MMG
WE MINE FOR PROGRESS

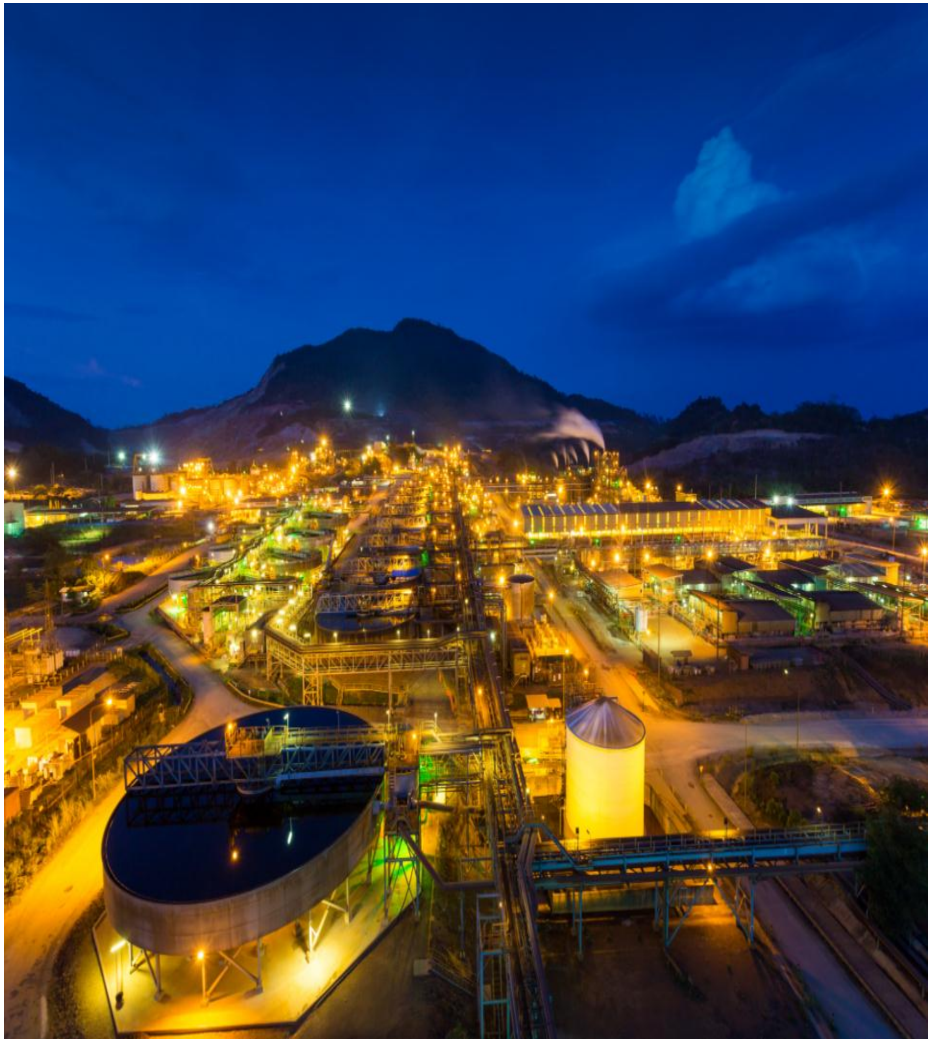

# MMG Limited

December 2015

# Our business

# Corporate summary

| Capital Structure | Millions |
|---|---|
| Primary Listing | HKEx |
| Secondary Listing (CDI) | ASX |
| Market Capitalisation | US$1,099 |
| Shares | 5,290 |
| Major shareholder ownership (CMC) | 74% |
| Borrowings (30 June 2015) | US$9,155 |
| Cash and Cash Equivalents (30 June 2015) | US$613 |
| Head Office | Melbourne |



# Board composition

**Chairman**
Mr JIAO Jian

**Executive Director**
Mr Andrew MICHELMORE

**Executive Director**
Mr XU Jiqing

**Non-executive Director**
Mr GAO Xiaoyu

**Independent Non-executive Director**
Dr Peter CASSIDY

**Independent Non-executive Director**
Ms Jennifer SEABROOK

**Independent Non-executive Director**
Dr PEI Ker Wei

**Independent Non-executive Director**
Mr LEUNG Cheuk Yan

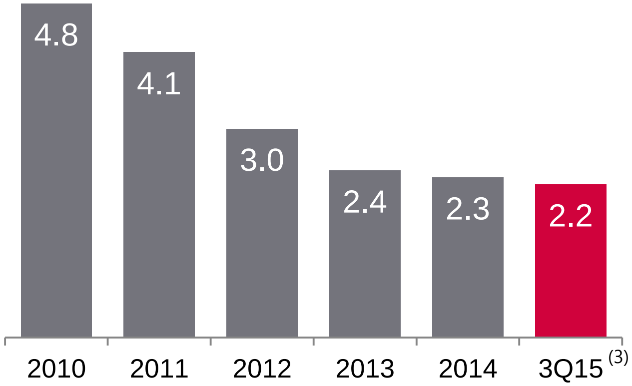
# MMG strategy

- Objective to be valued as one of the world’s top mid-tier miners by 2020.
  - Commissioning Las Bambas with expected first production in 1Q16.
  - Clear pathway for Dugald River.
  - Build on presence in two of the world’s most prospective copper belts.
  - Progressive remediation will not affect future potential use of Century infrastructure.
  - Optimise capital structure to support future growth.

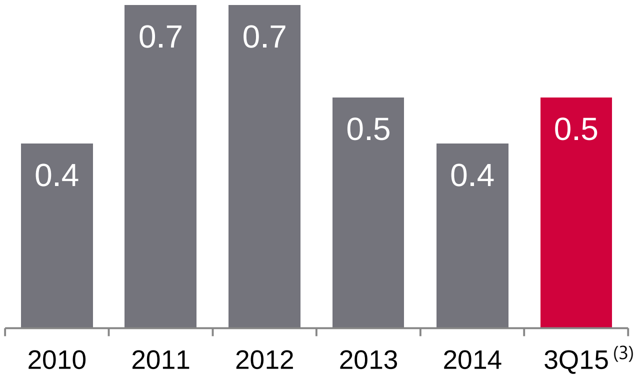
# We think safety first

- TRIF[1] of 2.2 per million hours worked up to 3Q15.
- Continuous improvement in safety translates to improved operational discipline.
- Safety is a core value with management incentives directly linked to safety performance.
- Alignment of approach, activities and performance to International Council of Mining and Metals Sustainable Development Principles.
- Andrew Michelmore newly appointed Chairman of the International Zinc Association, as well as being the current Chairman of the International Council on Mining and Metals.

**TRIF[1]**
per one million hours




**LTIF[2]**
per one million hours

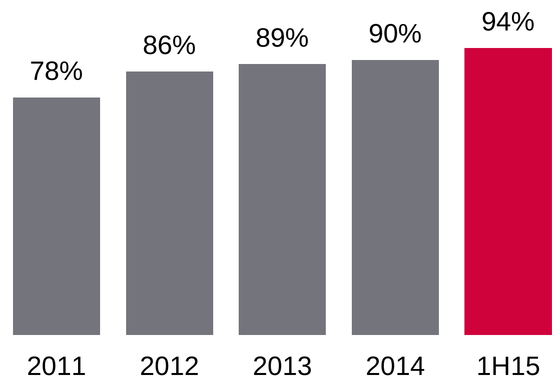



(1) Total Recordable Injury Frequency.
(2) Lost Time Injury Frequency.
(3) Las Bambas Operations safety data is incorporated into MMG from January 2015.

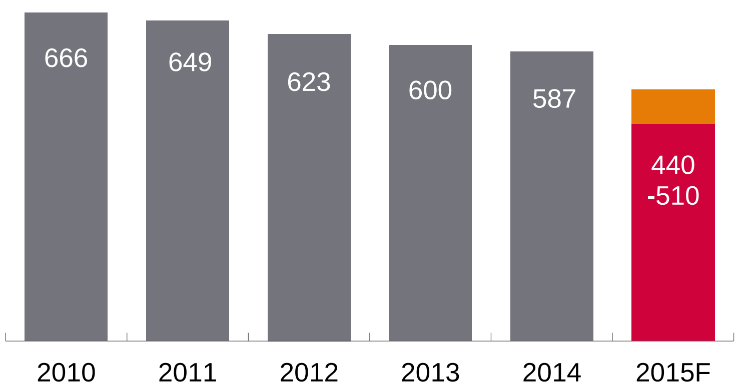
# Focus on asset utilisation and operational excellence

- Three strong quarters of copper production with 150,728 tonnes produced, due to record copper production at Sepon and Kinsevere.
- Improved safety performance reducing down-time and increasing asset utilisation.
- Stable zinc production, despite Century ore variability and lower grades from production of final Stage 10 ore.

