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Market outlook

Marcelo Bastos - Chief Operating Officer

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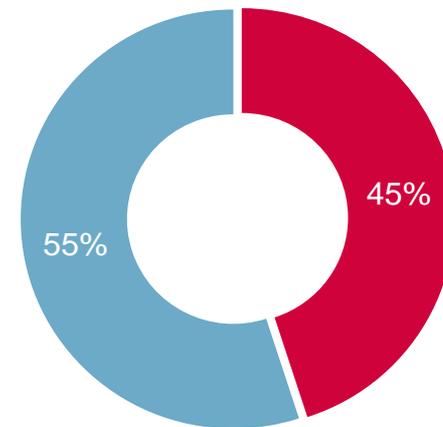
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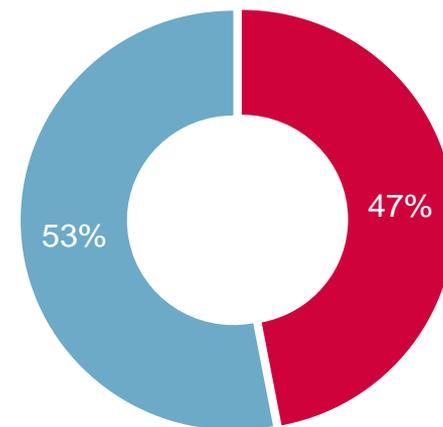
Introduction

- > MMG's growth strategy targets base metals – predominantly zinc and copper.
- > Base metals enable developing countries to grow and modernise.
- > China continues to grow as the largest global consumer of copper and zinc.
- > Both copper and zinc have a strong and positive long-term demand outlook.
- > Immediate challenges exist in the supply of both metals.
- > MMG's exposure to copper increases upon Las Bambas completion.

