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Mr Ray Offenheiser
President Oxfam America

Ms Ana Leyva
Director Cooperacion

Ms Paulina Garzon
Director China – Latin America Sustainable Investment Initiative

Dear Mr Offenheiser, Ms Leyva and Ms Garzon

Thank you for your letter of 9 June 2016. I acknowledge your interest in our Las Bambas Operation and the surrounding communities and appreciate your recognition of the high level of community acceptance achieved to date. Las Bambas is as significant for us and our joint venture partners as it is for the people of Peru. It has the potential to be one of the world's leading examples of the contribution of modern mining to social development.

In responding to your concerns and recommendations for change to dialogue processes, I have consulted with our teams and with those from Government and civil society involved in these issues, and I hope the following provides some insight into the issues raised.

1. Social Trust Las Bambas (Previously FOSBAM –now the Las Bambas Social Fund):

FOSBAM was formed in 2004, as part of the tenement package sale and a total of \$65M was allocated by the government, from the consideration received. The objective of the Fund was to provide social development projects to the communities surrounding Las Bambas and these communities have been formally represented on the Steering Committee of the Fund since its inception. The Fund is managed by the Steering Committee on behalf of the government and communities, Las Bambas provides administrative and project support but holds only a minority stake.

Since the creation of the Fund in 2004, over 90% of fund contributions have been endorsed by the Steering Committee and invested in the communities represented on the fund. All projects, investments, representation and decision making processes are documented and available through the Las Bambas Social Fund website at: www.fosbam.org I encourage you to approach the Fosbam Administration directly for any further information.

2. Land Acquisition:

The process for Land Acquisition at Las Bambas must strike a balance between regulatory and compensation requirements, impact management, resettlement and household-by-household livelihood restoration. The diversity of land use, environmental impacts, community needs and supporting development commitments make any simple comparison of land values extremely difficult.

Las Bambas has carried out land acquisitions for almost ten years. In each case, these acquisitions were made after a process of negotiation with owners and their representatives, and in full compliance with the relevant consultative, legislative and regulatory requirements.

3. *Changes to Project Design:*

Las Bambas is the largest and most complex greenfields project completed in Peru for many years. The project has changed ownership three times during its construction – with the common ownership of the Tintaya/Antapaccay operations severed in 2014. As a result, the construction footprint was reduced and consolidated at a single site and included within the footprint permitted.

Las Bambas instituted these changes with supporting communication and full compliance with all legal and regulatory frameworks. The modifications and improvements made to the project were submitted for the review and approval of the corresponding authorities.

4 *Events on 29 September 2015*

Our first value at MMG is safety, and that is an overarching concern for both our people and for the communities with whom we work. I would like to take this opportunity to express both our deepest regret for the events of September last year and our condolences to the families of those caught up in the violent turn of events on 29 September 2015.

During these unfortunate events, despite many attempts at dialogue with the protesters, our site was invaded by groups who took direct and violent action against police, security and people present at the site. In addition, the protestors set fire to equipment and surrounding pasture, causing significant impact and risk to lives, equipment and environment.

I take exception to the request on behalf of the signatories of your letter, that the normal structures of criminal justice be suspended to protect the instigators of such violence. If actions of company employees, police and security forces or actions of protestors contravene the law or the protection of civil and/or human rights, then they must be investigated and prosecuted by the appropriate authorities and according to the laws of Peru. The investigations of those who escalated peaceful dialogue into violent attacks are now in the hands of the authorities.

5 *Environmental impacts of the Project:*

As the operator of the Las Bambas Joint Venture, MMG takes its obligations to operate at the highest environmental standards very seriously.

Participatory environmental monitoring is a critical part of our operating approach. As a new operation in an environmentally sensitive region, Las Bambas continues to include communities and authorities in this process. An active program is currently underway on public roads constructed and improved by Las Bambas. These roads have provided significant positive impact and good quality access into this remote region. Las Bambas is now carrying out an ongoing program of road and noise improvement as well as dust suppression.

6 *Dialogue and Development*

As I said in my opening, Las Bambas is a critically important operation for the people of the region and for Peru. We are working diligently and with significant urgency to deliver social and economic development. We firmly believe that, to achieve this, we must build strong, open and direct relationships with communities and their local representatives and respect the roles of local, regional and national government in providing for their citizens.

We are an active participant in dialogue processes – and an advocate for those processes to be owned and entrenched within local leadership structures.

As you are aware, in late February 2015, four working tables were established in the District of Challhuahuacho: Social Infrastructure and Production; Mining and Environment; Agricultural Development; and Labour and Social Responsibility. At these Dialogue Tables, representatives of the National and Local Government, Las Bambas and local businesses as well as communities and civil society participate in robust and active dialogue. Over 25 sessions have been conducted so far discussing many of the issues raised in your letter.

Following this, at the Province of Cotabambas level, the "Working Group for the Development of the Province of Cotabambas" was also established where issues on Environment, Human Rights, Sustainable Development & Social Responsibility and Business are discussed.

Las Bambas is working closely with Local and Regional Governments to align our social development projects with regional development plans. The team is focused on meeting community expectations and building local capability to deliver significant development commitments.

There is no single view of the population nor representative or intermediary structure for the communities impacted by Las Bambas– but a diverse set of voices representing an even more diverse set of views and opinions. Las Bambas is committed to working openly and transparently with these groups to maximise the social and economic benefits from our operation.

Las Bambas is also committed to enduring dialogue: facilitated by the National Office of Dialogue; through government supported dialogue tables; and directly by our Community Relations and Social Development Teams. These dialogue processes must include the company, together with the different branches of Central Government, local authorities and Campesino Communities as well as local representatives of civil society. This dialogue must allow the diverse voices to be heard. Indeed, I understand representatives of at least one of your organisations has attended and presented to these forums.

As you are aware, we are a member of the International Council on Mining and Metals (ICMM), an organisation who works to improve practices within the mining industry. As members of ICMM, we adhere to international best practices in safety, health, environment and community relations.

Since the acquisition of Las Bambas, we have been working responsibly to promote the type of mining that contributes to the development of Peru and the area of influence of the project. We are proud that in the Apurimac Region, poverty has been reduced from 57% to 37% between 2011 and 2015.

We appreciate you sharing your views and welcome the opportunity to continue dialogue at the local and in-country level.

May I request each of your organisations to nominate a contact in Peru who would be able to attend a meeting in Lima hosted by our President of Las Bambas, Gustavo Gomes. We propose that the meeting takes place at our office located in the Cronos building at Av. El Derby 055, Tower 3, 8th Floor, Surco.

Domingo Drago, our Vice President of Corporate Affairs will co-ordinate a suitable time. You may contact Domingo directly at domingo.drago@mmg.com or +51 1 418 4454.

Yours sincerely,



Andrew Michelmore
Chief Executive Officer

¹ Source: Encuesta Nacional de Hogares – INEI 2015.SIAF MEF

cc.

Troy Hey – Executive General Manager, Stakeholder Relations
Melanie Stutsel – General Manager – Social Development & Public Policy
Gustavo Gomes – President, Las Bambas
Domingo Drago – Vice President, Corporate Affairs