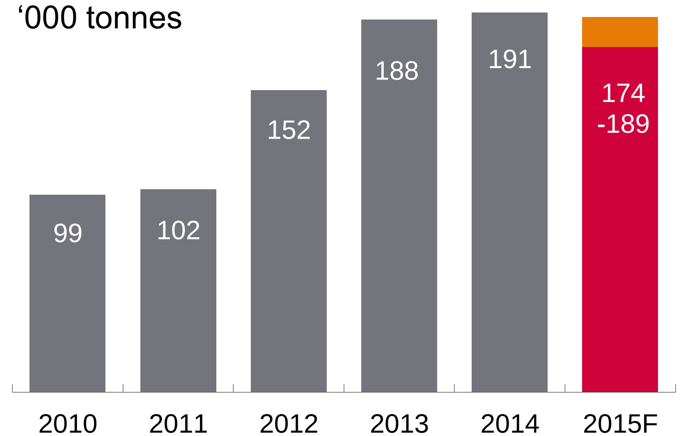
**Asset Utilisation across MMG assets**




**Zinc production**
‘000 tonnes




**Copper production**
‘000 tonnes



# Company overview

- **Stable revenue** — 1H15 revenue of US$1,113.8 million (7%), a result of higher sales volumes offset by lower commodities prices.
- **Operating discipline** — Record YTD copper production at 3Q15 151kt up 7% YoY, with strong contribution from Kinsevere and Sepon.
- **Earnings growth** — 1H15 EBITDA US$375.9 million (3%), margin 34%.
- **Profit** — 1H15 profit negatively impacted by US$94 million of amortisation resulting from previously announced increase to Century closure provision, and lower commodity prices. Non-cash impairment of US $640m-US$800m for the year ended 2015.
- **Las Bambas** — Testing of plant and equipment underway, with trial batches of copper concentrate now being produced.
- **Dugald River** — US$750m plus interest construction cost. First zinc production 1H18.

# Continuous focus on cost management

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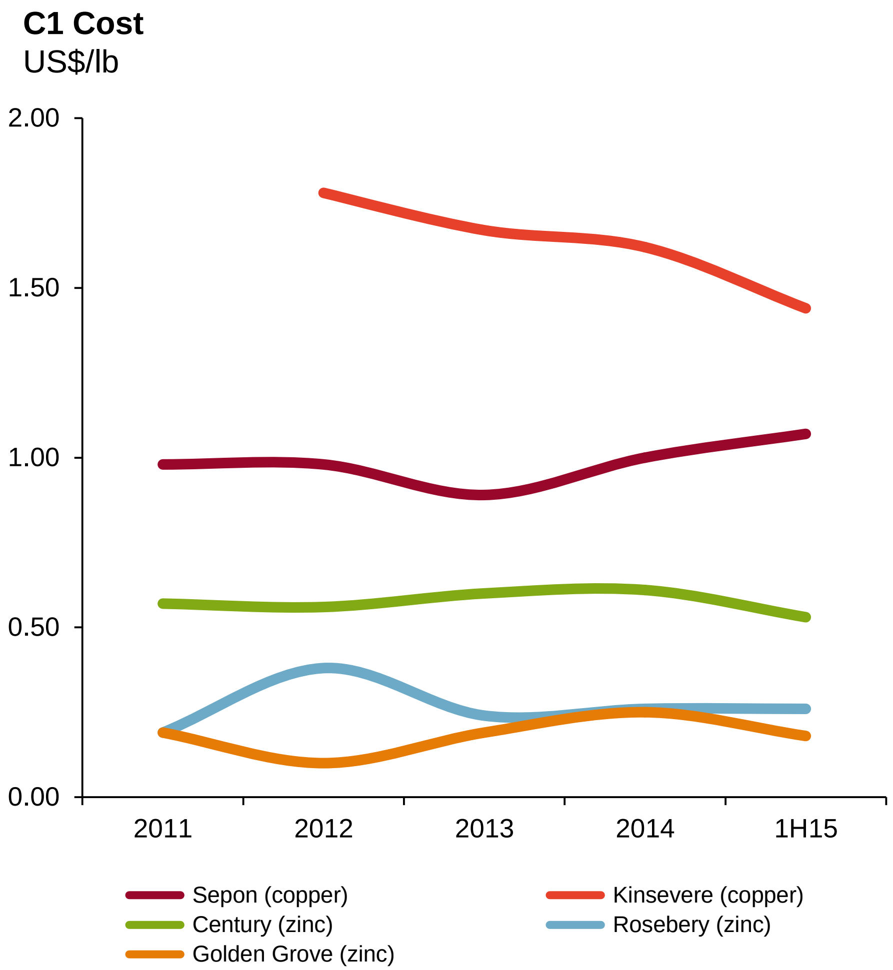
- Sepon facing higher costs to process harder and higher acid consuming Type II ore.
- Kinsevere managed operating costs by adjusting the mine plan to draw down from previously built up ore stockpiles.
- Century operated to maximise cash generation as it comes to the end of mine life in 3Q15.
- All operations continue to deliver on operating efficiency and tight cost controls.



# Las Bambas transformational to MMG

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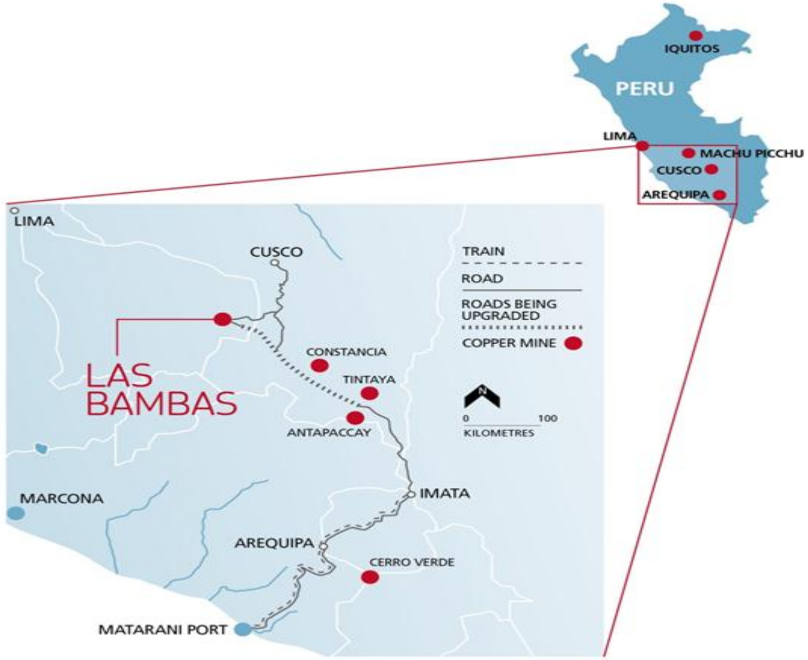
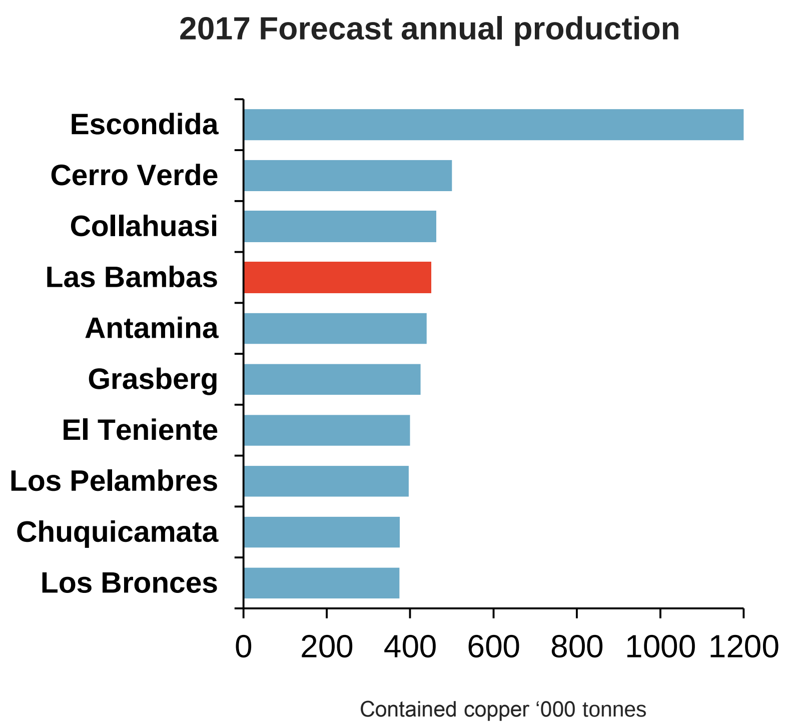
- Located in Apurimac region of Peru.
- US$5.85bn acquisition in August 2014 from previous owner Glencore.
- Ownership 62.5% MMG (operator), 22.5% Guoxin, 15% Citic.
- Forecasted to produce 2 million tonnes of copper concentrate in the first 5 years of production.
- 20+ years mine life producing Copper, Gold, Silver and Molybdenum.
- Approximately 2 billion tonnes in Copper resources.



