 33 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.

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 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

The amended Articles of Association was approved in the annual general meeting of the Company held on 18 June 2015 and has been adopted by the Company with effect from the same day.

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.

Building a better working world

To the members 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 set out on pages 67 to 151, which comprise the consolidated statement of financial position as at 31 December 2015, and 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 Standards 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 Standards 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
30 March 2016

	Notes	31 December 2015 US$'000	31 December 2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**4,631,931**	4,357,377
Intangible assets	5	**554**	516
Investment in a joint venture	6	**2,218**	1,914
Deferred tax assets	7	**14,247**	31,225
Value-added tax recoverable	8	**131,419**	172,512
Prepayments and other receivables	9	**12,632**	12,321
Restricted cash	10	**7,881**	7,888
		4,800,882	4,583,753
Current assets			
Inventories	11	**107,499**	105,058
Prepayments and other receivables	9	**37,892**	55,385
Value-added tax recoverable	8	**104,535**	71,050
Trade receivables	13	**72,448**	75,993
Cash and cash equivalents	12	**122,111**	75,173
		444,485	382,659
Total assets		**5,245,367**	4,966,412

	Notes	31 December 2015 US$'000	31 December 2014 US$'000
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	14	**472,711**	472,711
Share premium	14	**327,267**	327,267
Reserves		**(10,781)**	4,450
Accumulated deficits		**(116,553)**	(102,882)
Total equity		**672,644**	701,546
LIABILITIES			
Non-current liabilities			
Loans and borrowings	16	**2,505,570**	2,591,448
Provision for remediation and restoration	15	**116,302**	126,472
Deferred income		**3,973**	4,072
		2,625,845	2,721,992
Current liabilities			
Loans and borrowings	16	**1,654,688**	1,112,980
Trade payables	17	**227,749**	392,612
Accruals and other payables	18	**39,137**	34,856
Amount due to the immediate holding company	19	**2,426**	2,426
Derivative financial instruments	20	**22,878**	–
		1,946,878	1,542,874
Total liabilities		**4,572,723**	4,264,866
Total equity and liabilities		**5,245,367**	4,966,412
Net current liabilities		**(1,502,393)**	(1,160,215)
Total assets less current liabilities		**3,298,489**	3,423,538

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

Liu Yuewei
Director

Jin Yanbing
Director

	Notes	2015 US$'000	2014 US$'000
Revenue	21	**426,630**	–
Cost of sales		**(293,949)**	–
Gross profit		**132,681**	–
Other gains	23	**12,635**	5,566
General and administrative expenses	24	**(19,508)**	(11,275)
Selling and distribution expenses	25	**(41,025)**	–
Other expenses		**(13,259)**	–
Operating profit/(loss)		**71,524**	(5,709)
Finance income	26	**455**	752
Finance expenses	26	**(57,318)**	(3,392)
Foreign exchange loss, net		**(26,584)**	(8,026)
Investment income	27	**14,992**	1,586
Share of profit/(loss) of a joint venture		**304**	(1,684)
Profit/(loss) before income tax	28	**3,373**	(16,473)
Income tax (expense)/benefit	29	**(17,044)**	3,260
Loss for the year		**(13,671)**	(13,213)
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(15,231)**	(7,660)
Other comprehensive income for the year, net of tax		**(15,231)**	(7,660)
Total comprehensive income for the year		**(28,902)**	(20,873)
Loss per share attributable to the equity holders of the Company (expressed in US$ per share)			
Basic and diluted	30	**(0.0012)**	(0.0011)

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Share capital US$'000	Share premium US$'000	Capital reserves US$'000	Currency translation differences US$'000	Accumulated deficits US$'000	Total US$'000
At 1 January 2015	**472,711**	**327,267**	**16,521**	**(12,071)**	**(102,882)**	**701,546**
Loss for the year	**–**	**–**	**–**	**–**	**(13,671)**	**(13,671)**
Other comprehensive income:						
Currency translation differences (Note)	**–**	**–**	**–**	**(15,231)**	**–**	**(15,231)**
Total comprehensive income	**–**	**–**	**–**	**(15,231)**	**(13,671)**	**(28,902)**
At 31 December 2015	**472,711**	**327,267**	**16,521**	**(27,302)**	**(116,553)**	**672,644**
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 income:						
Currency translation differences (Note)	–	–	–	(7,660)	–	(7,660)
Total comprehensive income	–	–	–	(7,660)	(13,213)	(20,873)
At 31 December 2014	472,711	327,267	16,521	(12,071)	(102,882)	701,546

Note: The financial statements of certain subsidiaries in Peru are denominated in its functional currency (Nuevos soles for Pomacocha Power S.A.C. and Cal del Centro S.A.C.), and are then translated into U.S. dollars for group consolidation purpose. The exchange differences arising on translation for consolidation are recognised as currency translation differences in other comprehensive income. Upon disposal of a foreign operation, the other comprehensive income related to the foreign operations will be reclassified to profit or loss subject to final calculation at that time.

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

	Notes	2015 US$'000	2014 US$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**3,373**	(16,473)
Adjustments for:			
Depreciation and amortisation		**89,712**	459
Loss/(gain) on disposal of property, plant and equipment		**14**	(2,014)
Finance income	26	**(455)**	(752)
Finance expenses	26	**57,318**	3,392
Foreign exchange loss		**26,584**	8,026
Investment income	27	**(14,992)**	(1,586)
Share of (profit)/loss of a joint venture	6	**(304)**	1,684
Changes in working capital:			
Inventories		**(2,441)**	(42,448)
Trade receivables		**3,545**	(75,993)
Prepayments and other receivables		**20,362**	14,450
VAT recoverable		**(11,355)**	–
Trade payables		**(69,882)**	–
Accruals and other payables		**4,281**	(5,207)
Derivative financial instruments		**22,878**	–
Deferred income		**(99)**	(119)
Interest paid		**(50,610)**	–
Interest received		**455**	752
Income tax paid		**(11,071)**	(4,704)
Net cash generated from/(used in) operating activities		**67,313**	(120,533)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(493,275)**	(520,854)
Interest paid		**(60,649)**	(93,037)
Purchases of intangible assets		**(535)**	(364)
Value-added tax refunds received		**71,321**	49,857
Decrease in restricted cash		**7**	3,552
Proceeds from futures contracts		**14,992**	1,586
Net cash used in investing activities		**(468,139)**	(559,260)

	Notes	2015 US$'000	2014 US$'000
Cash flows from financing activities			
Proceeds from loans and borrowings		**1,322,380**	1,024,620
Repayment of loans and borrowings		**(872,980)**	(391,000)
Net cash generated from financing activities		**449,400**	633,620
Net increase/(decrease) in cash and cash equivalents		**48,574**	(46,173)
Cash and cash equivalents at beginning of the year		**75,173**	122,916
Effects of exchange rates on cash and cash equivalents		**(1,636)**	(1,570)
Cash and cash equivalents at end of the year		**122,111**	75,173

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 address is PO Box 309 Ugland 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 approval of these financial statements, 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 ActivosMineros (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, ActivosMineros 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 Mining Project for a period of five years starting from the first official production of the Toromocho Mining 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").The Toromocho Mining Project has commenced commercial production in June 2015. Three of the Off-take Agreements have come into force through signing supplemental agreements.

