



**WE MINE FOR  
PROGRESS**



# **MMG Limited – Geared for copper growth**

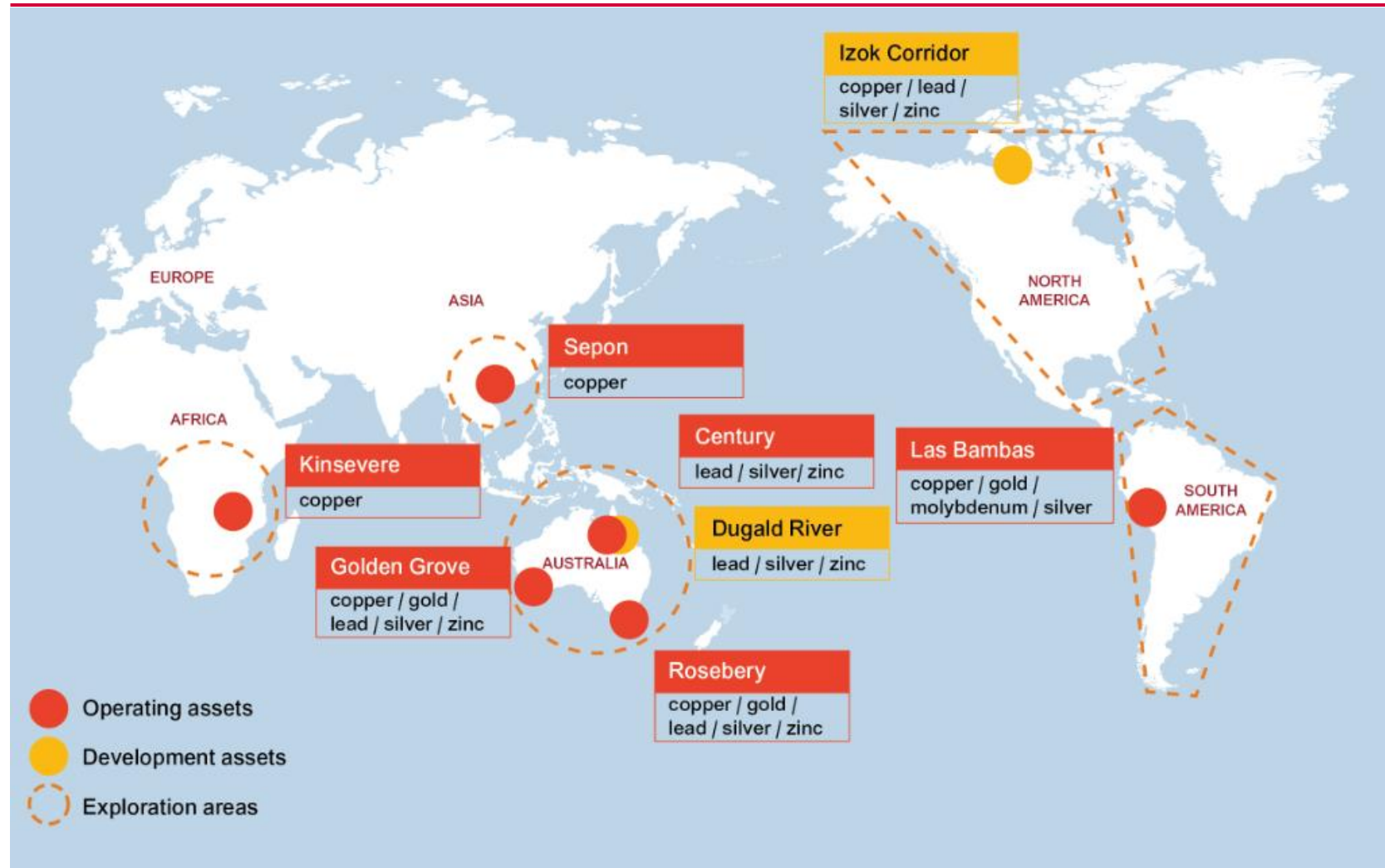
February 2016



# Company Overview



# Our business



# Corporate summary

Capital Structure	Millions
Primary Listing	HKEx
Secondary Listing (CDI)	ASX
Market Capitalisation	US\$965 <sup>1</sup>
Shares	5,290
Major shareholder ownership (China Minmetals Corporation)	74%
Borrowings (30 June 2015)	US\$9,155
Cash and Cash Equivalents (30 June 2015)	US\$613
Head Office	Melbourne



(1) As at 29 January 2016.

# Executive team



**Chief Executive Officer**  
Mr Andrew MICHELMORE



**Chief Financial Officer**  
Mr Ross CARROLL



**Chief Operating Officer**  
Mr Marcelo BASTOS



**EGM China & Strategy**  
Mr Xu JIQING



**EGM Stakeholder Relations**  
Mr Troy HEY



**EGM Business Support**  
Mr Greg TRAVERS

# 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 objective

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- Objective to be valued as one of the world's top mid-tier miners by 2020.
  - Ramp-up Las Bambas to commercial production 2H16, with production guidance 250,000 – 300,000<sup>1</sup> tonnes in 2016.
  - Deeper equity market understanding and participation.
  - Leverage support from major shareholder China Minmetals Corporation.
  - Review capital structure to support future growth.
  - Ongoing focus on optimising operations to withstand commodity cycle impacts.
  - Maintain commitment to Dugald River project providing quality exposure to zinc at a time of shrinking global supply.
  - Build on presence in two of the world's most prospective copper belts.