# Las Bambas update

- Mechanical construction largely complete on expected 4th largest copper operation.
- Testing of plant and equipment underway, with trial batches of copper concentrate now being produced. Concentrate to be used to test logistics and handling.
- 97% of community relocated to Fuerabamba town – remaining families do not impact project construction.
- 130km 220kV power transmission line commissioned; 33kV Mine Power Loop operational.
- All 4 electric shovels on permanent power and 38 trucks allowing full operation of the mine.
- 8 gigalitres of water collected in site dams, sufficient for first year of production.
- Contracts signed for copper concentrate transportation by truck and rail.

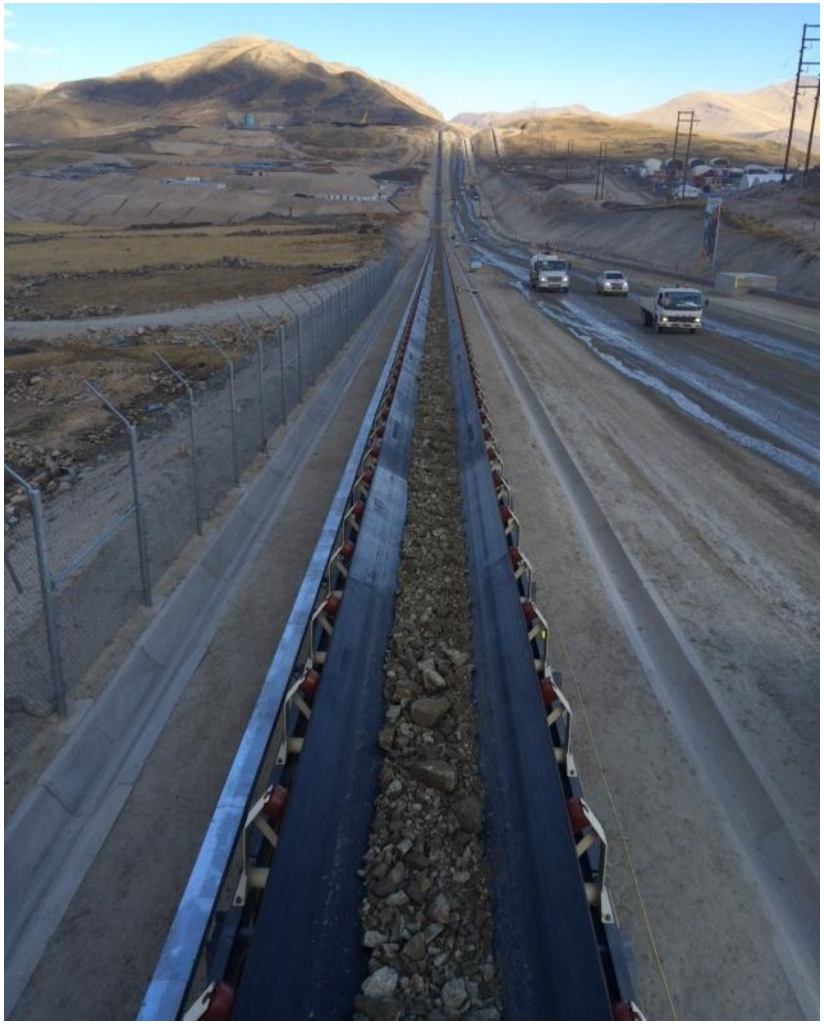



- All 15 locomotives delivered and commissioned.
- TSF and Matarani Port are approximately 75% complete.

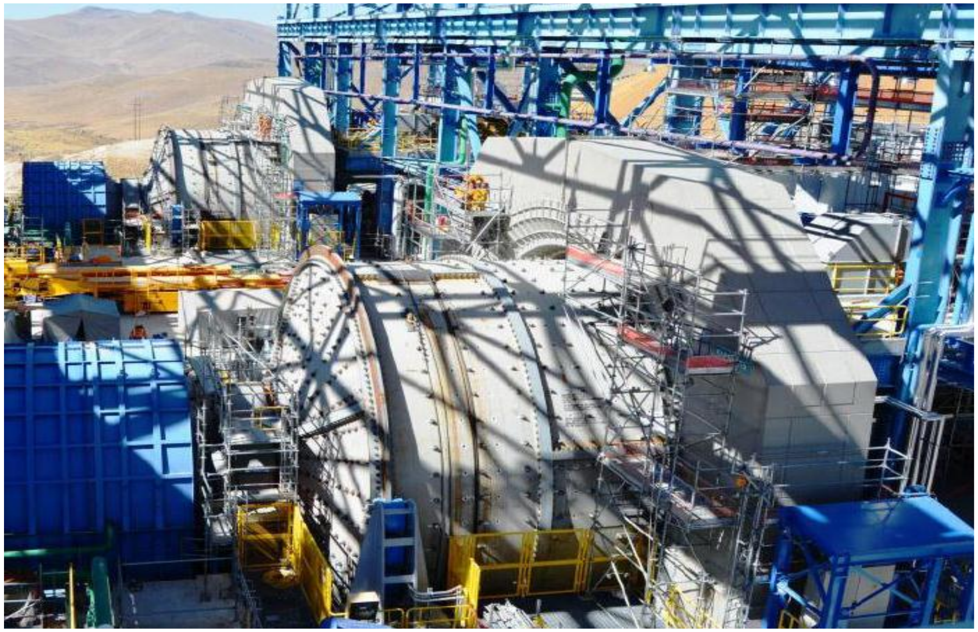
# Las Bambas – Processing Plant overview