Refined copper consumption



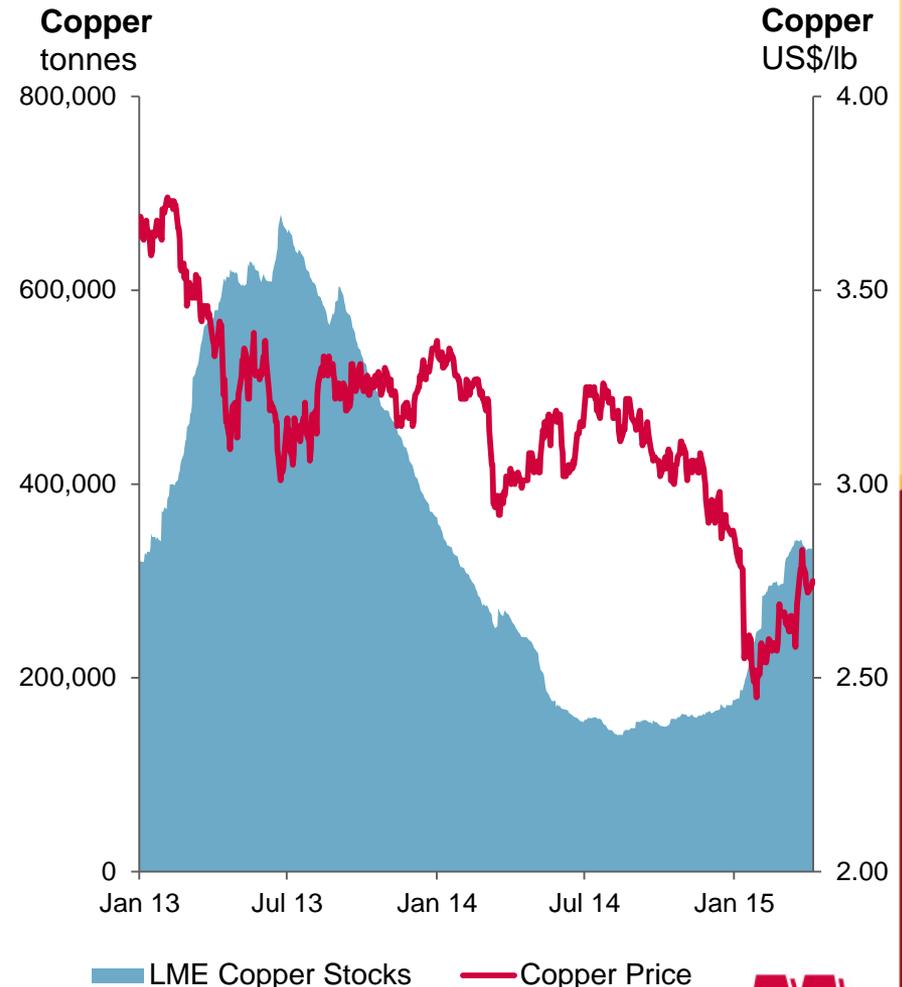
Refined zinc consumption



■ China
■ Rest of world

Copper – short term drivers of demand

- > Price decline in 1Q15 not supported by any change in market fundamentals.
- > Quiet trading period leading up to Chinese New Year.
- > Emerging global macroeconomic news flow has impacted market sentiment.
- > China continues to transition from an investment driven economy to a consumption based economy.
- > Interest rate cuts in China aimed at further stimulating consumer spending.
- > US recovery continues to be supported by improving manufacturing activity.
- > Increased exports from Japan as stimulus helps economic recovery.



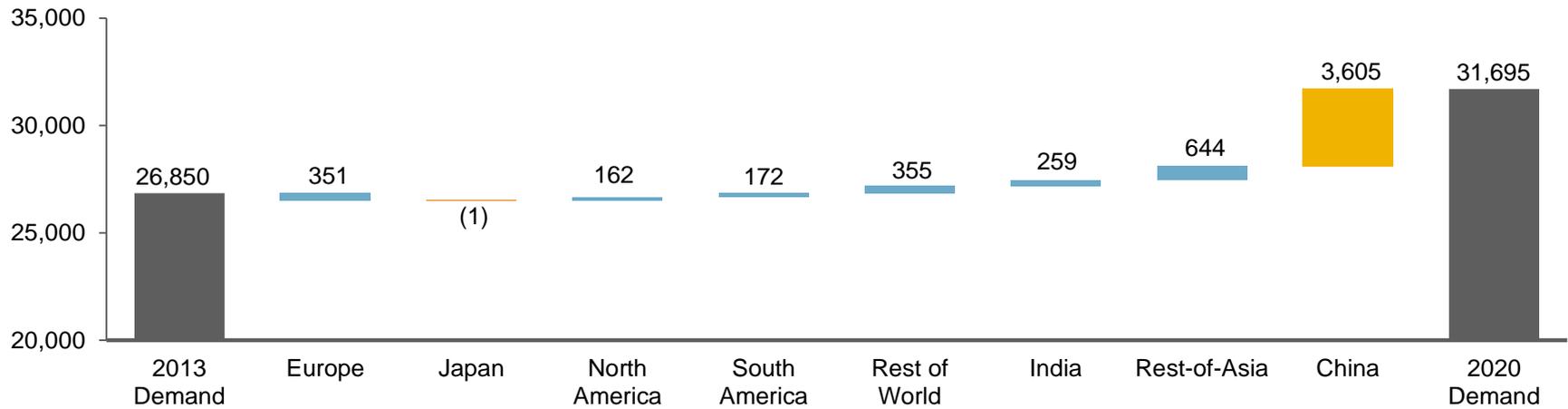
Source: London Metals Exchange.

Copper – long term drivers of demand

- > Global demand growth expected to increase 4% YoY between 2013 and 2020.
- > Long term demand growth is highly leveraged to the continued industrialisation of China.
- > China is expected to account for 47% of global demand in 2020.