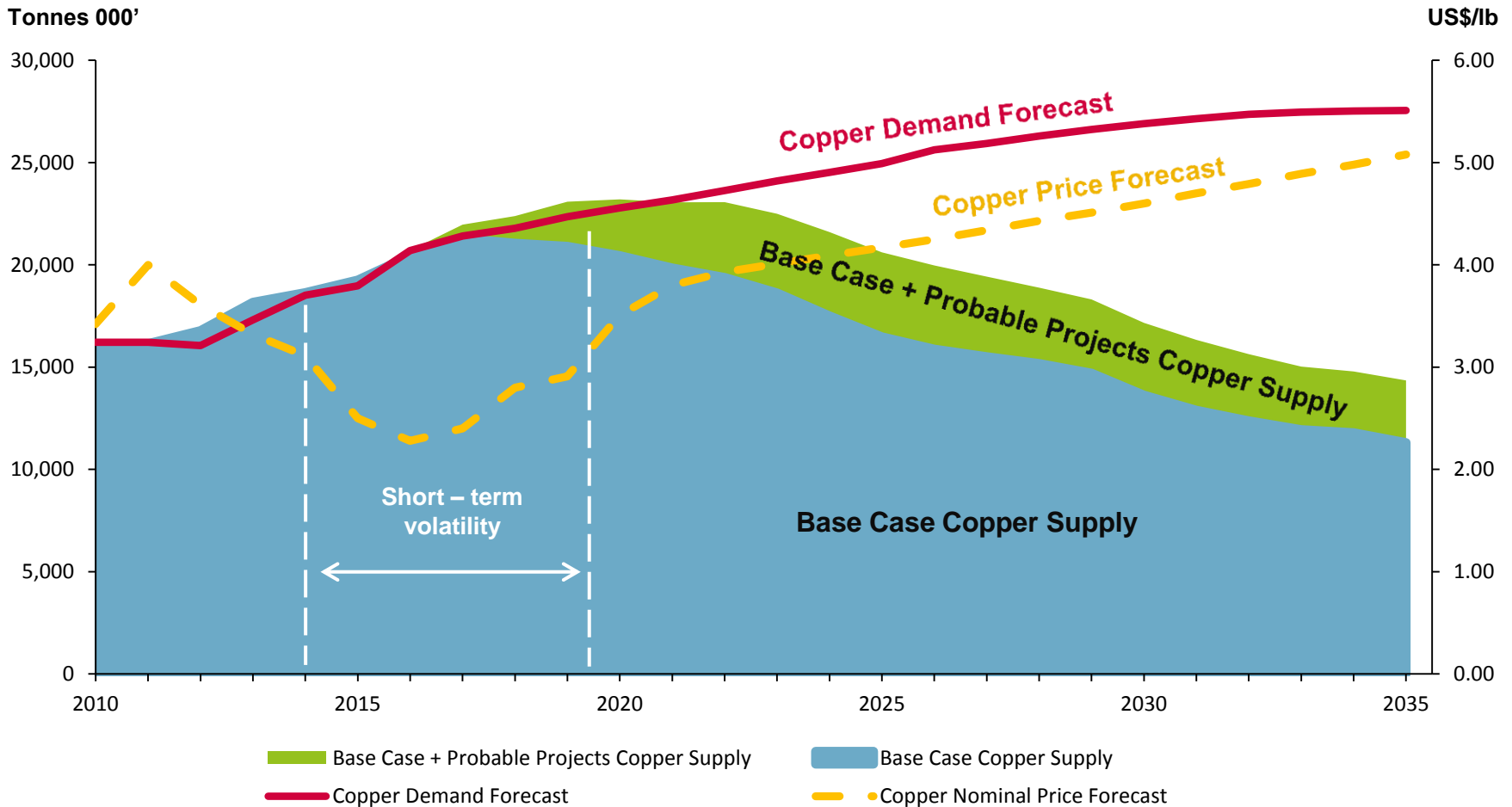
(1) Production volumes include expected pre and post-commercial production volumes at Las Bambas. The exact split will be determined prior to Las Bambas declaring commencement of commercial operations



# Copper – long term demand



- Copper fundamentals sound in medium term on supply constraints and diversity of demand.



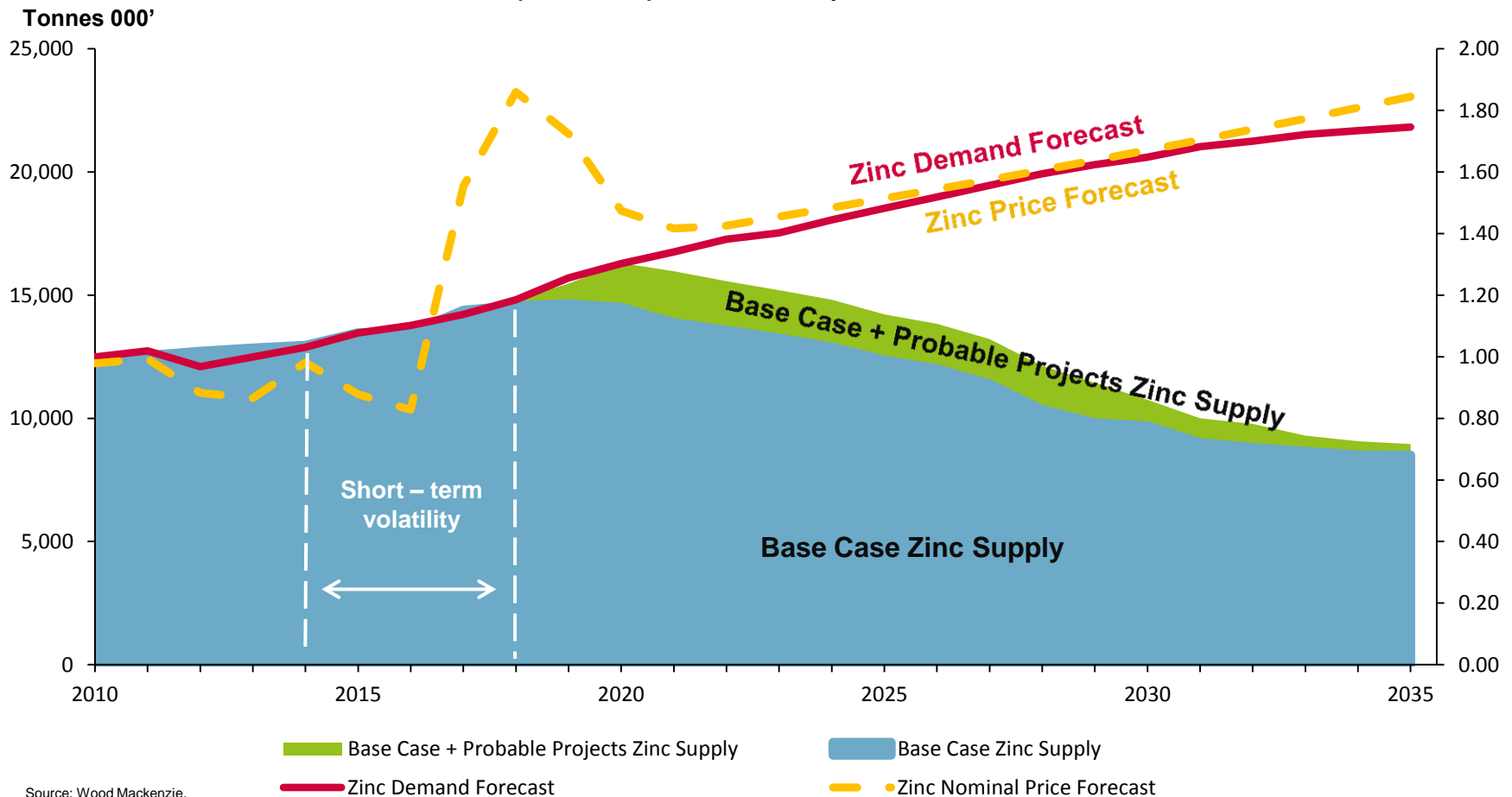
Source: Wood Mackenzie.