1. General information *(continued)*

Information about subsidiaries

As at 31 December 2015, 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 (%) Direct	Indirect	Principal activities
Minera Chinalco Perú S.A.("MCP")	20 May 2003	628,499	100	–	Mining activities
Minera Centenario S.A.C. ("Centenario")	3 April 2006	3	–	100	Mining activities
Cal del Centro S.A.C. ("Centro")	16 March2011	–	–	100	Industrial activities related with mining activities
Sociedad Minera Pesares S.A. ("Pesares")	6 June 1905	–	–	83.28	Mining activities
PomacochaPower S.A.C. ("Pomacocha")	17 January 2011	–	–	100	Operating and exploiting the 220Kv Pomacocha Transmission Line

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.

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

2.1 Basis of preparation *(continued)*

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 2015, the Group had net current liabilities of approximately US$1,502 million (31 December 2014: US$1,160 million) and accumulated deficits of approximately US$117 million (31 December 2014: US$103 million). The directors of the Company (the "directors") have considered, among others, the internally generated funds and financial resources available to the Group as follows:

- In February 2016, the Group has obtained the term sheet of a finance lease arrangement amounting to US$450 million for the proper development of the Toromocho Project from ICBC Financial Leasing ("ICBC Leasing").

- In January 2015, the Company's immediate holding company, Chinalco Overseas provided to the Group a loan facility of US$1,200 million, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. As at 31 December 2015, except for loans amounting to US$640 million drawn down, and the remaining facility provided by Chinalco Overseas was US$560 million.For the loan facilities of US$350 million and US$200 million provided by the Company's immediate holding company in 2014, the remaining balances as at 31 December 2015 were US$80 million and US$190 million respectively. These loan facilities of US$350 million and US$200 million were renewed in January 2016.

- 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$1,079 million as at 31 December 2015 (31 December 2014: US$435 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 of approval of these financial statements.

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 2015. The Group therefore continues to adopt the going concern basis in preparing these financial statements.

2.1 Basis of preparation *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. 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 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 applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS Annual Improvements 2010-2012 Cycle

The following improvements are effective for accounting periods beginning on or after 1 July 2014, and the Group has applied these improvements for the first time in these consolidated financial statements:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment has no impact on the Group.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar.The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the 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. The amendments have no impact on the Group.

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

The amendments are applied retrospectively and clarify the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

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

IFRS Annual Improvements 2010-2012 Cycle *(continued)*

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

IFRS Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied them for the first time in these consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

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 IAS 39. The amendment has had no impact on the Group and the Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The amendment clarifies that IFRS3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there is no acquisition of investment properties during the year.

2.3 Standards issued but not yet effective

The following new and revised standards that are applicable to the Group's operations have been issued but are not yet effective in 2015 and have not been early adopted.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

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. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

2.3 Standards issued but not yet effective *(continued)*

IFRS 9 *Financial Instruments* *(continued)*

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

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 amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 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 Standards issued but not yet effective *(continued)*

IFRS 15:*Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model account for 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.

The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018. During the year ended 31 December 2015, the Group performed a preliminary assessment on the impact of the adoption of IFRS 15.

Amendments to IAS 1:*Disclosure Initiative*

The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. 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 Standards issued but not yet effective *(continued)*

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 amortise its non-current assets.

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 Summary of significant accounting policies *(continued)*

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.

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.

2.4 Summary of significant accounting policies *(continued)*

2.4.3 Business combinations *(continued)*

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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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.

2.4 Summary of significant accounting policies *(continued)*

2.4.4 Fair value measurement *(continued)*

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.

2.4.5 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

2.4 Summary of significant accounting policies *(continued)*

2.4.5 Related parties *(continued)*

(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);

(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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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 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 recognised 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. The UOP rate calculation for the depreciation of mine and plant development assets takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves.

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

2.4 Summary of significant accounting policies *(continued)*

2.4.8 Property, plant and equipment *(continued)*

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

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 2.4.11).

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

2.4.9 Stripping costs

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine,before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

2.4 Summary of significant accounting policies *(continued)*

2.4.9 Stripping costs *(continued)*

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

(a) Future economic benefits (being improved access to the ore body) are probable

(b) The component of the ore body for which access will be improved can be accurately identified

(c) The costs associated with the improved access can be reliably measured

If all of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

2.4 Summary of significant accounting policies *(continued)*

2.4.9 Stripping costs *(continued)*

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

2.4.10 Intangible assets – computer software

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

2.4.11 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 Summary of significant accounting policies *(continued)*

2.4.12 Financial assets

(a) Classification

The Group classifies its financial assets in the category of financial assets at fair value through profit or loss and 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 Summary of significant accounting policies *(continued)*

2.4.12 Financial assets *(continued)*

(a) Classification *(continued)*

Loans and receivables

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'trade receivables','other receivables', 'cash and cash equivalents' and 'restricted cash' in the statement of financial position.

(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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 Summary of significant accounting policies *(continued)*

2.4.12 Financial assets *(continued)*

(c) Derecognition of financial assets *(continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(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 the group of debtors are 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.

Financial assets carried at amortised cost

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.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 Summary of significant accounting policies *(continued)*

2.4.12 Financial assets *(continued)*

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

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

2.4.13 Financial liabilities

(a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and 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 financial liabilities at fair value through profit or loss, accounts and other payables, an amount due to the immediate holding company interest-bearing loans and borrowings and derivative financial instrument.

(b) Recognition and measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 Summary of significant accounting policies *(continued)*

2.4.13 Financial liabilities *(continued)*

(b) Recognition and measurement *(continued)*

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

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 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 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 profit or loss.

2.4.14 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 Summary of significant accounting policies *(continued)*

2.4.15 Derivative financial instruments

The Group uses derivative financial instruments, such as copper concentrate futures, 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.

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

2.4.16 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.

2.4.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on 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 consolidated 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.

2.4.18 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 Summary of significant accounting policies *(continued)*

2.4.19 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 capitalisation rate ranging between 1.57% and 4.30% has been applied to the expenditure on the individual assets for the year ended 31 December 2015.

2.4.20 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:

2.4 Summary of significant accounting policies *(continued)*

2.4.20 Income tax *(continued)*

- 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 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 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.

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 Summary of significant accounting policies *(continued)*

2.4.21 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.

2.4.22 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 to 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.

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 their employee profit sharing based on 8% of their taxable income. The employee's 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 the employee's profit sharing. The employee's profit sharing is a deductible item for income tax purpose.

2.4 Summary of significant accounting policies *(continued)*

2.4.23 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 can be 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 expenses.

2.4.24 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.

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.

2.4.25 Dividends distribution

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

2.4 Summary of significant accounting policies *(continued)*

2.4.26 Profit/loss per share

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

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 profit or loss attributable to the Company's equity holders accordingly for related amounts. The effect of potentially dilutive ordinary shares is 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.

Judgements

(a) 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 are 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

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

Judgements *(continued)*

(a) Commencement date of commercial production *(continued)*

When a mine development/construction project moves into the commercial production stage, the capitalisation 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 capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

(b) 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 flows 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.

Estimates

(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 policies 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 reserves in the mining concessions to which the Group is entitled approximated to 1,593Mt. 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 2015.

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

Estimates *(continued)*

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

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 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.

- 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 may change due to changes in estimates of the likely recovery of the tax benefits.

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves.