# Las Bambas – Transfer Chute from Primary Crusher

# Las Bambas – Stacker and Conveyor



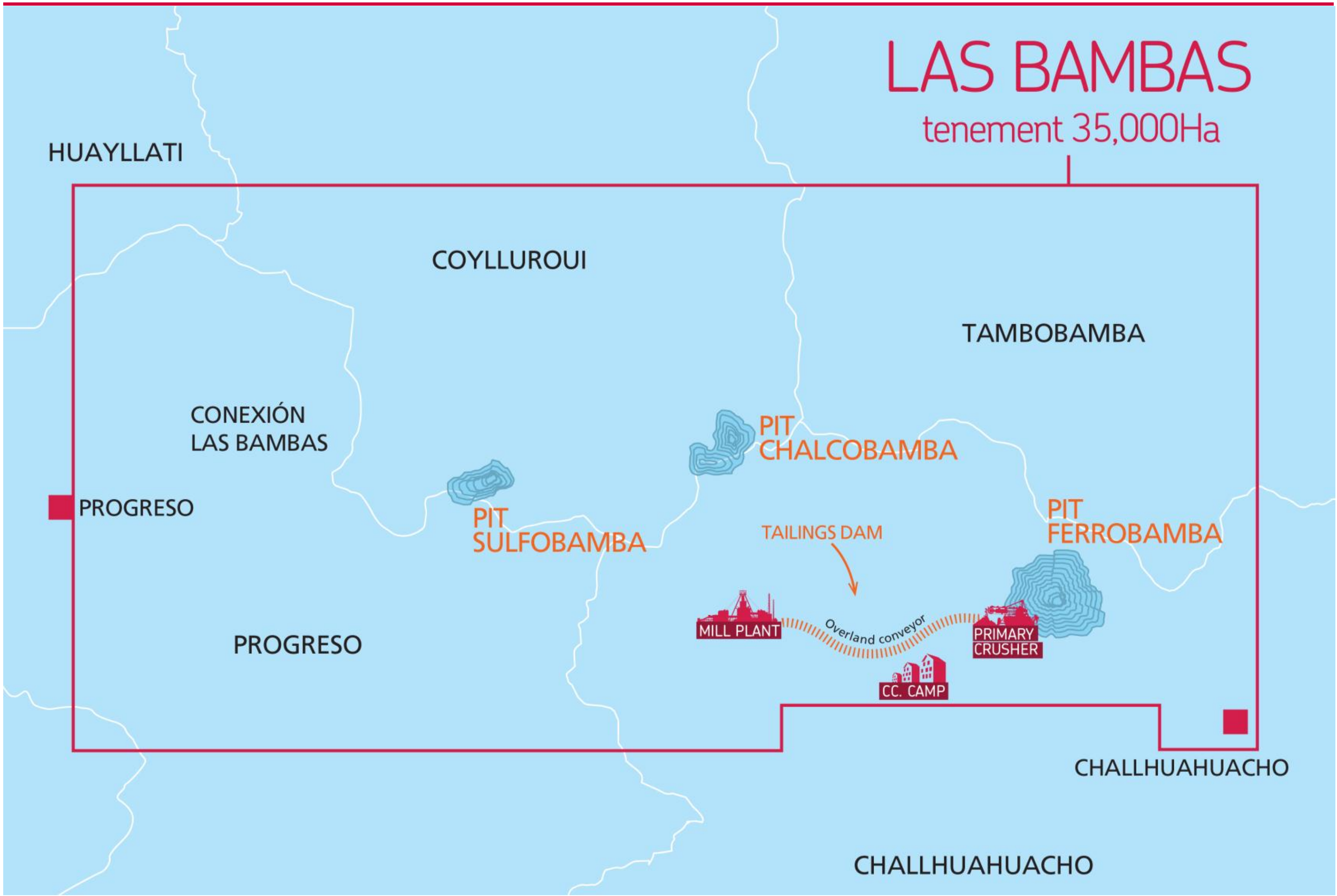
# Las Bambas – Grinding area



2x SAG mills

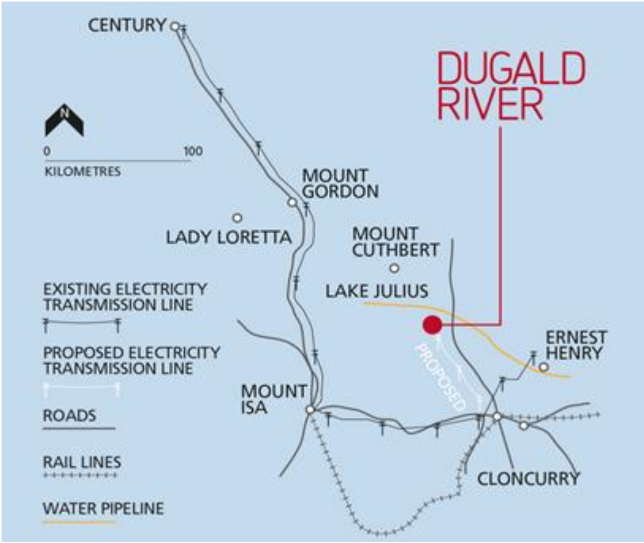
2x Ball mills

# Las Bambas – Site layout



# Dugald River update

- One of the highest-grade undeveloped zinc resources globally.
- Long life 28 year underground zinc mine.
- Mine production rate of 1.5Mtpa, producing on average 160,000 tonnes of zinc in concentrate per annum.
- Significant by-products including 18,000 tonnes of lead and 981,000 oz of silver in concentrate per annum.
- Expected to be one of the top 10 zinc mines globally when operational.
- First production expected 1H 2018.



# Dugald River – Main project scope

- Mine with production rate of 1.5Mtpa per annum.
- Development of 500,000 tonne stockpile
- Concentrator and associated infrastructure.
- Paste plant for backfill.
- Mining infrastructure and services.
- Ancillary equipment; mobile plant and equipment.
- Installation of permanent 350-person village.
- On site services and utilities.
- Offsite infrastructure, high voltage transmission line and substation.

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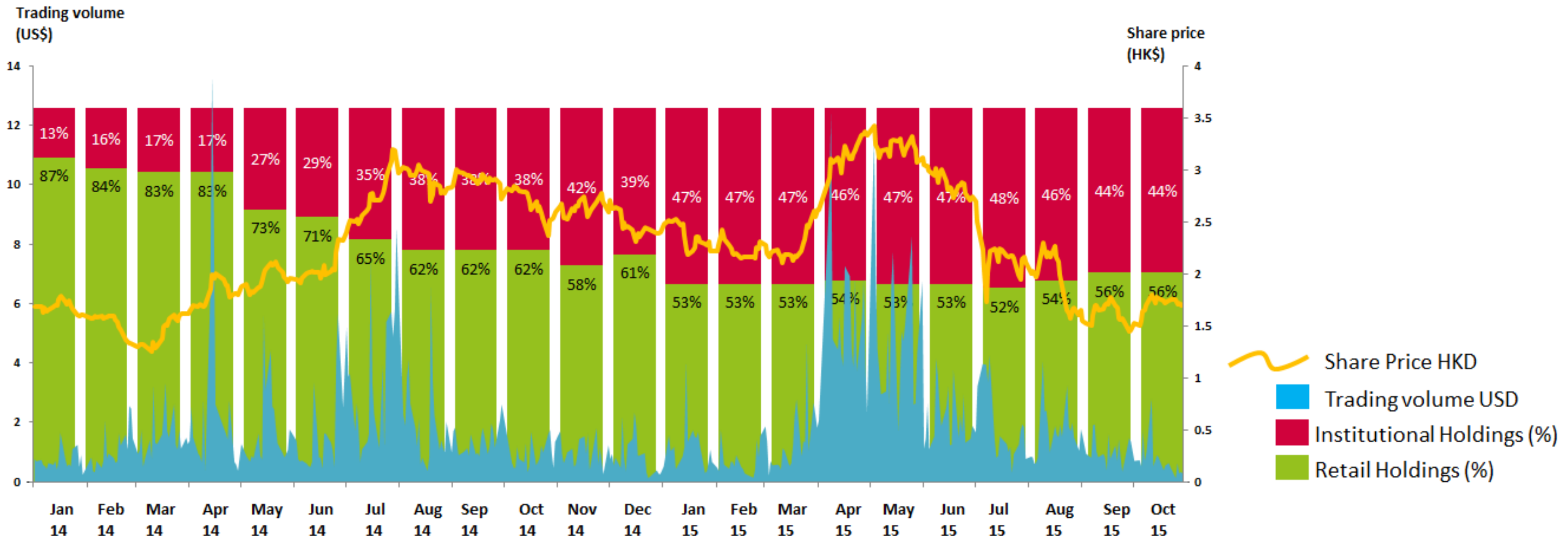
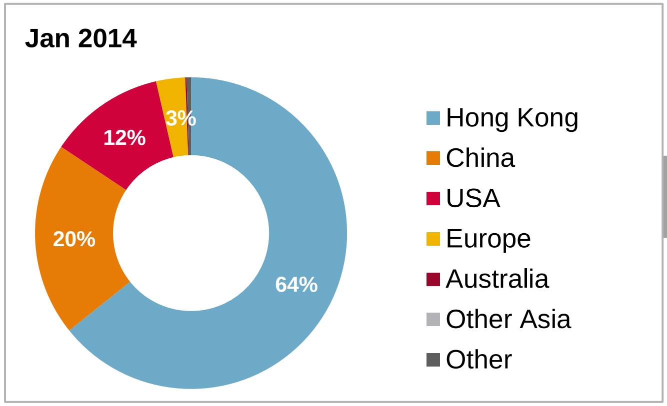
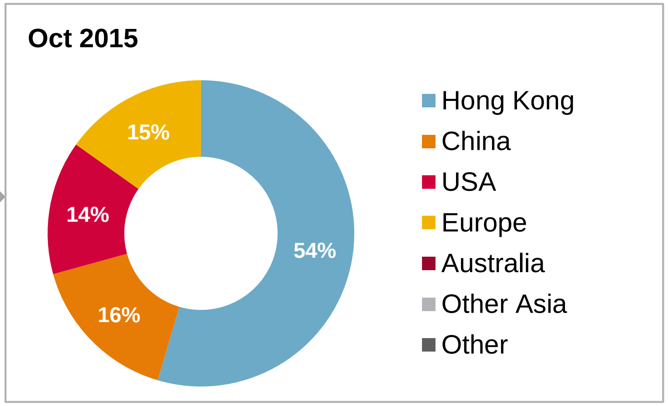
# Equity and Balance Sheet

# Management aware of limited liquidity




## Free float shareholder ownership[1]




(1) 26% Non-major shareholder ownership.