# Zinc – long term demand



- Mine closures and curtailments are removing over 1Mt/y of supply. The market is sceptical that Glencore will not implement announced cuts. If all production cuts are implemented and the US\$/lb concentrate market is in deficit prices expected to rally



Source: Wood Mackenzie.



# Operational Excellence

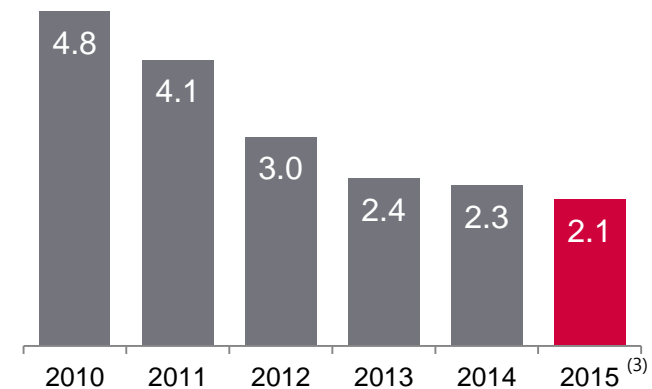
# We think safety first



- TRIF<sup>1</sup> of 2.1 per million hours worked in 2015.
- 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.

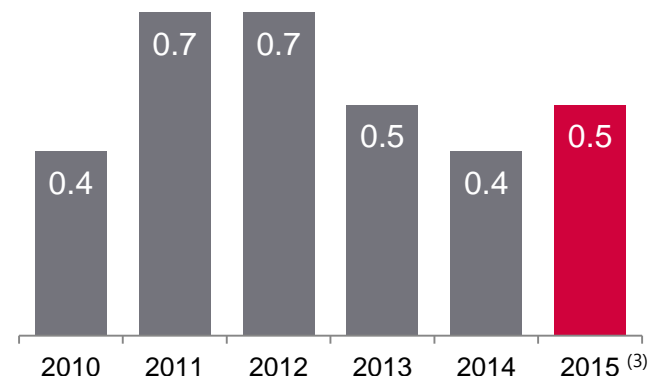
## TRIF<sup>1</sup>

per one million hours



## LTIF<sup>2</sup>

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.

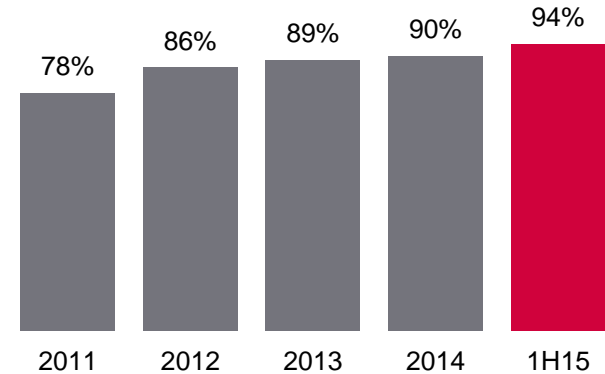


# Focus on asset utilisation and operational excellence



- 2015 production results above guidance at all operations.
- Copper production record 207,528 tonnes produced, due to record copper production at Kinsevere and strong production from Sepon.
- 2016 copper guidance positions Company in top 10 global producers.
- 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.

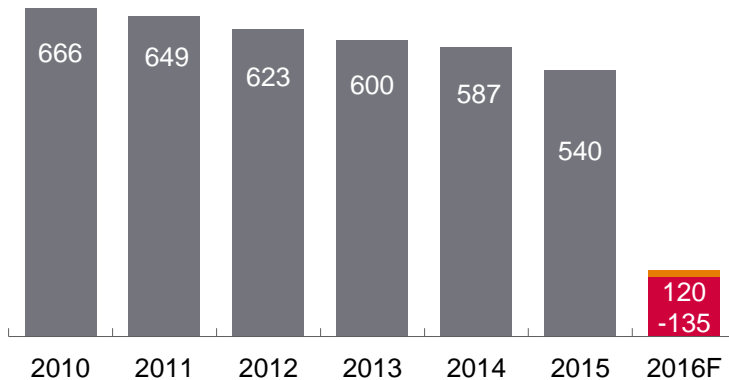
**Asset Utilisation across MMG assets<sup>1</sup>**



(1) Asset utilisation metric measured against full operating capability.