Global copper consumption growth

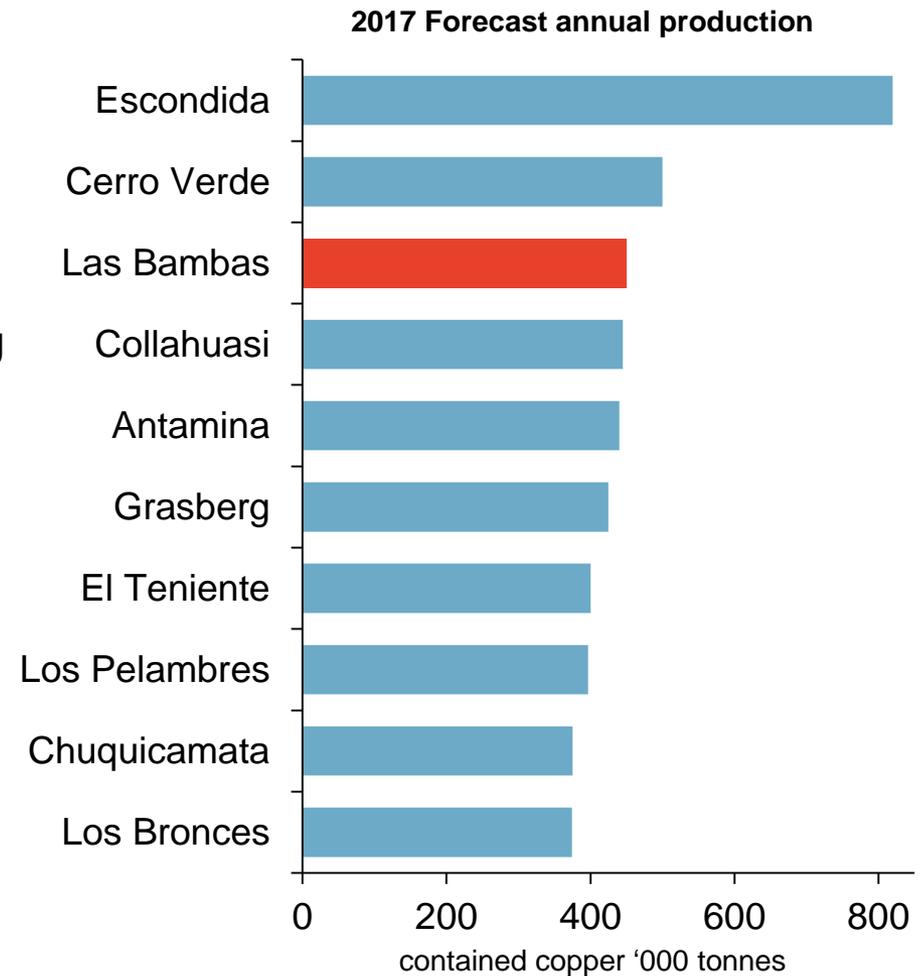
'000 tonnes



⁵ Source: Wood Mackenzie, MMG analysis.