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

Estimates *(continued)*

(b) Provision for remediation and restoration

Provision for remediation and restoration included environmental remediation costs, asset retirement 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)*

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 the 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 amounting to US$116,302,000 as at 31 December 2015 (31 December 2014: US$126,472,000). Further details are set out in Note 15.

(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 advice from 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 the 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.

4. Property, plant and equipment

	Mine and plant development assets (Note (a)) US$'000	Asset for environmental rehabilitation US$'000	Stripping cost 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 2015									
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
At 31 December 2015									
Opening net book amount	901,777	–	–	51,797	206,473	14,127	1,790	3,181,413	4,357,377
Additions	22,472	–	36,229	–	6,248	–	19	352,673	417,641
Change in estimated remediation and restoration obligations (Note 15)	–	(13,661)	–	–	–	–	–	–	(13,661)
Transfer (out)/in	(159,698)	82,581	–	1,112,950	1,511,403	106	6,450	(2,554,084)	(292)
Depreciation	(10,658)	(846)	(1,389)	(17,336)	(78,907)	(3,424)	(996)	–	(113,556)
Effect of exchange rate fluctuation	(95)	–	–	–	(1,460)	–	–	(14,009)	(15,564)
Disposals	–	–	–	–	–	(14)	–	–	(14)
Closing net book amount	753,798	68,074	34,840	1,147,411	1,643,757	10,795	7,263	965,993	(4,631,931)
At 31 December 2015									
Cost	764,456	68,920	36,229	1,169,210	1,764,612	21,785	11,273	965,993	4,802,478
Accumulated depreciation	(10,658)	(846)	(1,389)	(21,799)	(120,855)	(10,990)	(4,010)	–	(170,547)
Net book amount	753,798	68,074	34,840	1,147,411	1,643,757	10,795	7,263	965,993	4,631,931

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

	Mine and plant development assets (Note (a)) US$'000	Asset for environmental rehabilitation US$'000	Stripping cost 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 2014									
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
At 31 December 2014	818,976	–	–	54,869	77,484	16,503	1,053	2,845,158	3,814,043
Additions *	82,850	–	–	–	23,983	–	14	473,720	580,567
Transfer in/(out)	–	–	–	(1,320)	129,778	1,094	1,225	(130,777)	–
Depreciation	–	–	–	(1,752)	(22,744)	(3,444)	(489)	–	(28,429)
Effect of exchange rate fluctuation	(49)	–	–	–	–	–	–	(6,688)	(6,737)
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

* 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.

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

Notes:

(a) The Group owns a 50% equity interest in Sociedad Minera de Responsabilidad Limitada Juanita de Huancayou (the "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 the Metallic Mining Concession Right, Juanita had no other significant business activities during the years ended 31 December 2015 and 2014. 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 the '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$1,147,412,000 (2014: US$51,797,000) are situated in Peru.

As at 31 December 2015, the Group has capitalised finance costs included in the additions of property, plant and equipment amounting to US$62,177,000 (31 December 2014: US$99,736,000) (Note 26).

As at 31 December 2015, the bank borrowings from Eximbank amounting to US$2,193,774,000 (31 December 2014: US$2,402,157,000) (Note16(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 2015, bank deposits amounting to US$540,000 (31 December 2014: US$540,000) (Note10(a)) were held as a performance guarantee. The Group acquired certain mining concessions and the 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. At 31 December 2015, bank deposits amounted to US$1,668,000 (31 December 2014: US$1,668,000) (Note10(c)).

As at 31 December 2015, the amount of approximately US$28 million (31 December 2014: 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 *(continued)*

During the year ended 31 December 2015, depreciation expense was recognised as follows:

	2015 **US$'000**	2014 US$'000
Capitalised in construction-in-progress	**24,067**	27,991
General and administrative expenses	**257**	438
Cost of sales	**87,494**	–
Selling and distribution expenses	**1,738**	–
Total	**113,556**	28,429

5. Intangible assets

	2015 **US$'000**	2014 US$'000
Computer software		
Opening net book value	**516**	1,255
Additions	**275**	376
Transfer in	**292**	–
Disposals	**–**	(12)
Amortisation	**(529)**	(1,103)
Closing net book value	**554**	516
Cost	**5,708**	5,141
Accumulated amortisation	**(5,154)**	(4,625)
Net book value	**554**	516

During the year ended 31 December 2015, amortisation is recognised as follows:

	2015 **US$'000**	2014 US$'000
Capitalised in construction in progress	**306**	1,082
Cost of sales	**154**	–
General and administrative expenses	**69**	21
Total	**529**	1,103

6. Investment in a joint venture

	2015 **US$'000**	2014 US$'000
At beginning of the year	**1,914**	3,598
Share of profit/(loss)	**304**	(1,684)
At end of the year	**2,218**	1,914

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 relevant investment agreement, the Group contributed US$1,290,000 for a 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 terms and conditions established in the Concession Agreement signed with the Peruvian government. As at 31 December 2015, 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:

	2015 **US$'000**	2014 US$'000
Share of the joint venture's profit/(loss) for the year	**304**	(1,684)
Share of the joint venture's other comprehensive income	**–**	–
Share of the joint venture's total comprehensive income	**304**	(1,684)
Aggregate carrying amount of the Group's investment in the joint venture	**2,218**	1,914

As at 31 December 2015, the Peruvian government requires Transportadora Callao to maintain a guarantee deposit of US$27,000,000 (31 December 2014: US$27,000,000) as a performance guarantee. In this connection, the Group placed cash in a designated bank account amounting to US$1,890,000, which represents the Group's proportional share of the total guarantee deposit as at 31 December 2015 (31 December 2014: US$1,890,000) (Note 10(a)).

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 the 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.

7. Deferred tax assets

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 income tax levied by the same tax authority. All of the deferred income tax assets and liabilities are to be recovered or settled after 12 months.

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

	2015 US$'000	2014 US$'000
At beginning of the year	**31,225**	27,742
Credited to profit or loss (Note 29)	**(16,978)**	3,483
At end of the year	**14,247**	31,225

Deferred income tax assets/liabilities

	At 1 January 2014 US$'000	Credited to profit or loss US$'000	At 31 December 2014 US$'000	Credited to profit or loss US$'000	At 31 December 2015 US$'000
Deferred tax assets					
Tax losses available	–	261,813	261,813	3,116	264,929
Expenses capitalised for tax purposes	25,705	1,714	27,419	–	27,419
Asset remediation and restoration provision	2,328	1,200	3,528	1,117	4,645
Provisional price adjustment	–	4,861	4,861	2,460	7,321
Others	(291)	1,345	1,054	1,187	2,241
Total deferred tax assets	27,742	270,933	298,675	7,880	306,555
Deferred tax liabilities					
Accelerated tax depreciation of mine development costs	–	(267,450)	(267,450)	(24,858)	(292,308)
Total deferred tax liabilities	–	(267,450)	(267,450)	(24,858)	(292,308)
Deferred tax assets, net	27,742	3,483	31,225	(16,978)	14,247

There was no unrecognised net operating tax loss as at 31 December 2015 (31 December 2014: Nil).

8. Value-added tax recoverable

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.

In order to qualify for the above entitlement under RERA IGV, the Group signed an investment agreement with respect to the Toromocho Project (the "Investment Agreement") on 16 June 2009 with the MEM, which was modified under an 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. On 15 December 2011, the MEM and MCP signed an addendum of the Investment Agreement, which was approved by the MEM and the 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 the MEM, pursuant to which, the Group committed to invest US$2,984 million into the Toromocho Project until 31 December 2015.