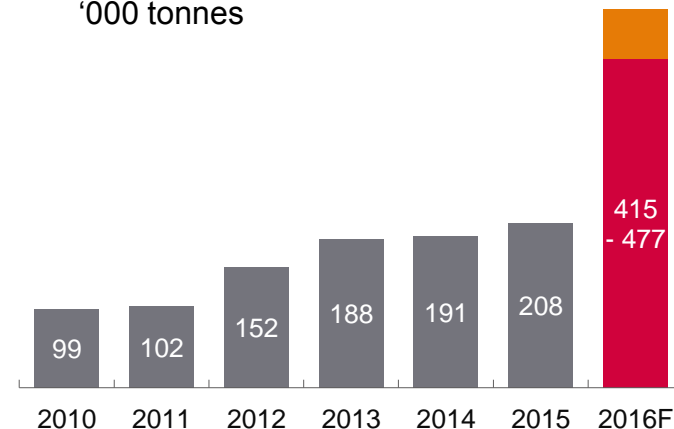
## Zinc production

'000 tonnes



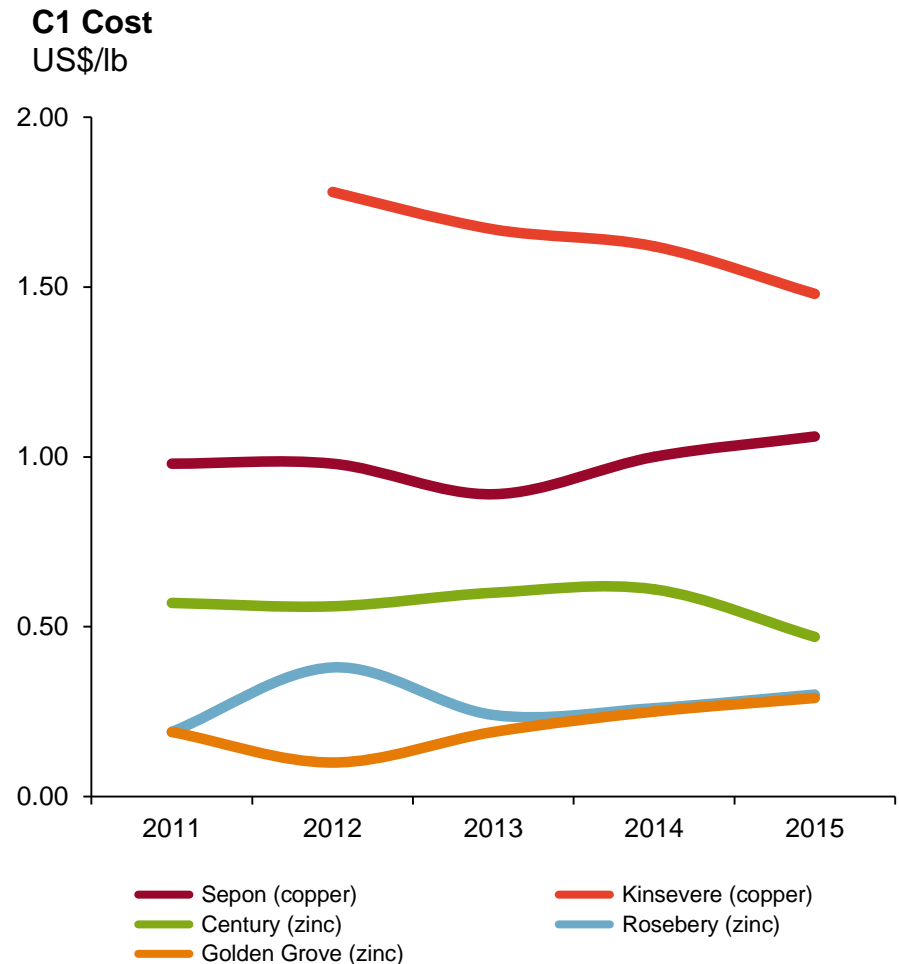
## Copper production

'000 tonnes



# Continuous focus on cost management

- 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.



