

## **Peru Copper to receive friendly \$6.60-per-share bid**

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Mr. Patrick De Witt reports

### **PERU COPPER ANNOUNCES FRIENDLY C\$6.60 PER SHARE CASH OFFER BY ALUMINUM CORPORATION OF CHINA AND CONCURRENT C\$70 MILLION PRIVATE PLACEMENT**

Peru Copper Inc. has entered into a definitive agreement pursuant to which Aluminum Corp. of China, a diversified metals and mining company based in Beijing, China, has agreed, subject to the terms of the support agreement, to make an offer to acquire all the outstanding Peru Copper shares by way of a friendly takeover bid for \$6.60 per share in cash, valuing the company at approximately \$840-million. The offer represents a premium of 21 per cent to Peru Copper's 20-day volume weighted average trading price of \$5.45 on the Toronto Stock Exchange (the TSX) ending on May 23, 2007, the last trading prior to the date on which the company announced it had entered into an exclusivity agreement. The acquisition of the Peru Copper shares will be financed through Chinalco's cash on hand.

#### **Highlights:**

- Cash offer for all shares at \$6.60 per share;
- Premium of 21 per cent to 20-day volume weighted average price ending May 23, 2007;
- \$840-million total purchase price for the outstanding shares;
- Unanimous recommendation of the Peru Copper board of directors;
- Lock-ups representing approximately 34 per cent of the outstanding Peru Copper shares;
- \$21 million non-completion fee and right to match;
- Concurrent \$70-million private placement of approximately 13.2 million Peru Copper shares to Chinalco.

In order to ensure that Peru Copper has adequate funds to advance the Toromocho project in the near term, Chinalco has also agreed to invest \$70-million by subscribing for 13.2 million Peru Copper shares at a price of \$5.30 per share, representing an issue discount of 2.75 per cent to Peru Copper's 20-day volume weighted average trading price of \$5.45 on the TSX ending on May 23, 2007. Following completion of the private placement, Chinalco will own approximately 9.9 per cent of the then outstanding Peru Copper shares. Chinalco's subscription is not conditional on the successful completion of the offer. The private placement is subject to the approval of the TSX and the American Stock Exchange and is expected to close within the next two weeks.

The support agreement provides for, among other things, customary board support and non-solicitation covenants (subject to customary "fiduciary out" provisions that entitle

Peru Copper to consider and accept a superior proposal), a five-business-day right to match in favour of Chinalco and the payment to Chinalco of a non-completion fee of \$21-million if the acquisition is not completed in certain specified circumstances.

In connection with the offer, all of the directors and certain other shareholders representing approximately 34 per cent of the outstanding Peru Copper shares (calculated on a fully diluted basis) have entered into lock-up agreements with Chinalco pursuant to which they have agreed to, among other things, tender all their Peru Copper shares to the offer.

The Peru Copper board of directors, after receiving the recommendation of its special committee and consulting with its financial and legal advisers, has unanimously determined that the offer is fair and in the best interest of the Peru Copper shareholders and to recommend acceptance of the Offer. UBS Investment Bank, the financial adviser to the Peru Copper board of directors, has provided an opinion that the offer is fair, from a financial point of view, to the Peru Copper shareholders. Canaccord Capital Corporation, acting as financial adviser to the special committee of the Peru Copper board of directors, has also provided an opinion that the offer is fair, from a financial point of view, to the Peru Copper shareholders.

J. David Lowell, chairman of Peru Copper, commented: "Since November, 2005, Peru Copper has been conducting a strategic review of the options available to the company to maximize the value of the Toromocho project. Having assessed all options available to the company, we have concluded that Chinalco's offer is the best option available to our shareholders and to the company. We are delighted that a company of the financial and technical strength of Chinalco is going to take the Toromocho project to the next stage of its development."

Yaqing Xiao, president of Chinalco, said: "The founders, management and employees of Peru Copper have done an exceptional job of identifying the resource potential of the Toromocho project and of advancing the project towards the definitive feasibility stage. We are extremely excited by the prospect of working with the existing employees of Peru Copper, and the government and people of Peru to realize the full potential of this world-class mining project." Mr. Xiao went on to say: "This is an important step in our strategic growth outside China and will provide us with an opportunity to leverage the strength of our balance sheet and our extensive project development expertise to advance the Toromocho project. We look forward to identifying further investment opportunities in Peru and around the world."

Formal documentation relating to the takeover bid is expected to be mailed by Chinalco in mid- to late June, 2007. The offer will be open for acceptance for a period of not less than 35 days and will be conditional upon, among other things, valid acceptances of the offer by Peru Copper shareholders owning not less than  $66\frac{2}{3}$  per cent of the outstanding Peru Copper shares (calculated on a fully diluted basis). In addition, the offer will be subject to certain customary conditions, relevant regulatory approvals and the absence of any material adverse change with respect to Peru Copper. Chinalco may waive

the conditions of the offer in certain circumstances. The obligation of Chinalco to take up and pay for shares pursuant to the offer is also subject to the receipt of certain Chinese government approvals. If its offer is successful, Chinalco has agreed to take steps available to it under relevant securities laws to acquire any remaining outstanding Peru Copper shares.

UBS Investment Bank is acting as financial adviser to Peru Copper and Cassels, Brock & Blackwell LLP is acting as legal counsel to Peru Copper.

BMO Capital Markets is acting as financial adviser to Chinalco and McCarthy Tetrault LLP is acting as legal counsel to Chinalco.

North American investment market call

A conference call with senior management of Peru Copper for the North American investment community has been scheduled for Monday, June 11, 2007, at 10 a.m. Vancouver time/1 p.m. Toronto time. Members of the investment community may participate by dialling 1-800-733-7571 within North America and 1-416-644-3414 outside of North America.

The call will be available for replay until Monday, June 25, 2007, by calling 1-416-640-1917 or 1-877-289-8525, and entering the pass code 21236239 followed by the number sign.

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