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	
	2015	2014
	US$'000	US$'000
VAT recoverable:		
– to be recovered after 12 months	**131,419**	172,512
– to be recovered within 12 months	**104,535**	71,050
	235,954	243,562

9. Prepayments and other receivables

	At 31 December 2015 US$'000	At 31 December 2014 US$'000
Other receivables		
Loan to a joint venture (Note (a))	**9,585**	9,274
Loan to a transportation services provider (Note (b))	**3,047**	3,047
Amount due from contractors for purchase of fuel	**4,033**	9,181
Employee advances	**304**	598
Amounts due from the ultimate holding company (Note 35(d))	**174**	192
Futures deposit	**2,555**	–
Insurance claims	**2,794**	–
Others	**557**	600
	23,049	22,892
Less: impairment	**–**	–
	23,049	22,892
Prepayments		
Prepaid insurance	**2,303**	1,431
Prepaid income tax	**19,703**	9,647
Advance to constructors	**1,838**	16,747
Advance to suppliers	**3,179**	13,914
Others	**452**	3,075
	27,475	44,814
Total prepayments and other receivables	**50,524**	67,706
Less: non-current portion (Note (c))	**(12,632)**	(12,321)
	37,892	55,385

Note:

(a) The loan to a joint venture is unsecured and bears interest at LIBOR plus 5% per annum and is due in 8 years.

(b) As at 31 December 2015, the other receivables amounting to US$3,047,000 (31 December 2014: US$3,047,000) represented a 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 is due in 7 years.

(c) The non-current portion mainly includes other receivables from a joint venture and Ferrocarril Central Andino S.A.

9. Prepayments and other receivables *(continued)*

Aging analysis of other receivables are as follows:

	At 31 December	
	2015	2014
	US$'000	US$'000
Within 3 months	**7,678**	5,960
3 to 6 months	**407**	3,103
6 months to 1 year	**2,302**	1,508
1 to 2 years	**2,171**	9,274
2 to 3 years	**7,444**	3,047
Over 3 years	**3,047**	–
	23,049	22,892

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

Prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2015	2014
	US$'000	US$'000
US$	**23,781**	41,022
New PEN	**26,743**	26,68
	50,524	67,706

10. Restricted cash

	At 31 December	
	2015	2014
	US$'000	US$'000
Guaranteed deposits for import of equipment into Peru	**2,487**	2,754
Bank deposits held for performance guarantees (Note (a))	**2,430**	2,430
Bank deposits held for issuance of letters of credit (Note (b))	**919**	919
Bank deposits held in an escrow account (Note (c))	**1,668**	1,668
Others	**377**	117
	7,881	7,888

Note:

(a) The bank deposits held for performance guarantees represented deposits held in banks for performance guarantees under the relevant contracts and agreements (Notes 4 and 6).

(b) The bank deposits held for issuance of letters of credit represented a guarantee for issuance of letters or credit (Note 34(a)(iii) 2)).

(c) The Group acquired certain mining concessions and the 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 was denominated in US$ as at 31 December 2015 and 2014.

11. Inventories

	At 31 December	
	2015	2014
	US$'000	US$'000
Raw materials	**77,245**	86,882
Work in progress	**27,804**	13,316
Finished goods	**2,450**	4,860
	107,499	105,058

12. Cash and cash equivalents

	At 31 December 2015 US$'000	At 31 December 2014 US$'000
Cash at banks and on hand	**122,111**	75,173
Cash and cash equivalents	**122,111**	75,173

Cash and cash equivalents are denominated in the following currencies:

	At 31 December 2015 US$'000	At 31 December 2014 US$'000
US$	**79,233**	61,538
New PEN	**42,033**	13,502
HK$	**483**	21
RMB	**362**	112
	122,111	75,173

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.

13. Trade receivables

	At 31 December 2015 US$'000	At 31 December 2014 US$'000
Trade receivables	**72,448**	75,993
Less: impairment	**–**	–
	72,448	75,993

The Group mainly requires its customers to make payment at a specific percentage of the trade receivables within the credit period which is generally three months, extending up to six months. As at 31 December 2015, none of trade receivables were past due and impaired. Trade receivables are non-interest-bearing.

13. Trade receivables *(continued)*

In August 2015, the Group obtained a banking facility amounting to US$125 million from CDB for the general corporate purposes for the Toromocho Project which is secured by trade receivables from several copper concentrate sales agreements.

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 counterparties.

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

	At 31 December	
	2015	2014
	US$'000	US$'000
Within 3 months	**59,493**	60,256
3 to 6 months	**10,947**	9,576
6 months to 1 year	**2,008**	6,161
	72,448	75,993

14. Share capital and share premium

As at 31 December 2015, the number of total authorised ordinary shares was 25 billion (31 December 2014: 25 billion) with a par value of US$0.04 (31 December 2014: 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**	**Share premium**
		US$'000	US$'000
At 1 January 2014	11,817,782,429	472,711	327,267
Issuance of ordinary shares	–	–	–
At 31 December 2014	11,817,782,429	472,711	327,267
Issuance of ordinary shares	–	–	–
At 31 December 2015	11,817,782,429	472,711	327,267

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$1.75 per share.

15. Provision for remediation and restoration

	2015 US$'000	2014 US$'000
At beginning of the year	**126,472**	90,200
Additional provision	**(13,661)**	33,007
Accretion expenses (Note 26)	**3,491**	3,265
At end of the year	**116,302**	126,472

Provision for remediation and restoration includes environmental remediation costs, asset retirement 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 maintain 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 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$116,302,000 as at 31 December 2015 (31 December 2014: US$126,472,000).

16. Loans and borrowings

	At 31 December 2015 US$'000	At 31 December 2014 US$'000
Current		
Borrowings from the immediate holding company (a)		
– unsecured	**920,000**	280,000
Short-term bank loans (b)		
– secured	**325,000**	400,000
– unsecured	**208,348**	210,000
Long-term bank loans, due within one year (b)		
– secured	**198,880**	222,980
Other loans, due within one year (c)		
– secured	**2,460**	–
	1,654,688	1,112,980
Non-current		
Borrowings from the immediate holding company (a)		
– unsecured	**158,904**	155,271
Long-term bank loans (b)		
– secured	**2,240,094**	2,436,177
– unsecured	**27,000**	–
Other loans (c)		
– secured	**79,572**	–
	2,505,570	2,591,448
	4,160,258	3,704,428

(a) Borrowings from the immediate holding company

During the years ended 31 December 2015 and 2014, the Group's borrowings from the immediate holding company are as follows:

	2015 US$'000	2014 US$'000
At beginning of the year	**435,271**	151,604
Addition	**860,000**	280,000
Interest charged	**22,568**	5,710
Repayment	**(238,935)**	(2,043)
At the end of the year	**1,078,904**	435,271
Among which:		
Principal	**1,063,399**	423,399
Interest payable	**15,505**	11,872
	1,078,904	435,271

16. Loans and borrowings *(continued)*

(a) Borrowings from the immediate holding company *(continued)*

As at 31 December 2013, the Company's immediate holding company provided loan facilities amounting to US$143,399,477 for general corporate purposes including but not limited to funding the working capital for the Toromocho Project in its commissioning stage. The borrowings were repayable in 5 years or at any time at the Company's discretion. The borrowings bear interest at LIBOR plus 2% per annum.