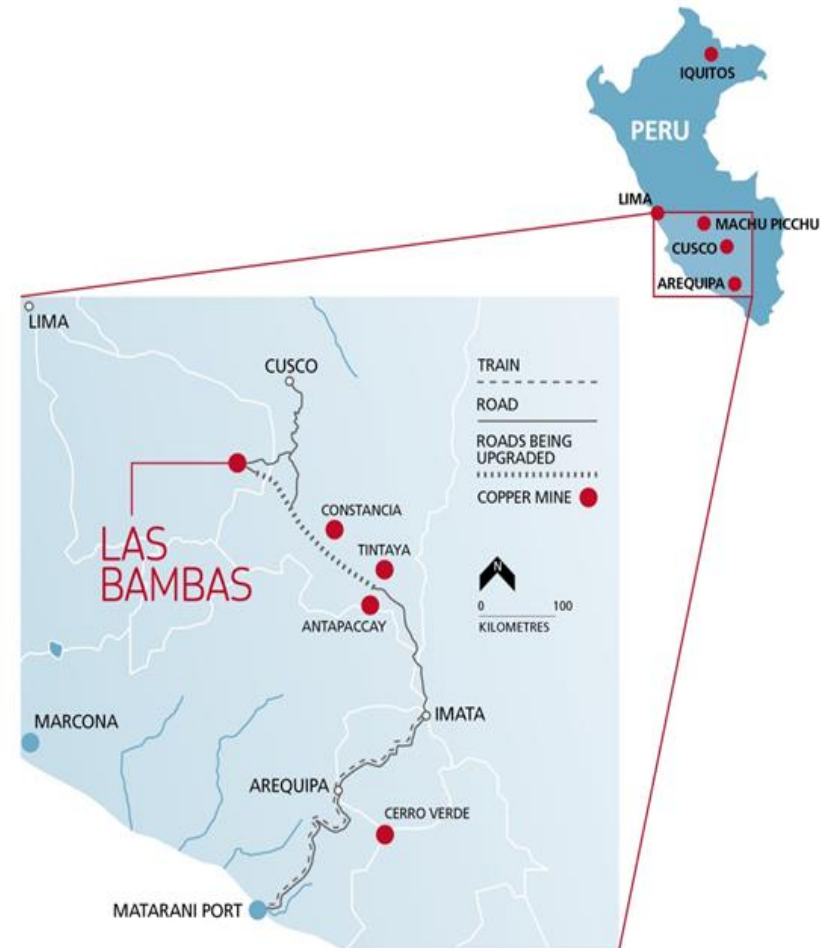


# Las Bambas



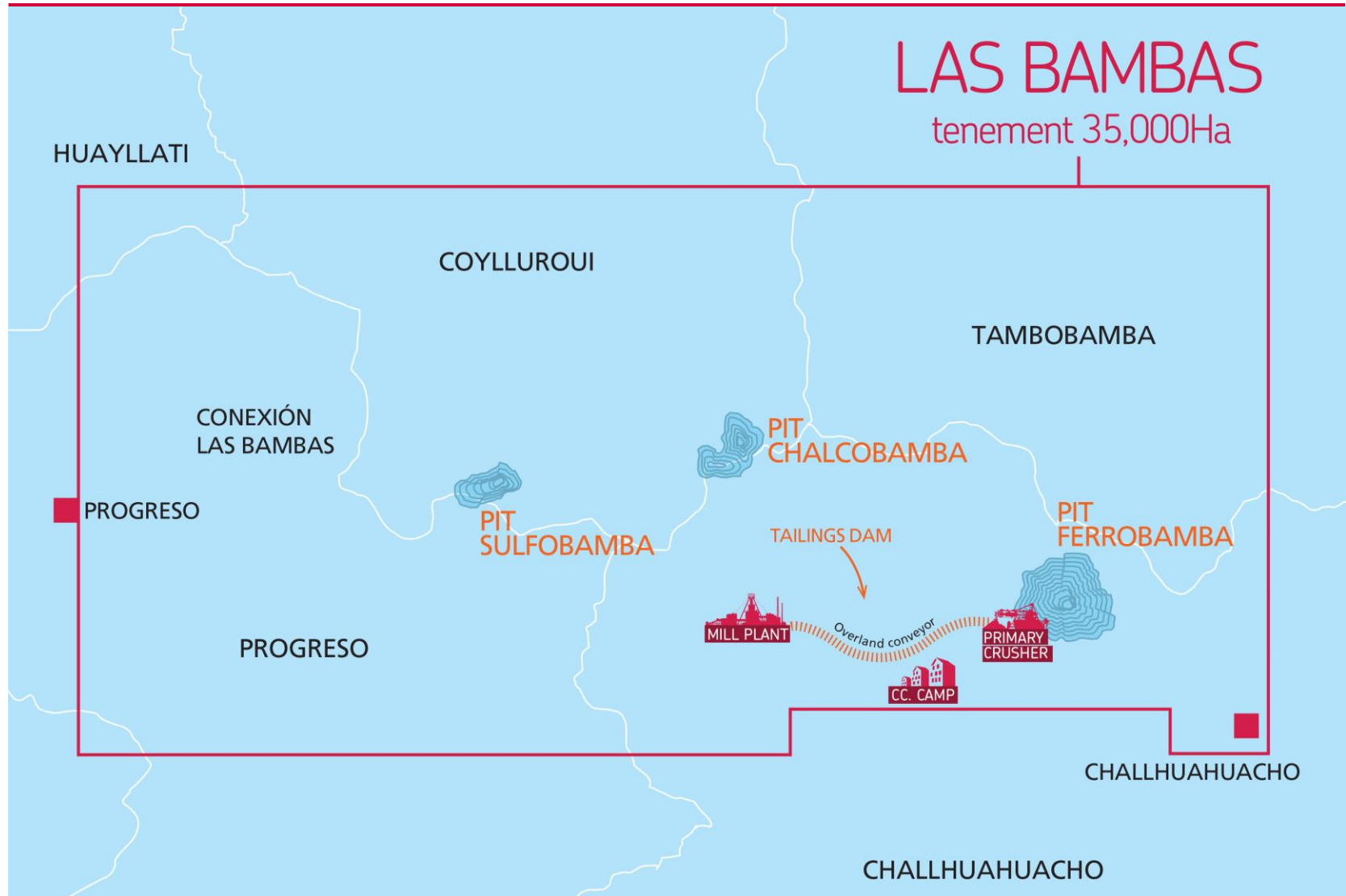
# Las Bambas transformational to MMG

- 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.
- 2016 production forecast 250,000 – 300,000<sup>1</sup> tonnes copper in copper concentrate.
- Commercial production expected 2H16 with C1 cost US\$0.80-US\$0.90/lb<sup>2</sup>
- 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.



(1) Production volumes include expected pre and post-commercial production volumes at Las Bambas. The exact split will be determined prior to Las Bambas declaring commencement of commercial operations  
(2) C1 cost forecast range once at steady state of production, not indicative for full year 2016 given commissioning and ramp up activities.

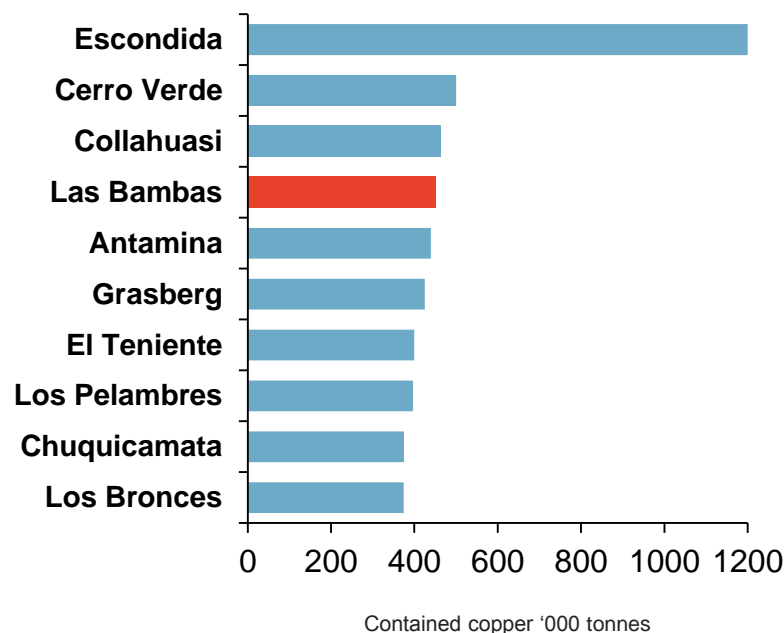
# Las Bambas – Site layout



# Project update

- Copper production began 4Q15 with 9,121 tonnes of copper in copper concentrate produced.
- Transported and sold first shipment of 10,000 tonnes to Matarani Port using truck and rail.
- Mine has achieved full capacity running over 400,000 tonnes per day.
- Both lines of copper concentrate plant successfully commissioned and now under operations management in production ramp up phase.
- Primary crusher commissioned and overland conveyor consistently reaching 100% capacity of 8,000 tonnes per hour.
- Tailings dam reached planned level with tailings discharge and water recirculation back to plant fully operational.
- 8 gigalitres of water collected in site dams, sufficient for first year of production.

2017 Forecast annual production



- All 15 locomotives delivered and commissioned.
- Matarani Port approximately 93% complete.