Copper – short term supply factors

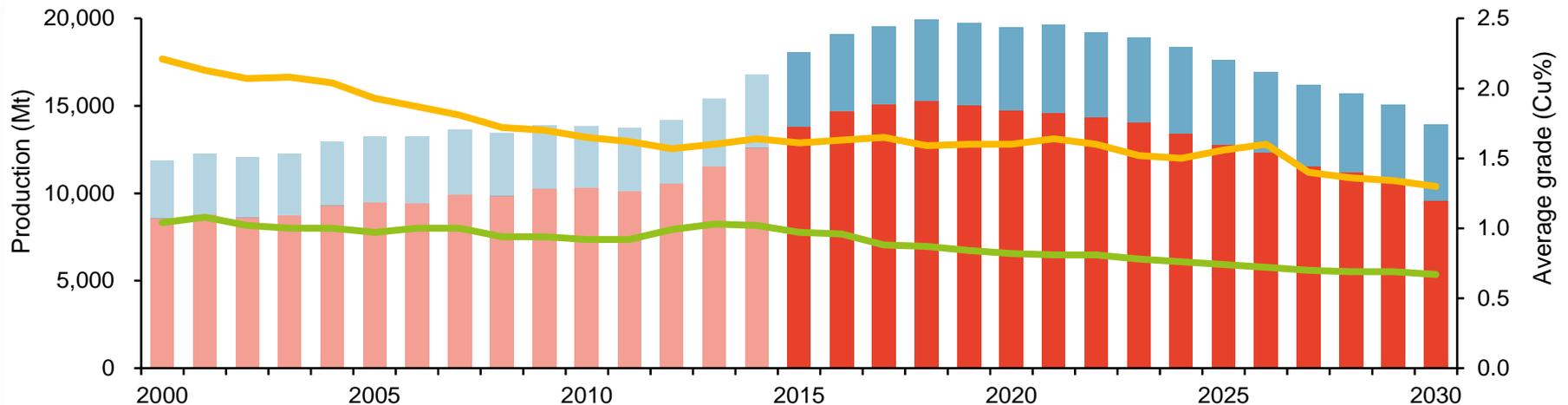
- > Copper metal stocks are expected to increase 6% in 2015.
- > Unexpected short-term disruptions continue to impact supply.
- > Tax and political reforms are influencing production decisions.
- > Delays in project construction and ramp-up are resulting in lower than expected supply.
- > Availability of power and water is, and will continue to, impact production.



Copper – long term supply factors

- > Availability of power and water is a serious issue for the industry.
- > Grade decline continues globally.
- > Availability of project finance is expected to limit greenfield projects and brownfield expansions.
- > Capital and operating cost inflation will impact future investment decisions.

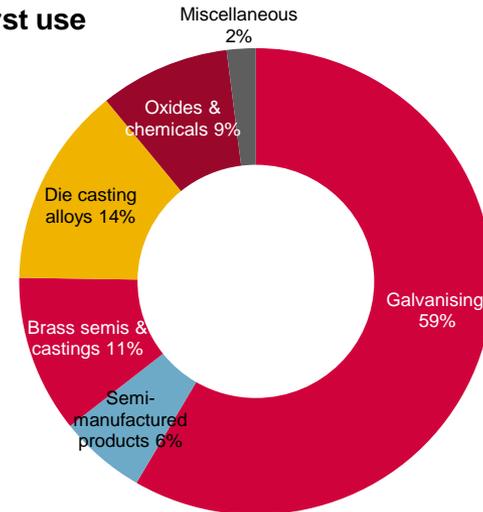
Copper production from Open Pit and Underground mines



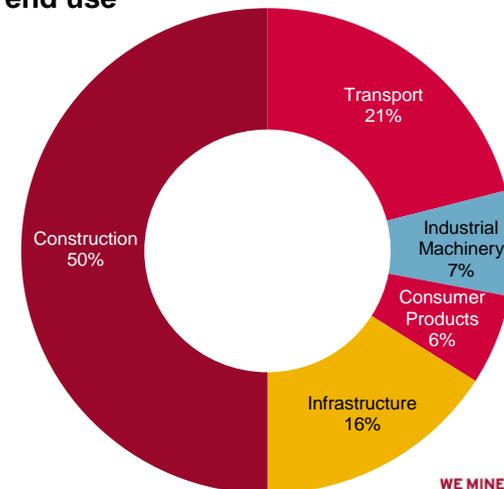
Zinc – short term drivers of demand

- > Price decline in 1Q15 not supported by any change in market fundamentals.
- > Sentiment is also influencing markets.
- > Global refined zinc consumption is expected to increase by 4% to 14.5 million tonnes in 2015.
- > Chinese zinc consumption is expected to increase by 7% to 6.9 million tonnes in 2015.
- > Encouraging global data emerging from the construction and manufacturing sectors.