In April and November 2014, the immediate holding company provided loan facilities 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$200 million and US$80 million were drawn down in 2014, respectively. 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 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.

In January 2015, the Company's immediate holding company provided a loan facility of US$1,200 million for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. Loans amounting to US$640 million were drawn down in 2015. The borrowings due to the immediate holding company were repayable at any time at the Company's discretion, which bear interest rate per annum equal to the all-in cost to the lender of funding the draw down.

In April and November 2015, from the facility amounting to US$200 million, US$120 million and US$70 million were repaid, respectively. In June 2015, US$220 million was drawn down from the facility amounting to US$350 million, and US$30 million was repaid in November 2015.

As of 31 December 2015, US$1,063 million remained outstanding, among which, US$143 million was repayable in 3 years or at any time at the Company's discretion, and US$920 million was repayable at any time at the Company's discretion. As at 31 December 2015, the remaining facility provided by Chinalco Overseas was US$830 million. In January 2016, the Company renewed the loan facilities amounting to US$200 million and US$350 million from Chinalco Overseas.

16. Loans and borrowings *(continued)*

(b) Bank loans

As at 31 December 2015 and 2014, bank loans are summarised as follows:

Banks	**At 31 December 2015**		At 31 December 2014	
	Amount US$'000	**Effective interest rate**	Amount US$'000	Effective interest rate
Eximbank (Note(i))	**2,193,774**	**2.65% – 4.30%**	2,402,157	2.21% – 3.86%
CDB (Note(ii))	**370,200**	**3.62% – 4.30%**	257,000	3.86%
Other Banks (Note(iii))	**435,348**	**1.57% – 3.75%**	610,000	1.17% – 2.26%
	2,999,322		3,269,157	

Notes:

(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 35(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 draw down. This facility is guaranteed by Chinalco (Note 35(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 2015 and 2014, the above banking facilities with Eximbank had been fully drawn down. In 2015, the newly amortised commission fee amounted to US$2,797,000, the unamortised commission fee amounted to US$14,046,000. Also, in year 2015, the Group repaid US$211,180,000 based on the payment schedule.

16. Loans and borrowings *(continued)*

(b) Bank loans *(continued)*

Notes *(continued)*:

(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 35(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 35(a)) and bear interest at LIBOR plus 3.5% per annum.

In August 2015, the Group obtained a banking facility amounting to US$125 million from CDB for the general corporate purposes for the Toromocho Project. In August, November and December 2015, US$30 million, US$50 million and US$45 million were drawn down respectively. This facility is secured by trade receivables from several copper concentrate sales agreements.

As at 31 December 2015, all facilities from CDB have been fully drawn down and US$11.8 million has been repaid in 2015 based on the payment schedule.

(iii) As at 31 December 2015, the Group obtained short-term bank loans of US$435 million from Banco Bilbao Vizcaya Argentaria Hong Kong ("BBVA-HK"), Banco Bilbao Vizcaya Argentaria Perú ("BBVA-Perú"), Standard Chartered Bank (Taiwan) Limited, Natixis (acting through its Hong Kong Branch), Banco de Credito del Perú and Shanghai Pudong Development Bank, which bear interest at rates ranging from 1.57% to 3.75% per annum, among which, US$100 million is guaranteed by China Export and Credit Insurance Corporation, a third party, with a counter-guarantee provided by Chinalco (Note 35(a)). Among the total short-term bank loans, US$88 million are denominated in PEN S/. and the exchange rate is 3.407, the remaining are all denominated in US$.

(c) In October and November 2015, the Group obtained loans of US$59 million and US$23 million respectively from Caterpillar Financial Services Corporation ("CFSC") for purchasing certain vehicle products by Caterpillar, which are denominated in US$ and bear interest at LIBOR plus 2.88% – 3.1255% per annum.

16. Loans and borrowings *(continued)*

(d) As at 31 December 2015, the long-term bank borrowings and other loans were repayable as follows:

	At 31 December	
	2015	2014
	US$'000	US$'000
Within 1 year	**201,340**	222,980
Between 1 and 2 years	**254,721**	193,580
Between 2 and 5 years	**728,886**	699,118
Over 5 years	**1,521,963**	1,698,750
	2,706,910	2,814,428
Amount due within one year shown under current liabilities	**(201,340)**	(222,980)
	2,505,570	2,591,448

17. Trade payables

Aging analysis of trade payables is as follows:

	At 31 December	
	2015	2014
	US$'000	US$'000
Within 3 months	**204,580**	284,329
3 to 6 months	**6,752**	67,972
6 months to 1 year	**2,869**	40,311
1 to 2 years	**13,548**	–
	227,749	392,612

17. Trade payables *(continued)*

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	At 31 December	
	2015	2014
	US$'000	US$'000
US$	**184,973**	250,096
New PEN	**42,515**	136,116
AUD	**–**	1,037
EUR	**259**	5,363
GBP	**2**	–
	227,749	392,612

The trade payables are non-interest-bearing and are normally settled in 60 days to 90 days.

18. Accruals and other payables

	At 31 December	
	2015	2014
	US$'000	US$'000
Accrued expenses and others	**3,733**	7,659
Other payables	**24,525**	15,069
Amounts due to related parties	**73**	132
Payroll and welfare payables	**6,524**	8,450
Taxes other than corporate income tax	**4,282**	3,546
Total	**39,137**	34,856

19. Amount due to the immediate holding company

The amounts due to the immediate holding company are unsecured, interest-free and are repayable on demand and are denominated in US$.

20. Derivative financial instruments

	At 31 December	
	2015	2014
	US$'000	US$'000
Embedded derivatives	**22,878**	–
	22,878	–

The contract terms for MCP's sale of copper concentrates to customers allow for a price adjustments based on the market price at the relevant quotation period stipulated in the contract. Sales contracts for copper concentrates that have provisional pricing features are considered to contain an embedded derivative, which is required to be separated from the host contract for accounting purposes upon delivery. These embedded derivatives are not designated for hedge purposes and are measured at fair value through profit or loss.

21. Revenue

The Group commenced commercial production in June 2015. During the year ended 31 December 2015, the Group recorded the revenue as follows:

	2015	2014
	US$'000	US$'000
Sales of goods	**426,630**	–
Total revenue	**426,630**	–

22. Segment reporting

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 that 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.

23. Other gains

	2015 US$'000	2014 US$'000
Income on mine concessions (Note)	**99**	120
Gain on disposal of property, plant and equipment	**–**	2,014
Income from indemnity	**3,067**	700
Gains on sales of supplies to contractors	**5,743**	343
Others	**3,726**	2,389
	12,635	5,566

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 2015, the advance received from these miners amounting to US$3,973,000 (31 December 2014: US$4,072,000) was recorded in "deferred income".