# Las Bambas – Processing Plant overview

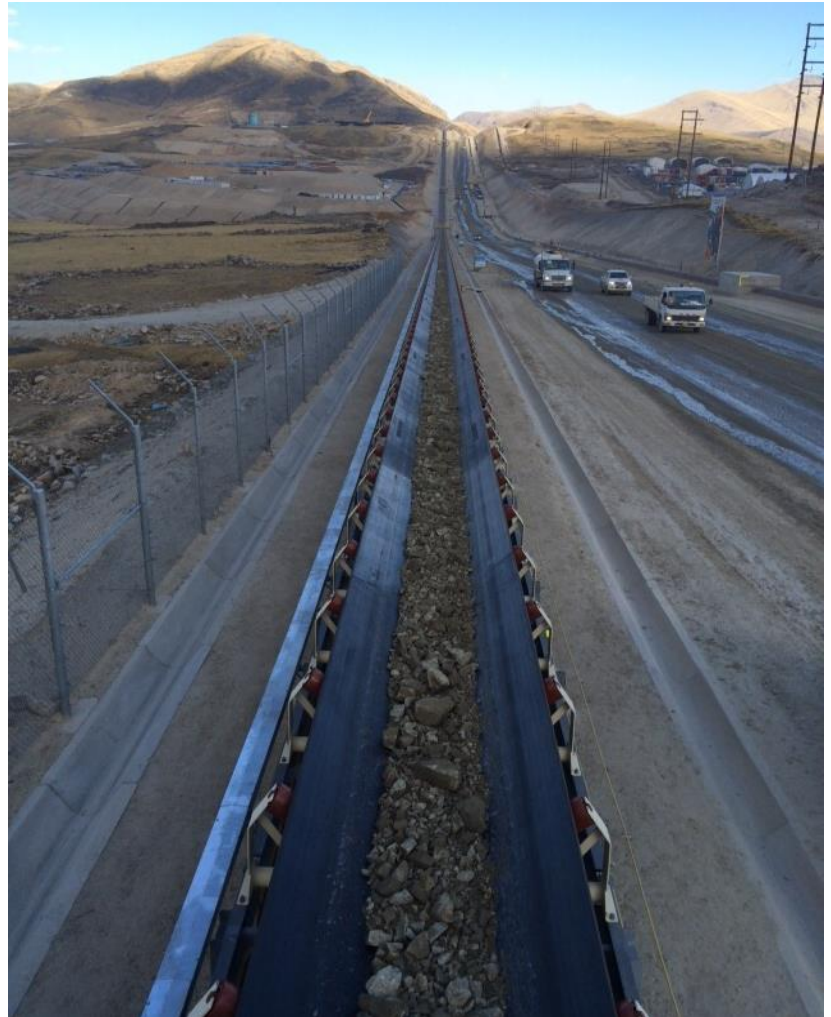


# Las Bambas – Transfer Chute from Primary Crusher

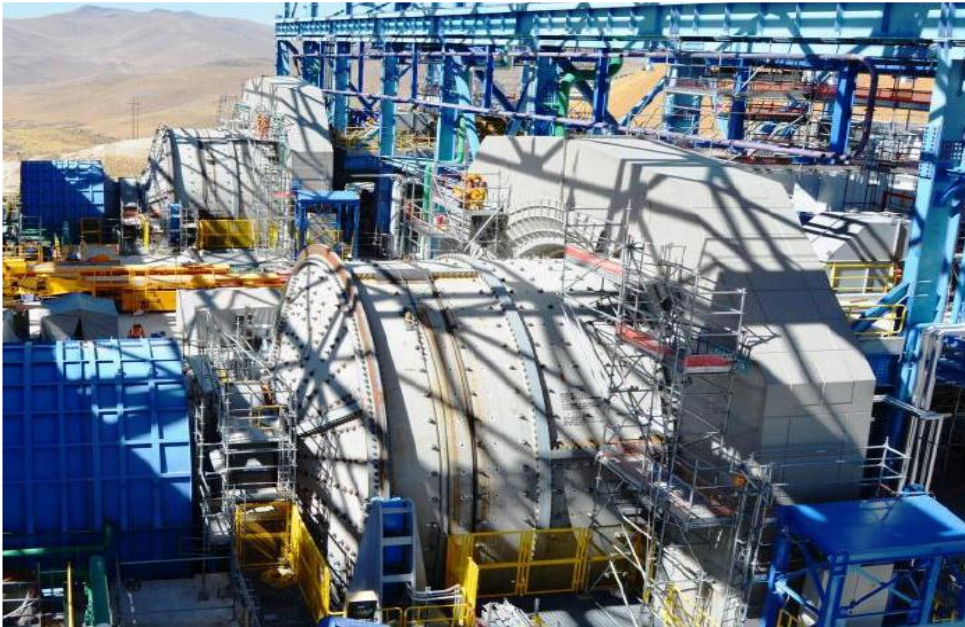




# Las Bambas – Stacker and Conveyor



# Las Bambas – Grinding area



2x SAG mills

2x Ball mills





# Las Bambas – Concentrate logistics



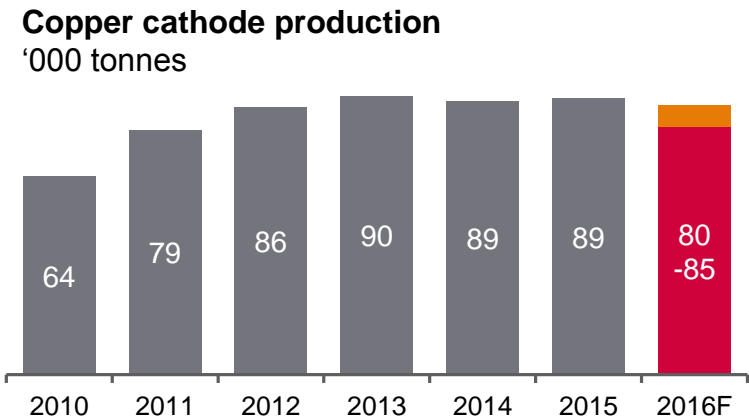


# Asset Overview



# Sepon – low C1 costs

- Successful transition to harder Type II ore with quarterly milling record delivered.
- YTD production record of 89,253 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.



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

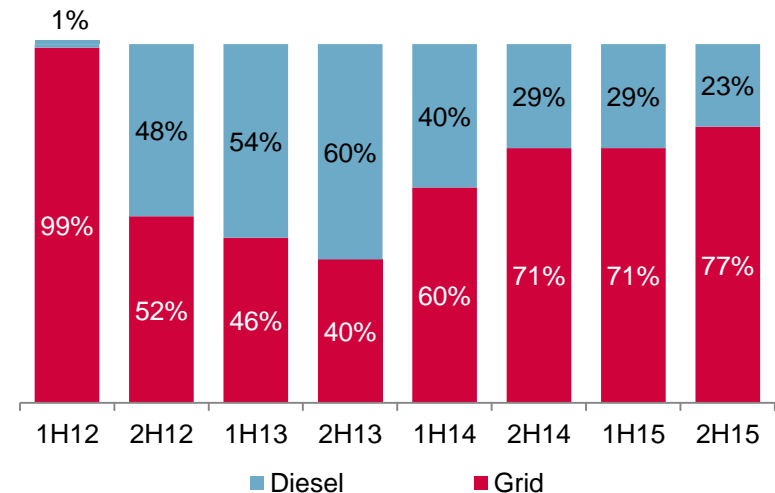
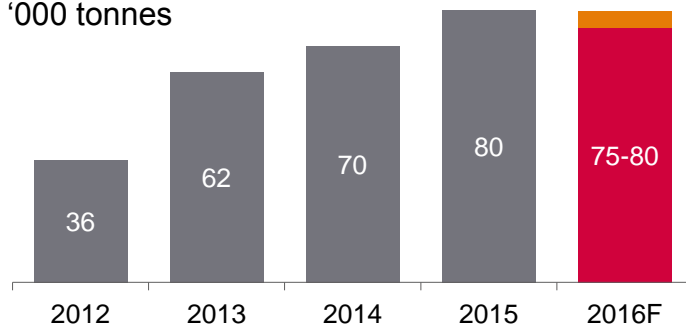
# Kinsevere – full year production record