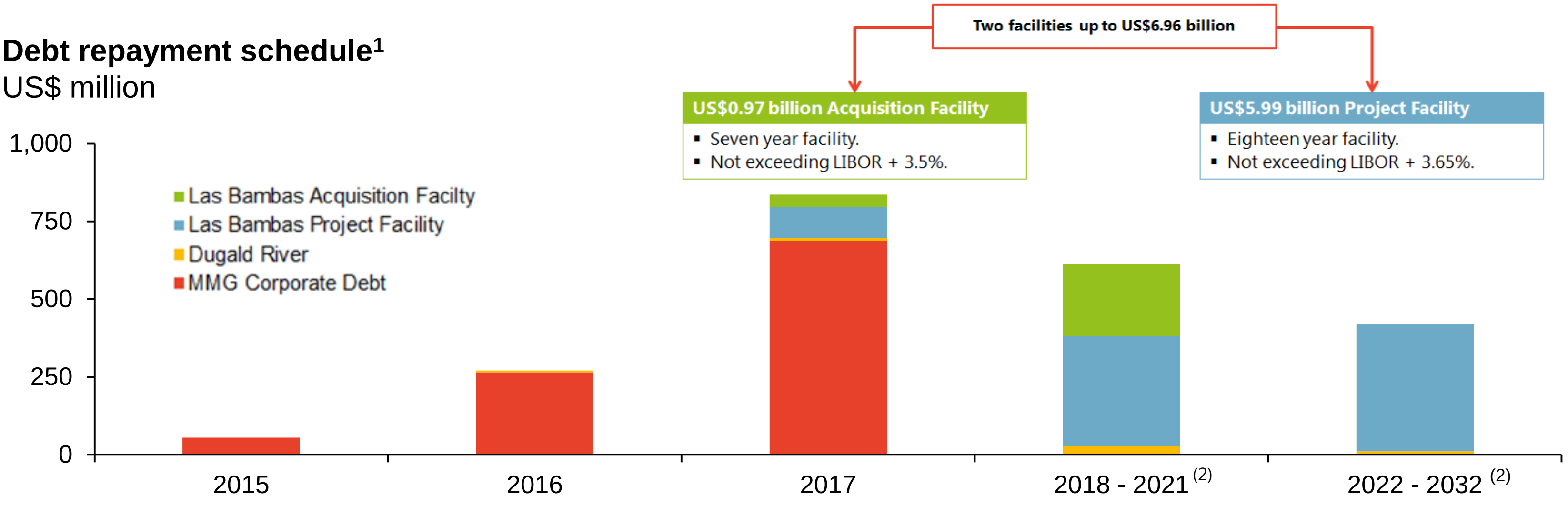
# Why list on the ASX

- The Board undertook a comprehensive assessment of potential secondary listing venues including Toronto, London, South Africa and New York.
- Remain committed to our Hong Kong investor base of our primary Hong Kong listing.
- Australia is an attractive market for the mining and metals sector, along with dedicated research coverage from specialised resources analysts.
- Strong understanding of the mining sector by the investment community, with historically attractive valuations for resources companies.
- Australian resources market is absent of a mid-tier diversified minerals company with a growth profile.
- Large pools of investible funds available from superannuation and index funds.
- Aligns with MMG's corporate office and many of our operations situated in Australia

# MMG external debt

- Debt is backed by large Chinese government supported financial institutions with a government mandate for long-term stable investment.
- Debt servicing covered by operational cash generation.
- Shareholder loan viewed by MMG and external debt providers as subordinated debt provided by major shareholder who takes a long term view with return of capital, maintains strong relationships within China and supports MMG growth strategy.
- High gearing ratio is made up of debt with vanilla structure – with optionality to repay with cash flows, equity and/or refinance.

**Debt repayment schedule[1]**
US$ million




(1) Excludes related party debt which includes US$2.262 billion shareholder loan.
(2) Average debt repayment schedule for the period.

# Debt overview

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| FACILITY | LAS BAMBAS DEBT | MMG ATTRIBUTABLE DEBT | TENURE | INTEREST RATE | PRINCIPLE & INTEREST PAYMENT COMMENCEMENT DATE |
|---|---|---|---|---|---|
| **Project Facility** | US$5.99bn | US$3.74bn | 18 Years | 6M LIBOR + 3.65% | 1 August 2017 |
| **Acquisition Facility** | US$0.97bn | US$0.61bn | 7 Years | 6M LIBOR + 3.5% | 1 August 2017 |
| **Shareholder Equity Loan** | US$2.262bn | US$2.262bn | 4 Years | Commercial Rates | 1 August 2017 |
| Total | **US$9.222bn** | **US$6.612bn** | | | |
| | | | | | |
| **Joint Venture Equity Contribution** | **US$1.357bn** | | n/a | n/a | |
| | | | | | |
| Total Funding | **US$10.6bn** | | | | |

| MATURITY PROFILE | |
|---|---|
| Borrowings (excluding: prepayments) are repayable as follows | 30 JUNE 2015 |
| - Within 1 year | 301.5 |
| - Between 1 and 2 years | 749.5 |
| - Between 2 and 5 years | 1,372.6 |
| - Over 5 years | 6,834.7 |
| | **9,258.3** |
| Prepayments – finance charges | (103.3) |
| | **9,155.0** |

(1) Facility included in balance sheet at 100% and in net debt calculations.
(2) Facility repayment liability of 62.5% for MMG based on Las Bambas ownership structure, with 37.5% being minority ownership liability.
(3) Facility included in balance sheet (100%), excluded from net debt calculations due to being a subordinated shareholder loan.
(4) Joint Venture partners (Guoxin and Citic) equity contribution to project financing. Excluded from Balance Sheet and Net Debt calculations.

# Balance sheet overview

| SIX MONTHS ENDED 30 JUNE | 2015 US$ MILLION |
|---|---|
| **NON CURRENT** | |
| Loan from a related party | 2,261.3 |
| Bank borrowings | 6,511.3 |
| Convertible redeemable preference shares | 184.2 |
| | **8,956.8** |
| Prepayments – finance charges | (94.2) |
| | **8,862.6** |
| | |
| **CURRENT** | |
| Bank borrowings | 284.6 |
| Convertible redeemable preference shares | 16.9 |
| | **301.5** |
| Prepayments – finance charges | (9.1) |
| | **292.4** |
| | |
| **Analysed as:** | |
| - Secured | 6,509.5 |
| - Unsecured | 2,748.8 |
| | 9,258.3 |
| Prepayments – finance charges | (103.3) |
| | **9,155.0** |

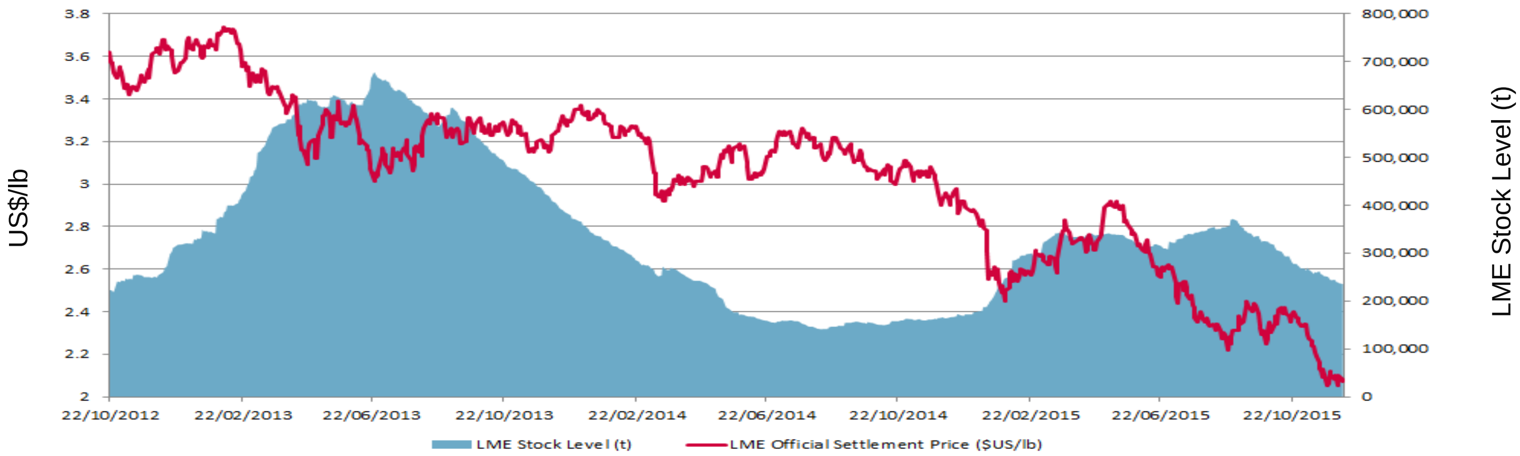
| MMG GROUP (EXCLUDING MMG SOUTH AMERICA GROUP) | 30 JUNE 2015 US$ MILLION |
|---|---|
| Total borrowings (excluding prepayments) | 1,458.3 |
| Less: cash and cash equivalents | 479.6 |
| **Net debt** | **978.7** |
| Total equity | 1,892.8 |
| | **2,871.5** |
| **Gearing ratio** | **0.34** |

| MMG SOUTH AMERICA MANAGEMENT GROUP | 30 JUNE 2015 US$ MILLION |
|---|---|
| Total borrowings (excluding prepayments) | 5,538.7 |
| Less: cash and cash equivalents | 133.7 |
| **Net debt** | **5,405.0** |
| Total equity | 3,544.8 |
| | **8,949.8** |
| **Gearing ratio** | **0.60** |