Zinc – first use

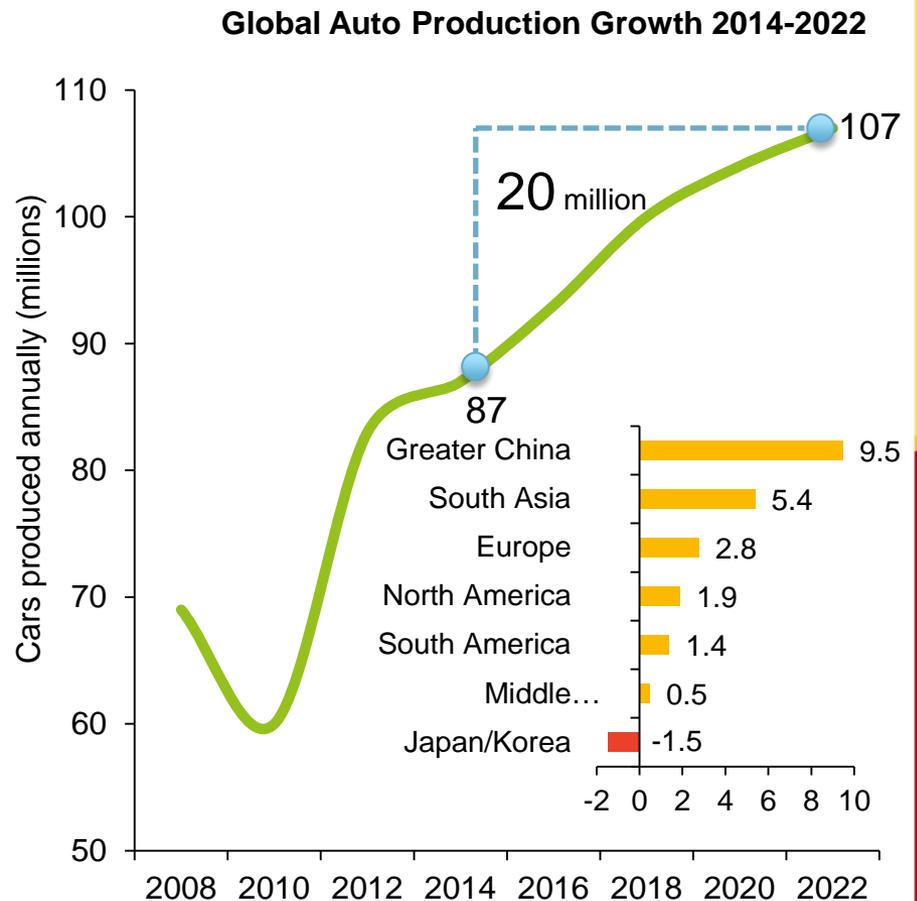


Zinc – end use



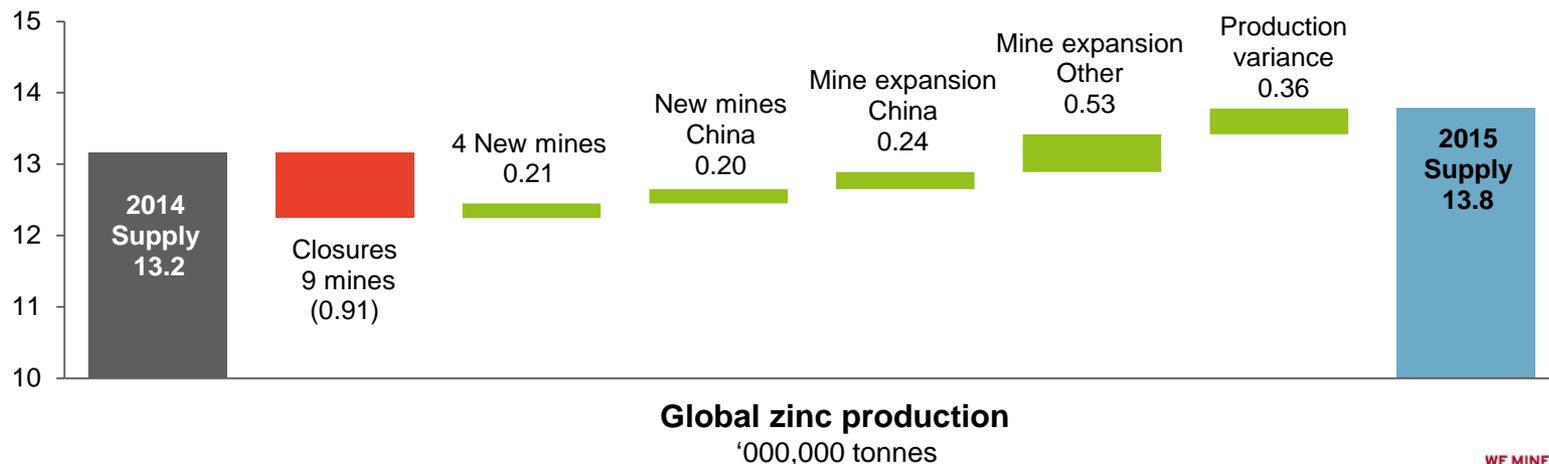
Zinc – long term drivers of demand

- > The urbanisation and industrialisation of China will result in a continuing increase in per capita zinc production.
- > Zinc's first use of galvanising and final use in construction will support long-term demand.
- > In the developing world, zinc demand is expected to grow at an average rate of 2.2% per annum until 2035.
- > Majority of global zinc consumption growth will be from China, which is expected to increase to over 50% of market share by 2020.