- YTD production record of 80,169 tonnes of copper cathode.
- Operational efficiencies, stable electricity, increases to mill throughput.
- Lower copper prices marginally offset by 15% increase in copper sales volumes.
- Ore mined down 21% in line with plan; drawdown on ore stockpiles and reduce mining costs.
- Reduced 2015 C1 cost to US\$1.48/lb.



**Copper cathode production**  
'000 tonnes



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



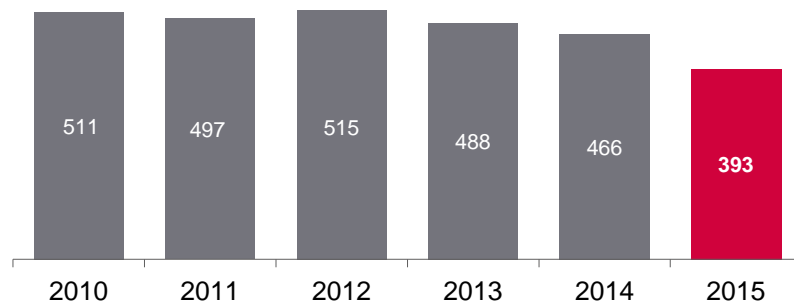
# Century – last production

- Production of 392,667 tonnes of zinc and 79,153 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.
- Reduced milling rates offset lower grades.
- Mining completed at Century in August 2015 with final processing of Century ore in November 2015.
- 450,000 tonnes of Dugald River ore processed through Century.



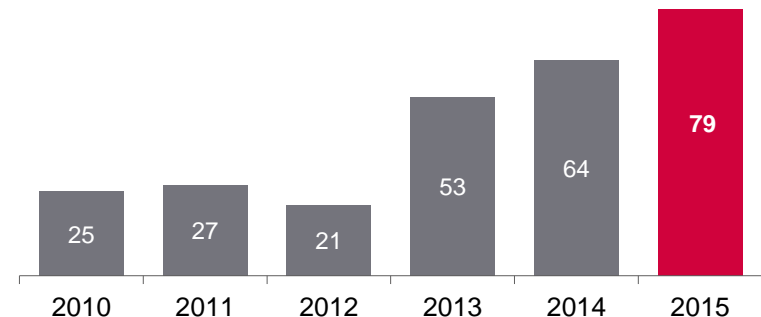
## Zinc in zinc concentrate production

'000 tonnes



## Lead in lead concentrate production

'000 tonnes



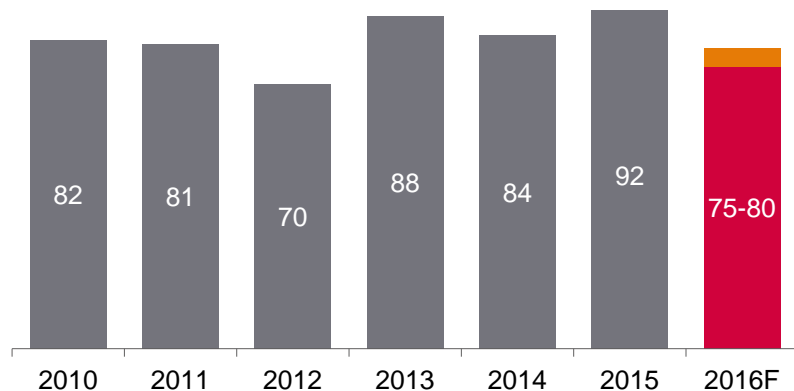
(1) EBITDA includes revenue, operating expenses and other income and expense items.

# Rosebery

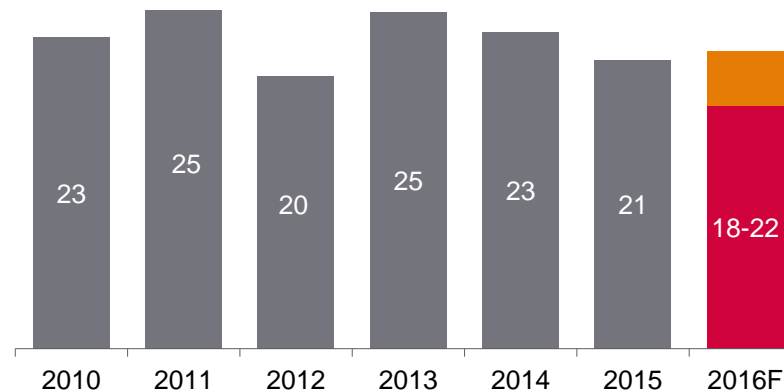
- Production of zinc and lead concentrate was 10% higher respectively due to higher milling grades and increased throughput.
- Zinc C1 costs US\$0.30/lb.



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



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



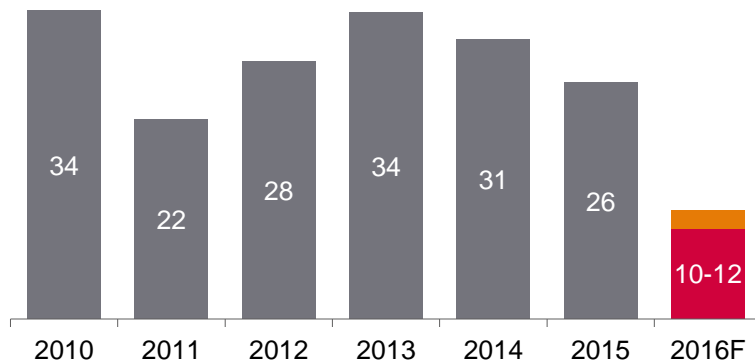
(1) EBITDA includes revenue, operating expenses and other income and expense items.