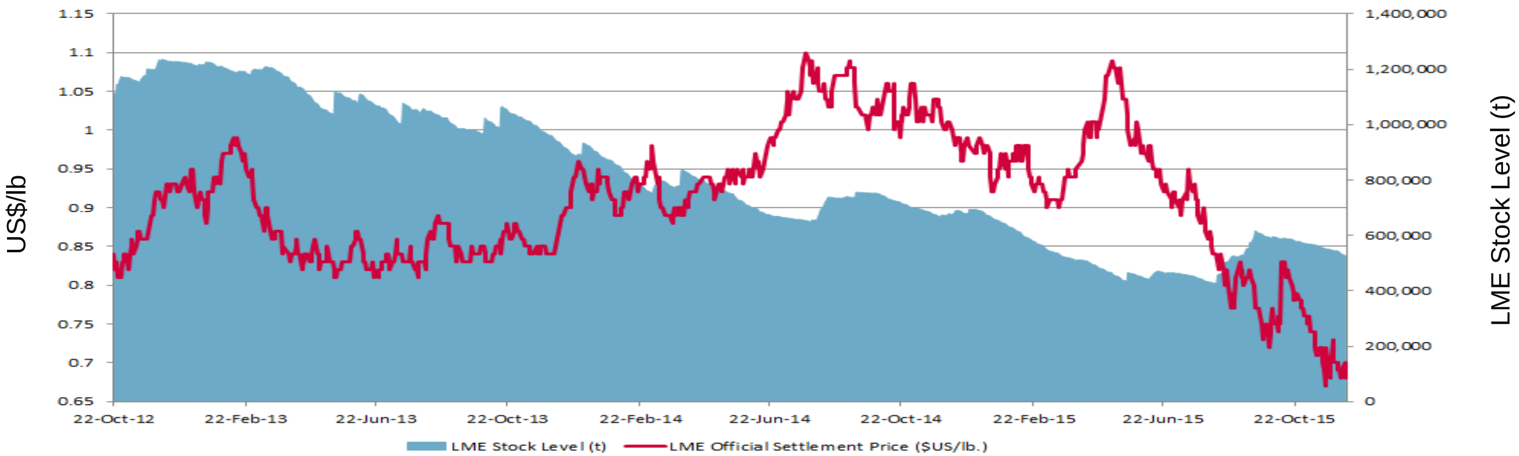
| MMG COMBINED NET DEBT | 30 JUNE 2015 US$ MILLION |
|---|---|
| Total borrowings (excluding prepayments) | 6,997.0 |
| Less: cash and cash equivalents | 613.3 |
| **Net debt** | **6,383.7** |
| Total equity | 5,437.6 |
| | **11,821.3** |
| **Gearing ratio** | **0.54** |

# Copper and Zinc pricing

## Copper




## Zinc



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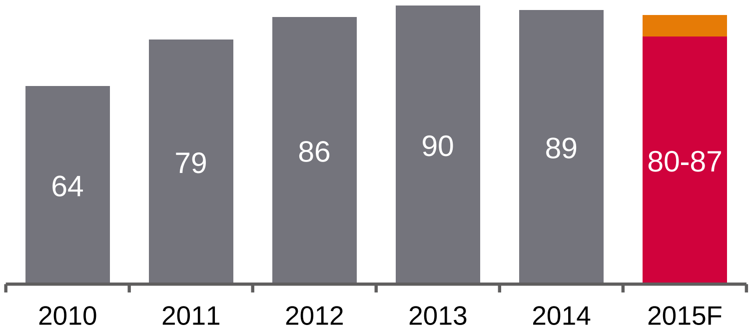
# Sepon – low C1 costs

- Successful transition to harder Type II ore with quarterly milling record delivered.
- YTD production record of 68,694 tonnes of copper cathode.
- Maintained stable mining and milling costs in response to increased mine activities.
- Focus on lowering overall costs to offset higher mining and processing.
- Ongoing studies to optimise production through plant improvements.
- Ore variability continues.
- Milling grades converge towards reserve grade.

**Financials**

| US$ million | 1H15 | 1H14 | % |
|---|---|---|---|
| Revenue | **269.3** | 304.2 | (11) |
| EBITDA[1] | **154.9** | 182.9 | (15) |
| EBIT | **94.3** | 142.1 | (34) |
| EBITDA margin (%) | **58** | 60 | |
| C1 Costs – copper (US$ / lb) | **1.07** | 0.99 | |

**Copper cathode production**
'000 tonnes




(1) EBITDA includes revenue, operating expenses and other income and expense items.

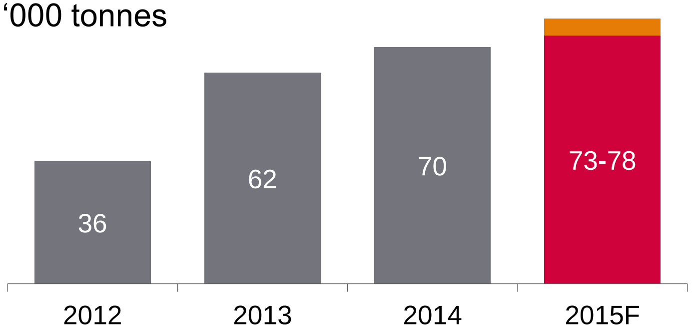
# Kinsevere – half year production record

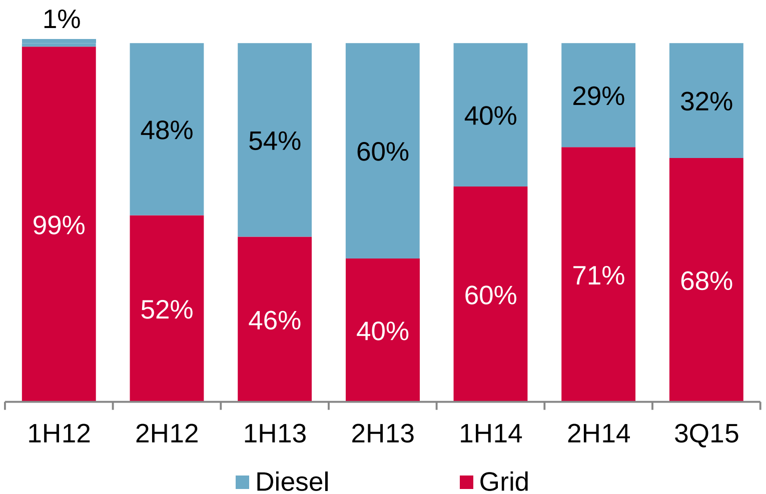
- YTD production record of 59,775 tonnes of copper cathode.
- Operational efficiencies, stable electricity, increases to mill throughput.
- Lower copper prices marginally offset by 18% increase in copper sales volumes.
- Ore mined down 26% in line with plan; drawdown on ore stockpiles and reduce mining costs.
- Reduced C1 cost to US$1.44/lb.

**Financials**

| US$ million | 1H15 | 1H14 | % |
|---|---|---|---|
| Revenue | **222.7** | 228.9 | (3) |
| EBITDA[1] | **80.9** | 93.3 | (13) |
| EBIT | **(5.4)** | 28.5 | (119) |
| EBITDA margin (%) | **36** | 41 | |
| C1 costs – copper (US$ / lb) | **1.44** | 1.64 | |

**Copper cathode production**
'000 tonnes




(1) EBITDA includes revenue, operating expenses and other income and expense items.