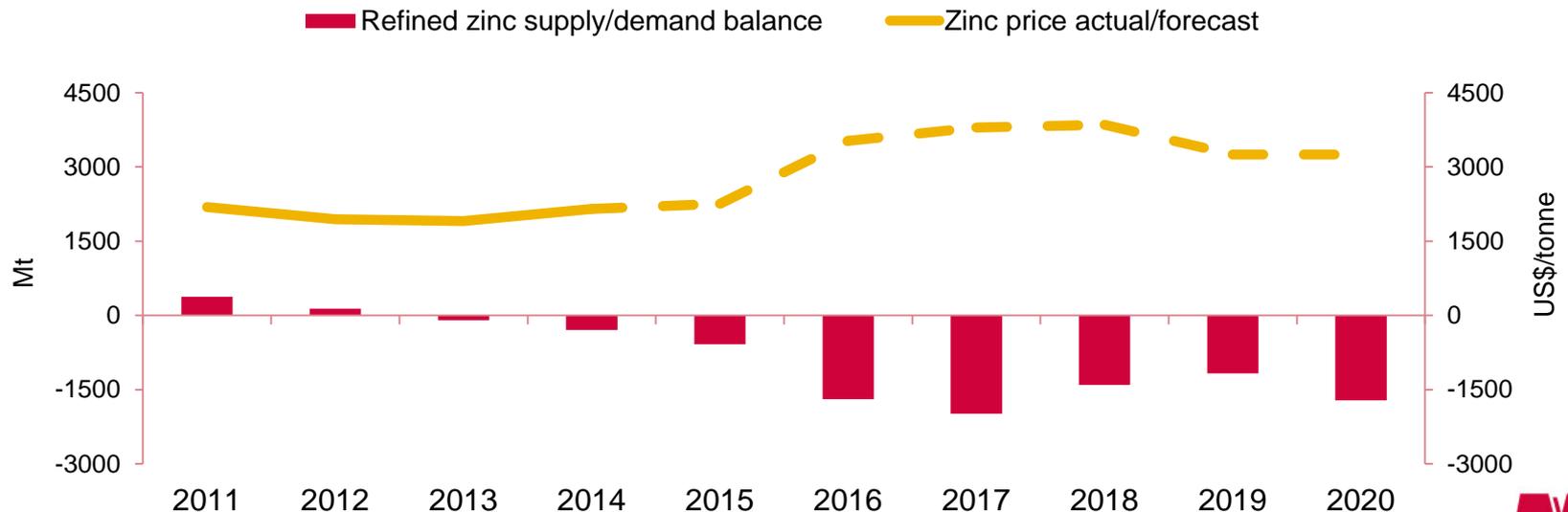
Zinc – short term supply factors

- > Century's closure in 3Q15 will remove approximately 0.5 million tonnes from a 13.2 million tonne concentrate market.
- > This is in addition to other mine closures which have already removed a further 0.5 million tonnes from the concentrate market in 2015.
- > Small mines in China are being closed on environmental grounds – while not materially impacting supply, the ability of marginal cost producers in China to restart production at higher prices is limited.
- > Zinc demand growth is expected to increase at a higher rate than supply growth, keeping the market in deficit.



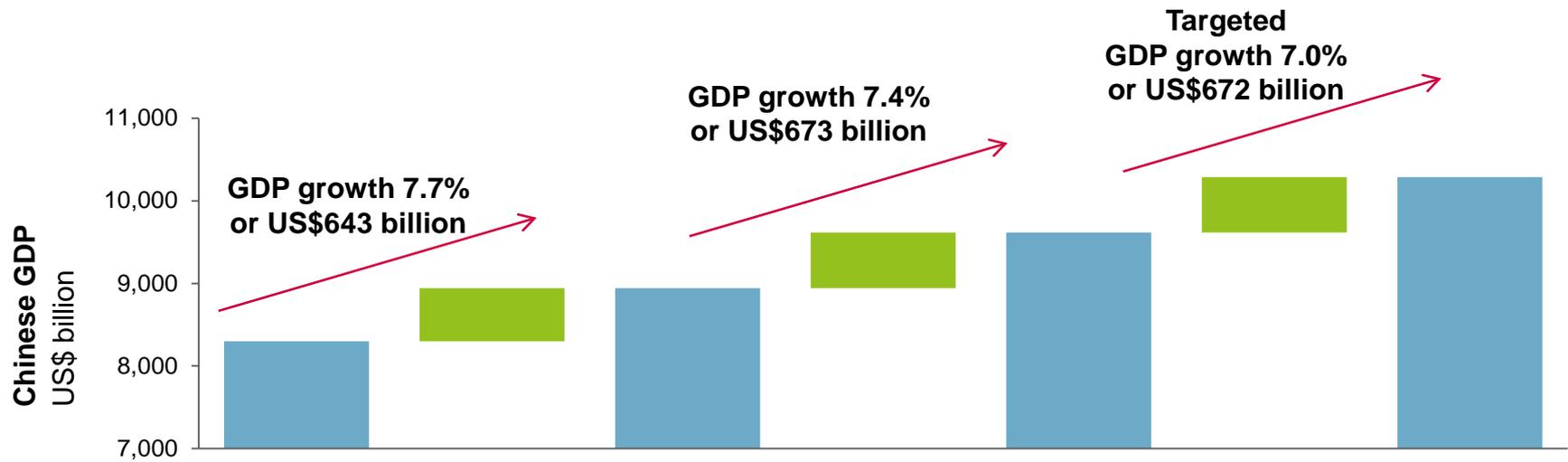
Zinc – long term supply factors

- > New mine production will be required to meet growing demand and offset mine closures.
- > Zinc assets have experienced historically low returns – this has influenced exploration and development decisions.
- > New capacity is expected to be small and project finance will remain challenging.
- > Chinese mine and smelter operations will need to meet higher environmental standards.



Summary

- > MMG's outlook remains positive on the demand growth from China in base metals commodities.
- > China's rate of growth is slowing but the economy is still growing from a very large base.
- > Base metals are a critical element in China's pursuit of continuing urbanisation and industrialisation.
- > Chinese GDP grew an equivalent of the entire Swiss economy in 2014 in US\$ terms.





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