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Agosto de 2014

CONSORCIO MINERO CHINO RECIBE CRÉDITO POR US$7 MIL MILLONES

Thomas Muskett-Ford

Clifford Chance LLP in Beijing, Frankfurt and Paris and Peru's Miranda & Amado Abogados have advised a group of Chinese lenders in providing some US$7 billion to a Chinese mining consortium led by MMG to fund the acquisition of Peru's Las Bambas copper mine from Glencore.

The financing, which is said to be the largest in Peruvian history, saw four White & Case LLP offices and Peru's Rodrigo, Elías & Medrano Abogados participate, with the US firm saying it assisted MMG and the other consortium members while the Peruvian firm acted as counsel to Minera Las Bambas and its owners indirectly.

The syndicated lenders include the Industrial Commercial Bank of China, China Development Bank, Bank of China and Export-Import Bank of China.

Portions of the deal's expansive acquisition and collateral package also drew Chilean firms into the mix with Guerrero Olivos as counsel to MMG Chile Services and Carey as counsel to the lender.

"The transaction involved a seven-year secured acquisition facility of up to US$970 million and an 18-year secured project facility of up to US$5.99 billion," says Rafael Lengua, an associate at Miranda & Amado Abogados. "We expect that this transaction will set the ground for future financing by Chinese banks in Peru."

The deal's proceeds will be used to pay for the mine's US$5.8 billion acquisition as well as for the costs incurred from construction, which began at the start of 2014.

The transaction is a result of Glencore's merger with Xstrata in 2013. When the tie up was first announced in 2012 by of Glencore, China's Commerce Ministry, concerned over its impact on world commodity supplies, conditioned the multi-billion combination on a raft of

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guarantees, including the sale of Las Bambas to a third party. Glencore represented by Linklaters and Xstrata with assistance fromFreshfields Bruckhaus Deringer LLP consented to the mine's sale in a 2013 settlement. Xstrata had been awarded the mine in 2005 by the Peruvian government for the comparatively low price of US$121 million.

The deal closed on 31 July.

Counsel to MMG and other consortium members

In-house counsel – Nick Myers, Allison Purdey, Leigh Mollison. Duncan de Crespigny, Henna Taneja and Victoria Hopley

White & Case LLP

Partners John Tivey, Baldwin Cheng, Julian Chung and Anthony Vasey, and associates Matthew Love and Natalie Cheng in Hong Kong, partner Xiaoming Li, and counsel Xin Wang in Beijing, partner Rebecca Campbell in London, partner Fernando de la Hoz in São Paulo

Counsel to Minera Las Bambas, MMG and other consortium members

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Clifford Chance LLP

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Miranda & Amado Abogados

Partners Enrique Felices, Alberto Delgado and Luis Marcelo de Bernardis, and associates Rafael Lengua, Guillermo Bracamonte, Gabriela Dañino and Alberto Ventura in Lima

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Partners Francisco Ugarte, and associates Alejandra Daroch, Luciano Aguilera and Pamela Morales in Santiago