24. General and administrative expenses

	2015 US$'000	2014 US$'000
By nature:		
Labor cost	**5,085**	5,398
Depreciation and amortisation	**326**	459
Auditors' remuneration	**327**	277
Consulting and other service expenses	**985**	1,036
Repair and maintenance expenses	**198**	–
Operating lease expense	**1,662**	1,307
Travel and transportation	**525**	813
Taxes other than income tax	**6,488**	537
Advertising and promotion	**86**	85
Insurance expenses	**5,580**	–
Others	**(1,754)**	1,363
	19,508	11,275

25. Selling and distribution expenses

	2015 US$'000	2014 US$'000
By nature:		
Labor cost	**885**	–
Depreciation and amortisation	**1,738**	–
Warehouse and other storage fees	**14,191**	–
Consulting and other service expenses	**52**	–
Repair and maintenance expenses	**28**	–
Operating lease expense	**53**	–
Travel and transportation	**20,034**	–
Packaging expenses	**2,071**	–
Lab fee	**1,727**	–
Insurance expenses	**55**	–
Others	**191**	–
	41,025	–

26. Finance income/(expenses)

	2015 US$'000	2014 US$'000
Finance income		
– Interest income	**455**	752
Total finance income	**455**	752
Finance expenses		
– Interest expense on borrowings wholly repayable within five years	**(44,458)**	(13,766)
– Interest expense on borrowings wholly repayable after five years	**(69,026)**	(85,970)
– Bank charges	**(2,520)**	(127)
– Accretion of interest on provision for remediation and restoration (Note 15)	**(3,491)**	(3,265)
	(119,495)	(103,128)
Less: amounts capitalised into construction-in-progress (Note 4)	**62,177**	99,736
Total finance expenses	**(57,318)**	(3,392)

27. Investment income

	2015 US$'000	2014 US$'000
Income from futures contracts	**14,992**	1,586
Total investment income	**14,992**	1,586

The Group uses futures contracts to reduce its exposure to fluctuations in the price of copper concentrates. The Group uses the futures contracts for hedging other than speculation.

The Group uses mainly futures contracts traded on the London Metal Exchange ("LME") to hedge against fluctuations in prices of copper concentrates. For the year ended 31 December 2015, the income from the futures contracts amounting to US$14.99 million (2014: US$1.6 million) was recognised in investment income in profit or loss.

28. Profit/(loss) before income tax

The Group's profit/(loss) before income tax is arrived at after charging/(crediting):

	Notes	2015 US$'000	2014 US$'000
Cost of inventory sold		**169,072**	–
Depreciation		**89,489**	438
Amortisation		**223**	21
Employee benefit expenses			
– Wages, salaries and allowance		**52,237**	53,232
– Directors' emoluments	32	**1,294**	1,571
– Pension costs – defined contribution plans		**6,170**	6,449
– Other staff benefits		**7,041**	10,606
Less: staff cost capitalised into construction-in-progress		**(23,544)**	(66,460)
Labor cost		**43,198**	5,398
Auditors' remuneration	24	**327**	277
Bank interest income	26	**(455)**	(752)
Investment income from futures contracts	27	**(14,992)**	(1,586)
Loss/(gain) on disposal of property, plant and equipment		**14**	(2,014)

29. Income tax (expense)/benefit

	2015 US$'000	2014 US$'000
Current income tax	**(66)**	(223)
Deferred income tax (Note 7)	**(16,978)**	3,483
	(17,044)	3,260

The Company was incorporated in the 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 2015 (2014: 32%). Pursuant to the Stability Agreement signed with the MEM, their income tax was stablised at a rate of 32%, taking effect on 1 January 2014.

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

	2015 US$'000	2014 US$'000
Profit/(loss) before income tax	**3,373**	(16,473)
Tax (expense)/benefit calculated at the tax rates applicable to profit or loss in Peru	**(1,079)**	5,271
Effect of tax rate difference between the Company and the subsidiaries in Peru	**778**	(870)
Effect of change in tax rate on deferred tax previously recognised (from 30% to 32%)	**–**	1,850
True up adjustments in respect of prior year's annual income tax filings	**7,567**	–
Foreign exchange difference from recognised tax loss	**(24,930)**	–
Non-deductible expenses	**(839)**	(3,108)
Others	**1,459**	117
Income tax (expense)/benefit	**(17,044)**	3,260

30. 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.

	2015	2014
Loss attributable to equity holders of the Company (US$'000)	**(13,671)**	(13,213)
Weighted average number of ordinary shares in issue (in thousands)	**11,817,782**	11,817,782
Basic loss per share (in US$)	**(0.0012)**	(0.0011)

(b) Diluted loss per share for the years ended 31 December 2015 and 2014 are the same as the basic loss per share as there were no potentially dilutive shares.

31. Dividends

No dividend has been paid or declared by the Company during the years ended 31 December 2015 and 2014.

32. Directors' remuneration

Directors' remuneration for the years 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 2015					
Non-executive Director:					
Zhang Chengzhong (Note i)	–	–	–	–	–
Luan Shuwei (Note ii)	–	–	–	–	–
Li Bohan (Note iii)	–	–	–	–	–
Liu Hongjun	–	–	–	–	–
Wang Dongbo	–	–	–	–	–
Executive Director:					
Huang Shanfu (Note iv)	–	420	400	–	820
Jin Yanbing (Note v)	–	45	–	–	45
Liang Yunxing (Note v)	–	82	67	–	149
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	547	467	–	1,294

32. 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 2014					
Non-executive Director:					
Li Bohan (Note iii)	–	–	–	–	–
Liu Hongjun (Note vi)	–	–	–	–	–
Wang Dongbo (Note vi)	–	–	–	–	–
Xiong Weiping (Note vi)	–	–	–	–	–
Liu Caiming (Note vi)	–	–	–	–	–
Executive Director:					
Zhang Chengzhong	–	–	–	–	–
Peng Huaisheng (Note vii)	–	80	22	–	102
Huang Shanfu	–	512	513	–	1,025
Liang Yunxing	–	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

Notes:

(i) Dr. Zhang Chengzhong resigned as the Chairman of the Board and a Non-executive Director with effect from 6 January 2016. Mr. Liu Jianping was appointed as the Chairman of the Board and Non-executive Director with effect from 6 January 2016.

(ii) Mr. Luan Shuwei was appointed as a Non-executive Director with effect from 26 August 2015. Mr. Luan Shuwei was appointed as an Executive Director of the Company with effect from 12 October 2015 and resigned as a Non-executive Director with effect from the same date. Mr. Luan Shuwei was re-designated as a non-executive Director and resigned as the Executive Director and Chief Executive Officer with effect from 3 March 2016.

(iii) Dr. Li Bohan was appointed as a Non-executive Director on 28 August 2014 and resigned as a Non-executive Director on 26 August 2015.

(iv) Mr. Huang Shanfu resigned as an Executive Director and the Vice-President with effect from 3 March 2016.

32. Directors' remuneration *(continued)*

Notes: *(continued)*

(v) Ms. Liang Yunxing resigned from the Chief Financial Officer and Executive Director on 27 March 2015, and Mr. Jin Yanbing was appointed as Chief Financial Officer and Executive Director on the same day.

(vi) Dr. Xiong Weiping and Dr. Liu Caiming resigned from non-executive directors on 28 August 2014, and Dr. Liu Hongjun and Dr. Wang Dongbo were reappointed as the non-executive directors on the same day.

(vii) Mr. Peng Huaisheng resigned as an Executive Director with effect from 12 August 2014.

(viii) Mr. Liu Yuewei was appointed as an Executive Director and the Chief Executive Officer with effect from 3 March 2016. Hence Mr. Liu Yuewei has not received any remuneration from the Company for the year ended 31 December 2015. The remuneration of Mr. Liu Yuewei will be determined by the Board with reference to his duties and responsibilities in the Company, and the Company will provide updates in relation thereto in due course.