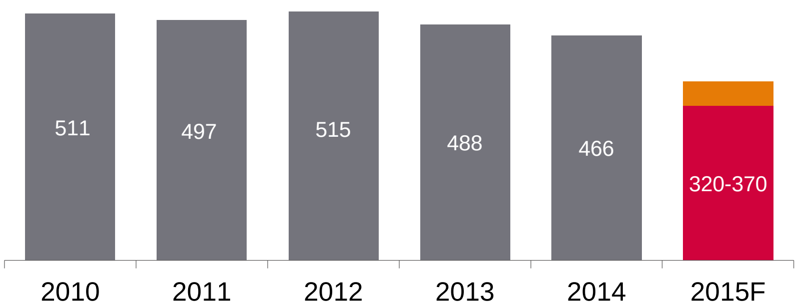
# Century – winding down but generating cash

- Production of 314,111 tonnes of zinc and 68,364 tonnes of lead despite transition to lower grades in final stages of mining.
- Mining from single stage of open-pit mine, lower strip ratio, reduction in consumables.
- Milling tonnes up 13%, reduced milling rates offset lower grades with 2% decrease in total zinc produced.
- Mining completed at Century in August 2015 with processing of Century and Dugald River ore to continue in 2016.

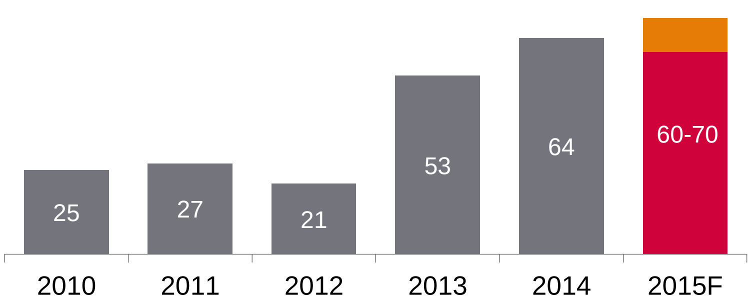
**Financials**

| US$ million | 1H15 | 1H14 | % |
|---|---|---|---|
| Revenue | **390.1** | 412.1 | (5) |
| EBITDA[1] | **167.6** | 147.3 | 14 |
| EBIT | **(12.0)** | 49.5 | (124) |
| EBITDA margin (%) | **43** | 36 | |
| C1 costs – zinc (US$ / lb) | **0.53** | 0.60 | |

**Zinc in zinc concentrate production**
'000 tonnes




**Lead in lead concentrate production**
'000 tonnes




(1) EBITDA includes revenue, operating expenses and other income and expense items.

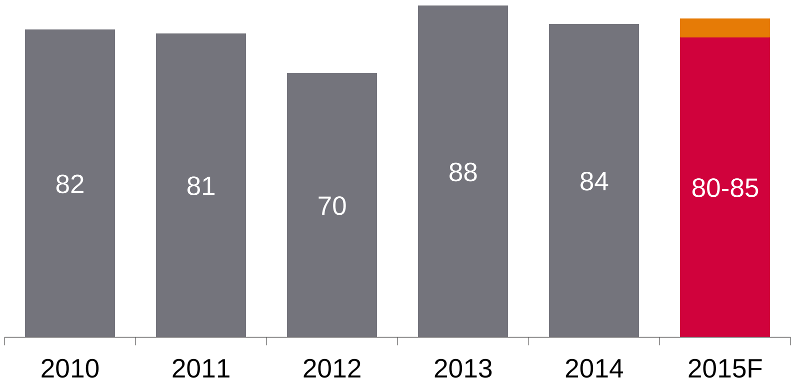
# Rosebery

- Production of zinc and lead concentrate was 25% and 1% higher respectively due to higher milling grades and increased throughput.
- Increased cash generation with EBITDA margin increasing to 47% from 26%.
- Zinc C1 costs US$0.26/lb.

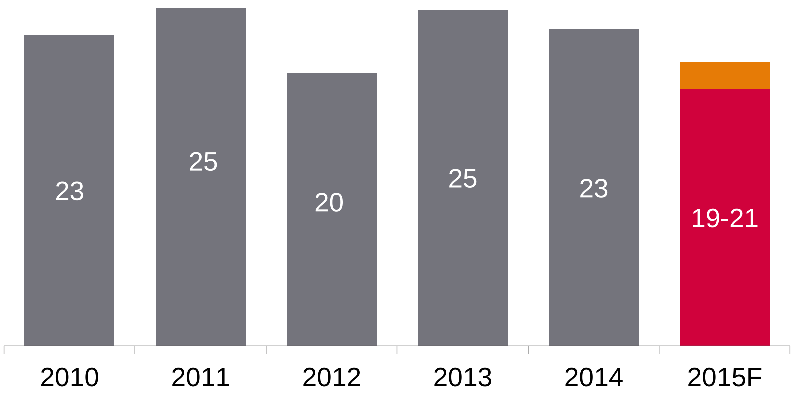
**Financials**

| US$ million | 1H15 | 1H14 | % |
|---|---|---|---|
| Revenue | **120.4** | 118.0 | 2 |
| EBITDA[1] | **56.8** | 30.2 | 88 |
| EBIT | **27.5** | 14.2 | 94 |
| EBITDA margin (%) | **47** | 26 | |
| C1 costs – zinc (US$ / lb) | **0.26** | 0.37 | |

**Zinc in zinc concentrate production**
'000 tonnes




**Lead in lead concentrate production**
'000 tonnes




(1) EBITDA includes revenue, operating expenses and other income and expense items.

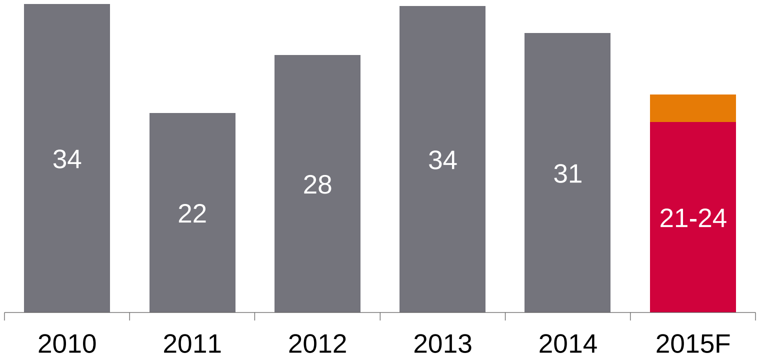
# Golden Grove

- Production of zinc 85% higher – zinc focused production in 2015.
- Zinc C1 costs US$0.18/lb.
- Copper C1 costs US$2.07/lb.

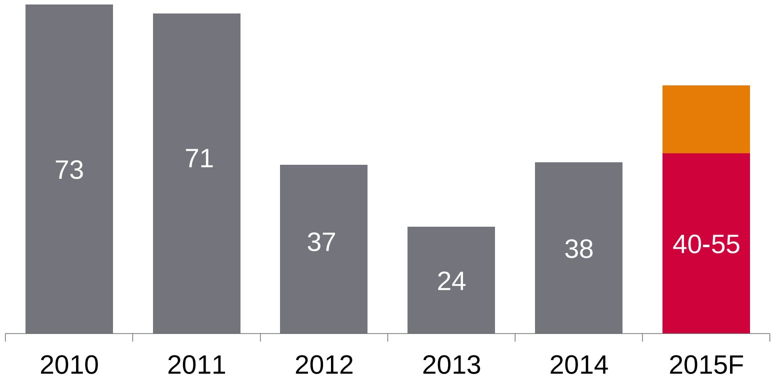
**Financials**

| US$ million | 1H15 | 1H14 | % |
|---|---|---|---|
| Revenue | **111.3** | 130.5 | (15) |
| EBITDA[1] | **(0.4)** | 4.4 | (109) |
| EBIT | **(20.2)** | (14.4) | (40) |
| EBITDA margin (%) | **n/a** | 3 | |
| C1 costs – copper (US$ / lb) | **2.07** | 2.89 | |
| C1 costs – zinc (US$ / lb) | **0.18** | 0.19 | |

**Copper in copper concentrate production**
'000 tonnes




**Zinc in zinc concentrate production**
'000 tonnes




(1) EBITDA includes revenue, operating expenses and other income and expense items.