Dr. Li Bohan, Dr. Zhang Chengzhong, Dr. Liu Hongjun, Dr. Wang Dongbo and Mr. Luan Shuwei received emoluments from Chinalco for the year ended 31 December 2015. 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. Part of these emoluments are in relation to their services to the Company. No apportionment in 2015 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 2015, US$54,382 emoluments were paid by the Company to a director as compensation for loss of office of the Company in respect of the termination of the qualifying services of the director (2014: Nil). No director waived or agreed to waive any emoluments during the year ended 31 December 2015 (2014: Nil).

33. Five highest paid employees

The numbers of directors and non-director employees included in the five highest paid individuals for the years ended 31 December 2015 and 2014 are set forth below:

	2015	2014
Director	**1**	1
Non-director	**4**	4
	5	5

33. Five highest paid employees *(continued)*

Details of the emoluments of the director are included in Note 32. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	2015 **US$'000**	2014 US$'000
Salaries and other emoluments	**1,594**	1,671
Discretionary bonuses	**1,063**	1,064
Pension scheme contributions	**–**	–
	2,657	2,735

The number of the non-director highest paid individuals whose emoluments in HK$ fell within the following bands is as follows:

	2015	2014
HK$3,000,000 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**–**	–
HK$5,000,001 to HK$5,500,000	**1**	2
HK$5,500,001 to HK$6,000,000	**2**	–
HK$6,000,001 to HK$6,500,000	**–**	–
HK$6,500,001 to HK$7,000,000	**–**	1

During the year ended 31 December 2015, 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 (2014: Nil).

34. Commitments and contingencies

(a) Commitments

(i) Operating lease commitments – where the Group is the lessee

The Group leases various offices and warehouses under operating lease agreements. Leases for offices and warehouses are negotiated for terms ranging from two to five years.

At 31 December, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 **US$'000**	2014 US$'000
Within one year	**3,643**	2,304
In the second to fifth years, inclusive	**665**	1,933
	4,308	4,237

(ii) Capital commitments

In addition to the operating lease commitments detailed in (i) above, the Group had the following capital commitments as the end of the reporting period:

	2015 **US$'000**	2014 US$'000
Contracted, but not provided for: Property, plant and equipment	**82,008**	79,031

34. Commitments and contingencies *(continued)*

(a) Commitments *(continued)*

(iii) Investment commitments

1) Pursuant to the Investment Agreement in connection with the VAT recoverable entitlement (Note 8), the Group is committed to investing in 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 the 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 the MEM, pursuant to which, the Group committed to investing US$2,984 million in the Toromocho Project by 31 December 2015.

   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. As at 31 December 2015, the Group has invested US$4,157 million in the development of the Toromocho Mining Project.

   The above modification of investment schedule of Stability Agreement includes the investment commitment indicated in the Investment Agreement in connection with VAT recoverable entitlement.

2) The Group maintains letters of credit amounting to US$10,348,000 as the guarantee for compliance with the Mine Closure Plan (Note 15), which is secured by restricted cash of US$919,000(Note 10(b)).

34. 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 grounds 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 approval of these financial statements, 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 2015.

Beside the above, the Group has a claim of Abengoa related to the construction of the transmission line of electric power (property of Pomacocha Power S.A.C.) amounting to US$4.4 million, which it has been classified as possible according to the management's and its legal advisors' assessment.

(ii) Apart from the above, as at 31 December 2015, 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.

35. Related party transactions

(a) Save as disclosed elsewhere in these financial statements, the Group had the following transitions with related parties during the year:

(i) Purchases of property, plant and equipment

During the year 2015, the Group purchased from a fellow subsidiary certain equipment amounting to nil (2014: US$816,000), at prices and on terms mutually agreed by the parties involved.

(ii) Borrowings due to the immediate holding company

During the years 2015 and 2014, the Group had outstanding borrowings due to its immediate holding company, and the details of related additions and repayments are disclosed in Note 16(a). For the year ended 31 December 2015, the interest expense incurred for such borrowings amounted to US$22,568,000 (2014: US$5,710,000).

(iii) Financial guarantees provided by the ultimate holding company

As at 31 December 2015, the Group's borrowings amounting to US$2,439 million (31 December 2014: US$2,659 million) (Note 16(b)) were guaranteed by Chinalco.

As at 31 December 2015, the Group's current borrowings amounting to US$100 million (31 December 2014: US$400 million) were guaranteed by China Export and Credit Insurance Corporation, with a counter-guarantee provided by Chinalco (Note 16(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 the immediate holding company

In April 2014, November 2014 and January 2015, the Company's immediate holding company, Chinalco Overseas provided to the Group a loan facility of US$200 million, US$350 million and US$1,200 million respectively, for general corporate purposes including but not limited to funding the working capital for the Toromocho Project. As at 31 December 2015, loans amounting to US$280 million were drawn down before 31 December 2014 and US$860 million were drawn down during current year, and the remaining facility provided by Chinalco Overseas was US$830 million as at 31 December 2015.

(v) Operating lease agreement with a fellow subsidiary

The Company rents 3 offices under an operating lease contract from Chinalco Property Development Co., Ltd., the area is 395 square meters. During the year 2015, the Company a accrued rental expense and a property management fee amounting to US$129,386 and US$23,105 respectively (2014: US$131,382 and US$11,730). As at 31 December 2015, the remaining balance of other payable amounted to US$73,269, due to the second half year unpaid rent and property management fee (31 December 2014: US$131,947).

35. Related party transactions *(continued)*

(b) Key management compensation

	2015 US$'000	2014 US$'000
Short-term employed benefits	**5,679**	6,403
Retirement scheme contributions	**272**	30
	5,951	6,433

(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 2015, significant transactions with other state-owned enterprises are summarised as follows:

Cash and cash equivalents amounting to US$16,779,783 at 31 December 2015 (31 December 2014: US$135,009) and borrowings amounting to US$2,564 million as at 31 December 2015 (31 December 2014: US$2,659 million) (Note 16(b)), and the relevant interest income earned and expenses incurred during the year ended 31 December 2015 and 2014 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 item (a) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

35. Related party transactions *(continued)*

(d) Outstanding balances with related parties

	As at 31 December	
	2015	2014
	US$'000	US$'000
Included in prepayments and other receivables		
Amount due from the ultimate holding company (Note) (Note 9)	**174**	192
Included in loans and borrowings		
Borrowings from the immediate holding company (Note 16(a))	**1,078,904**	435,271
Included in amount due to the immediate holding company		
Amount due to the immediate holding company (Note 19)	**2,426**	2,426
Included in trade payables		
Amount due to a fellow subsidiary	**162**	1,441
Included in accruals and other payables		
Amount due to a fellow subsidiary	**73**	132

Note: The amount due from the ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

36. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at 31 December 2015 and 2014 are as follows:

Financial assets

	31 December 2015 Loans and receivables US$'000	31 December 2014 Loans and receivables US$'000
Trade receivables	**72,448**	75,993
Other receivables	**23,049**	22,892
Restricted cash	**7,881**	7,888
Cash and cash equivalents	**122,111**	75,173
Total	**225,489**	181,946

Financial liabilities

	31 December 2015			31 December 2014		
	Financial liabilities at fair value through profit or loss US$'000	**Financial liabilities at amortised costs US$'000**	**Total US$'000**	Financial liabilities at fair value through profit or loss US$'000	Financial liabilities at amortised costs US$'000	Total US$'000
Loans and borrowings	**–**	**4,160,258**	**4,160,258**	–	3,704,428	3,704,428
Trade payables	**–**	**227,749**	**227,749**	–	392,612	392,612
Financial liabilities included in accruals and other payables	**–**	**24,598**	**24,598**	–	15,201	15,201
Derivative financial instruments	**22,878**	**–**	**22,878**	–	–	–
Amount due to the immediate holding company	**–**	**2,426**	**2,426**	–	2,426	2,426
Total	**22,878**	**4,415,031**	**4,437,909**	–	4,114,667	4,114,667

37. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Financial liabilities				
Loans and borrowings	**4,160,258**	3,704,428	**4,160,258**	3,704,428
Derivative financial instruments	**22,878**	–	**22,878**	–
Total	**4,183,136**	3,704,428	**4,183,136**	3,704,428

Management has assessed that the fair values of cash and cash equivalents, trade receivables, other receivables, restricted cash, trade payables, financial liabilities included in other payables and accruals and an amount due to the immediate holding company approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values 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.

The Group signed sales contracts for copper concentrates that have provisional pricing features which are considered to contain an embedded derivative. The embedded derivatives are measured at each period-end based on the pricing formula outlined in the contract and the updated market forward price of copper concentrates for the quotation period.

37. Fair value and fair value hierarchy of financial instruments *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at fair value:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Derivative financial instruments	–	22,878	–	22,878

There were no liabilities measured at fair value at 31 December 2014.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: nil).

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Loans and borrowings	–	4,160,258	–	4,160,258

37. Fair value and fair value hierarchy of financial instruments *(continued)*

Fair value hierarchy *(continued)*

Liabilities for which fair values are disclosed: *(continued)*

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Loans and borrowings	–	3,704,428	–	3,704,428

38. 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 years ended 31 December 2015 and 2014, the Group did not use any financial instrument to hedge foreign exchange risk.

At 31 December 2015, if the US$ had strengthened/weakened by 5% (2014: 5%) against the New PEN with all other variables held constant, loss for the year would have been US$7,845,000 (2014: US$5,511,000) lower/higher.

38. Financial risk management objectives and policies *(continued)*

(a) Market risk *(continued)*

(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 the bank deposit shield 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 16.

At 31 December 2015, if interest rate had increased/decreased by 10 basis points (2014: 10 basis points) with all other variables held constant, interest expense would have been higher/lower by US$3,081,000 (2014: US$3,270,000).

(b) Credit risk

Credit risk is managed on a Group basis. The carrying amounts of bank deposits (including restricted cash), trade receivables and other receivables included in the consolidated statement 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 2015, 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.

38. Financial risk management objectives and policies *(continued)*

(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:

	Less than 1 year US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Over 5 years US$'000	Total US$'000
31 December 2015					
Trade payables	227,749	–	–	–	227,749
Financial liabilities included in accruals and other payables	24,598	–	–	–	24,598
Derivative financial instruments	22,878	–	–	–	22,878
Amount due to the immediate holding company	2,426	–	–	–	2,426
Short-term loans and borrowings	1,749,200	–	–	–	1,749,200
Long-term loans and borrowings	–	323,123	1,068,307	1,672,387	3,063,817
	2,026,851	323,123	1,068,307	1,672,387	5,090,668

38. Financial risk management objectives and policies *(continued)*

(c) Liquidity risk *(continued)*

31 December 2014

	Less than 1 year US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Trade payables	392,612	–	–	–	392,612
Financial liabilities included in accruals and other payables	15,201	–	–	–	15,201
Amount due to the 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

Capital management

The Group's primary objectives for 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 2015, as the Group has commenced commercial production, its funding is primarily from the proceeds of the Company's initial public offering, operating cash flows and shareholder's loans (Note 16(a)), as well as bank and other loans (Note 16(b)(c)).

38. Financial risk management objectives and policies *(continued)*

(c) Liquidity risk *(continued)*

Capital management *(continued)*

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 ratios of the Group as at the end of the reporting periods were as follows:

	At 31 December	
	2015	2014
	US$'000	US$'000
Total loans and borrowings	**4,160,258**	3,704,428
Less: Cash and cash equivalents	**(122,111)**	(75,173)
Net debt	**4,038,147**	3,629,255
Total equity	**672,644**	701,546
Total capital	**4,710,791**	4,330,801
Gearing ratio	**86%**	84%

The increase in the gearing ratio as at 31 December 2015 resulted primarily from the increase of the Group's borrowings and loans for funding the development of the Toromocho Project.

39. Events after the reporting period

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

40. Comparative amounts

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

41. Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 US$'000	31 December 2014 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**24**	12
Investments in subsidiaries	**925,583**	927,888
	925,607	927,900
Current assets		
Prepayments and other receivables	**118**	40
Cash and cash equivalents	**6,266**	231
	6,384	271
Total assets	**931,991**	928,171
EQUITY AND LIABILITIES		
Share capital	**472,711**	472,711
Share premium (Note)	**327,267**	327,267
Reserves (Note)	**16,521**	16,521
Accumulated deficits (Note)	**(47,976)**	(49,554)
Total equity	**768,523**	766,945
LIABILITIES		
Non-current liabilities		
Loans and borrowings	**158,904**	155,271
	158,904	155,271
Current liabilities		
Accruals and other payables	**2,138**	3,529
Amount due to the immediate holding company	**2,426**	2,426
	4,564	5,955
Total liabilities	**163,468**	161,226
Total equity and liabilities	**931,991**	928,171
Net current assets/(liabilities)	**1,820**	(5,684)
Total assets less current liabilities	**927,427**	922,216

41. Statement of financial position of the Company *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium US$'000	Capital reserves US$'000	Accumulated deficits US$'000	Total US$'000
At 1 January 2015	**327,267**	**16,521**	**(49,554)**	**294,234**
Profit for the year	**–**	**–**	**1,578**	**1,578**
Total comprehensive income	**–**	**–**	**1,578**	**1,578**
At 31 December 2015	**327,267**	**16,521**	**(47,976)**	**295,812**
At 1 January 2014	327,267	16,521	(43,356)	300,432
Loss for the year	–	–	(6,198)	(6,198)
Total comprehensive income	–	–	(6,198)	(6,198)
At 31 December 2014	327,267	16,521	(49,554)	294,234

42. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2016.

	Year ended 31 December				
	2015	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000	US$'000
Results					
Revenue	**426,630**	–	–	–	–
Loss before income tax	**3,373**	(16,473)	(36,486)	(25,545)	(21,793)
Income tax benefit	**(17,044)**	3,260	5,422	5,237	5,281
Total comprehensive loss for the year	**(28,902)**	(20,873)	(35,475)	(20,308)	(16,512)
Assets and liabilities					
Non-current assets	**4,800,882**	4,583,753	4,045,070	2,768,504	1,505,001
Current assets	**444,485**	382,659	246,354	207,975	185,627
Non-current liabilities	**2,625,845**	2,721,992	2,784,199	2,221,719	1,065,984
Current liabilities	**1,946,878**	1,542,874	784,806	396,797	246,373
Equity attributable to the Company's equity holders	**672,644**	701,546	722,419	357,963	378,271

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