# Financial dashboard

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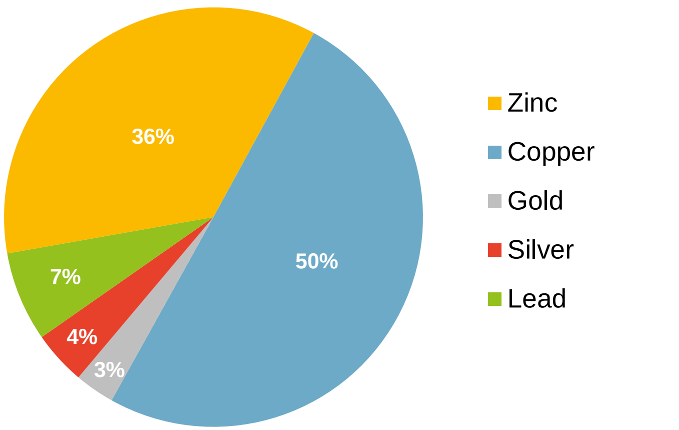
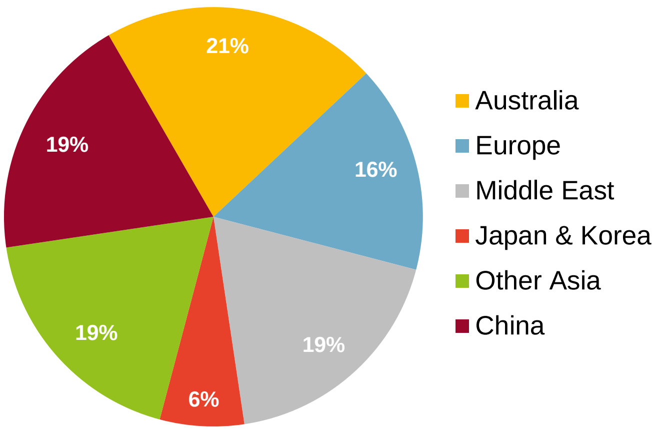
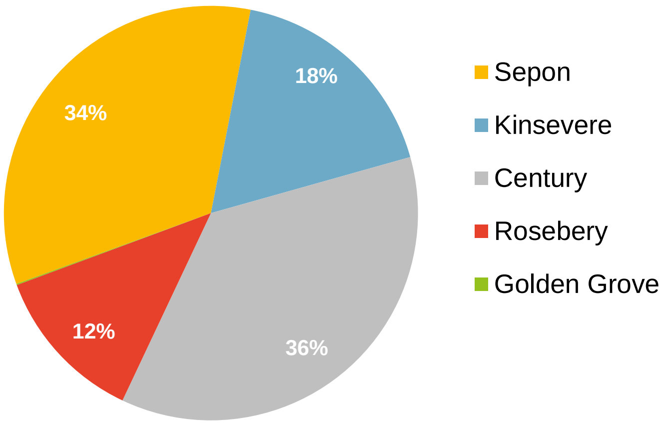
### Revenue by commodity



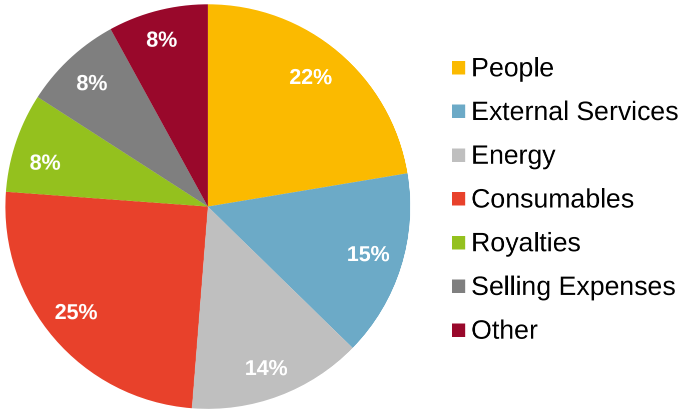

### Revenue by customer location




### EBITDA by operating segment




### Operating expenses (Sites)



# 2015 Guidance

| | Current 2015 guidance | Previous 2015 guidance | 2014 Actual |
|---|---|---|---|
| **SEPON** | | | |
| Copper – production | 80,000 – 87,000 tonnes | 80,000 – 87,000 tonnes | 88,541 tonnes |
| Copper – C1 costs | US$1.10 – US$1.20 / lb | US$1.10 – US$1.20 / lb | US$1.00 / lb |
| **KINSEVERE** | | | |
| Copper – production | 73,000 – 78,000 tonnes | 70,000 – 75,000 tonnes | 69,624 tonnes |
| Copper – C1 costs | US$1.50 – US$1.70 / lb | US$1.50 – US$1.70 / lb | US$1.62 / lb |
| **CENTURY** | | | |
| Zinc – production | 320,000 – 370,000 tonnes | 320,000 – 370,000 tonnes | 465,696 tonnes |
| Zinc – C1 costs | US$0.60 – US$0.65 / lb | US$0.60 – US$0.65 / lb | US$0.61 / lb |
| Lead – production | 60,000 – 70,000 tonnes | 60,000 – 70,000 tonnes | 64,426 tonnes |
| **ROSEBERY** | | | |
| Zinc – production | 80,000 – 85,000 tonnes | 80,000 – 85,000 tonnes | 83,507 tonnes |
| Zinc – C1 costs | US$0.25 – US$0.30 / lb | US$0.25 – US$0.30 / lb | US$0.26 / lb |
| Lead – production | 19,000 – 21,000 tonnes | 19,000 – 21,000 tonnes | 23,409 tonnes |
| **GOLDEN GROVE** | | | |
| Copper – production | 21,000 – 24,000 tonnes | 21,000 – 24,000 tonnes | 30,837 tonnes |
| Copper – C1 costs | US$2.40 – US$2.75 / lb | US$2.40 – US$2.75 / lb | US$2.48 / lb |
| Zinc – production | 40,000 – 55,000 tonnes | 40,000 – 55,000 tonnes | 37,896 tonnes |
| Zinc – C1 costs | US$0.45 – US$0.60/lb | US$0.45 – US$0.60/lb | US$0.25 / lb |

# Condensed consolidated income statement

| Six months ended 30 June<br>US$ million | 2015<br>Unaudited | 2014<br>Audited | Variance<br>% |
|---|---|---|---|
| Revenue | 1,113.8 | 1,193.7 | (7) |
| Other income | 1.5 | 5.4 | (72) |
| Expenses (Excluding depreciation and amortisation) | (739.4) | (834.4) | 11 |
| **EBITDA** | **375.9** | **364.7** | 3 |
| Depreciation and amortisation | (380.9) | (248.2) | (53) |
| **EBIT** | **(5.0)** | **116.5** | (104) |
| Finance income | 2.3 | 1.5 | 53 |
| Finance costs | (44.1) | (38.8) | (14) |
| **(Loss)/profit before income tax** | **(46.8)** | **79.2** | (159) |
| Income tax expense | (1.2) | (31.5) | 96 |
| **(Loss)/profit for the period** | **(48.0)** | **47.7** | (201) |
| | | | |
| **(Loss) earnings per share for profit attributable to the equity holders of the Company** | | | |
| Basic (loss) / earnings per share | US (0.87) cents | US 0.74 cents | (218) |

# Condensed consolidated balance sheet

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| US$ million | 30 June 2015 Unaudited | 31 December 2014 Audited |
|---|---|---|
| Non-current assets | 12,844.9 | 12,280.6 |
| Current assets – cash and cash equivalents | 613.3 | 251.2 |
| Current assets – other | 960.7 | 958.2 |
| **Total assets** | 14,418.9 | 13,490.0 |
| **Total equity** | 3,176.3 | 2,974.6 |
| Non-current liabilities | 10,440.2 | 9,711.2 |
| Current liabilities | 802.4 | 804.2 |
| **Total liabilities** | **11,242.6** | **10,515.4** |
| **Total equity and liabilities** | **14,418.9** | **13,490.0** |
| **Net current assets** | **771.6** | **405.2** |
| **Total assets less current liabilities** | **13,616.5** | **12,685.8** |

# Consolidated financial performance: Cash flow statement

| Six months ended 30 June<br>US$ million | 2015<br>Unaudited | 2014<br>Audited |
|---|---|---|
| Receipts from customers | 1,161.6 | 1,197.2 |
| Payments to suppliers | (865.2) | (855.2) |
| Payments for exploration expenditure | (17.9) | (31.2) |
| Income tax paid | (75.8) | (80.3) |
| **Net cash generated from operating activities** | **202.7** | **200.5** |
| Purchase of property, plant and equipment | (946.4) | (116.0) |
| Other investing activities | (19.2) | 28.4 |
| **Net cash used in investing activities** | **(965.6)** | **(87.6)** |
| **Net cash generated from / (used in) financing activities** | **1,125.0** | **(105.9)** |
| **Net increase in cash and cash equivalents** | **362.1** | **7.0** |
| Cash and cash equivalents at 1 January | 251.2 | 137.4 |
| **Cash and cash equivalents at 30 June** | **613.3** | **144.4** |