# Golden Grove

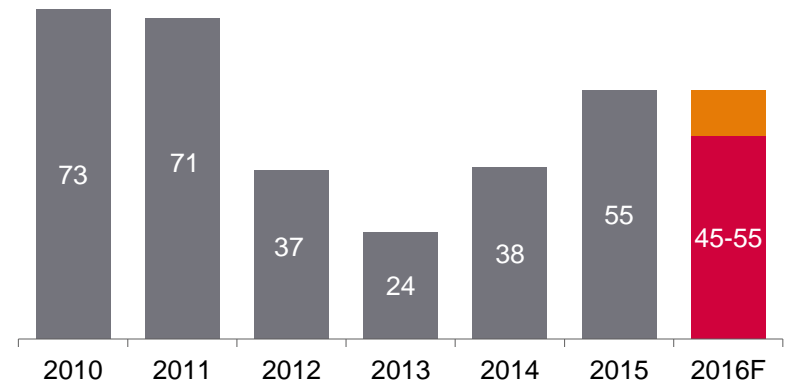
- Production of zinc 85% higher – zinc focused production in 2015.
- Zinc C1 costs US\$0.30/lb.
- Copper C1 costs US\$1.83/lb.



**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.

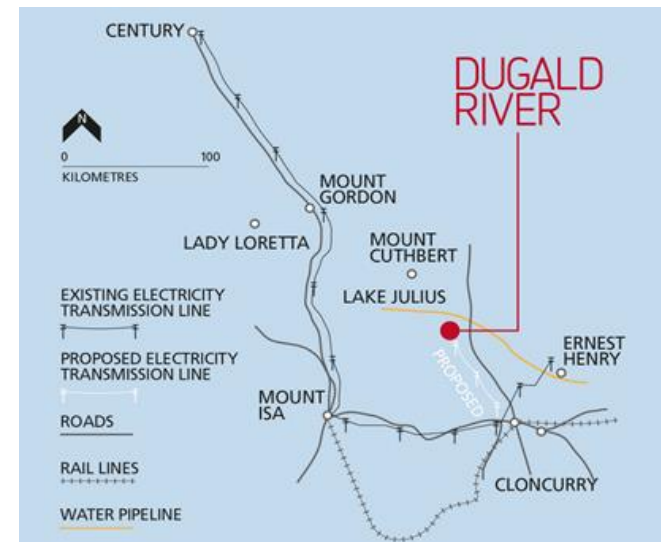


# Dugald River



# 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.
- Subject to financing with negotiations ongoing with existing syndicate members and other banks.



# Dugald River – Main project scope

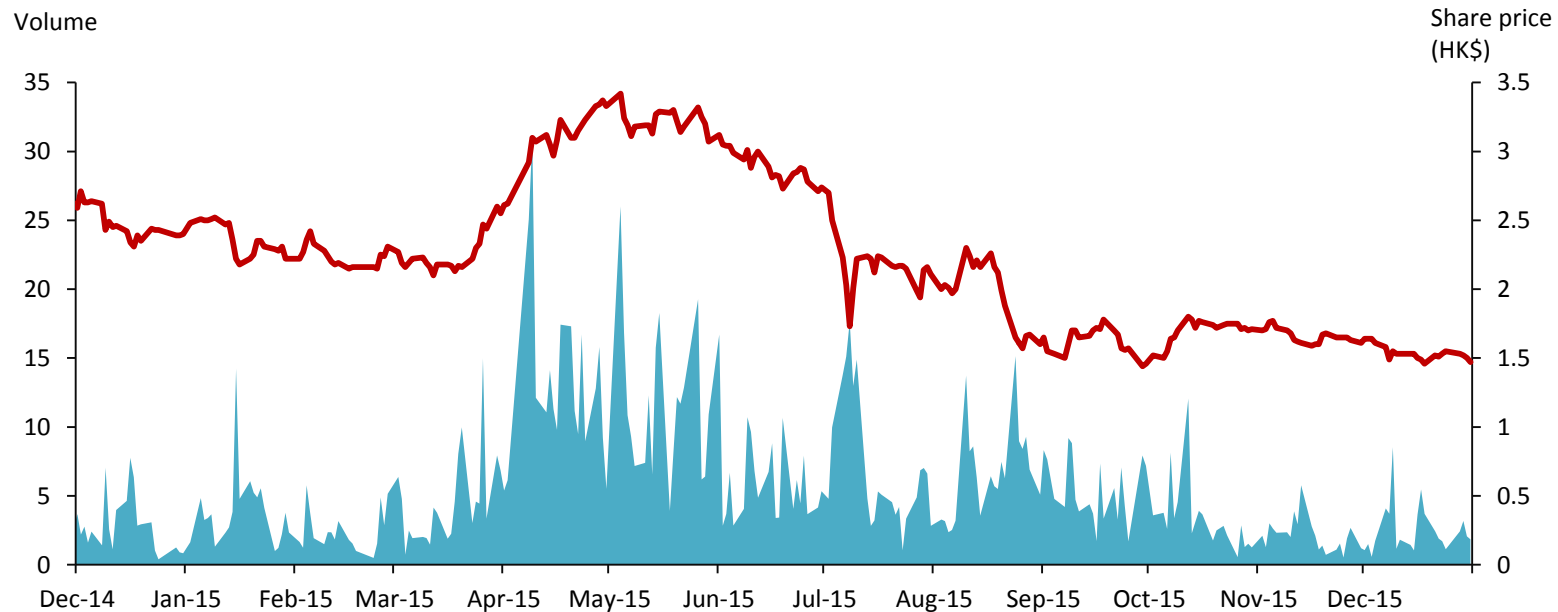
- Mine with production rate of 1.5Mtpa per annum.
- Development of 500,000 tonne stockpile
- Concentrator and associated infrastructure.
- Paste plant for backfill.
- Mining infrastructure and services.
- Ancillary equipment; mobile plant and equipment.
- Installation of permanent 350-person village.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





# Equity and Balance Sheet

# Management working to address share liquidity



- Secondary listing on ASX commenced December 2015 complements commitment to Hong Kong investor base.
- Australia is an attractive market for the mining and metals sector with strong understanding of mining sector by the investment community and historically attractive valuations for resource companies.
- Expectation of increased trading levels via ASX over time.

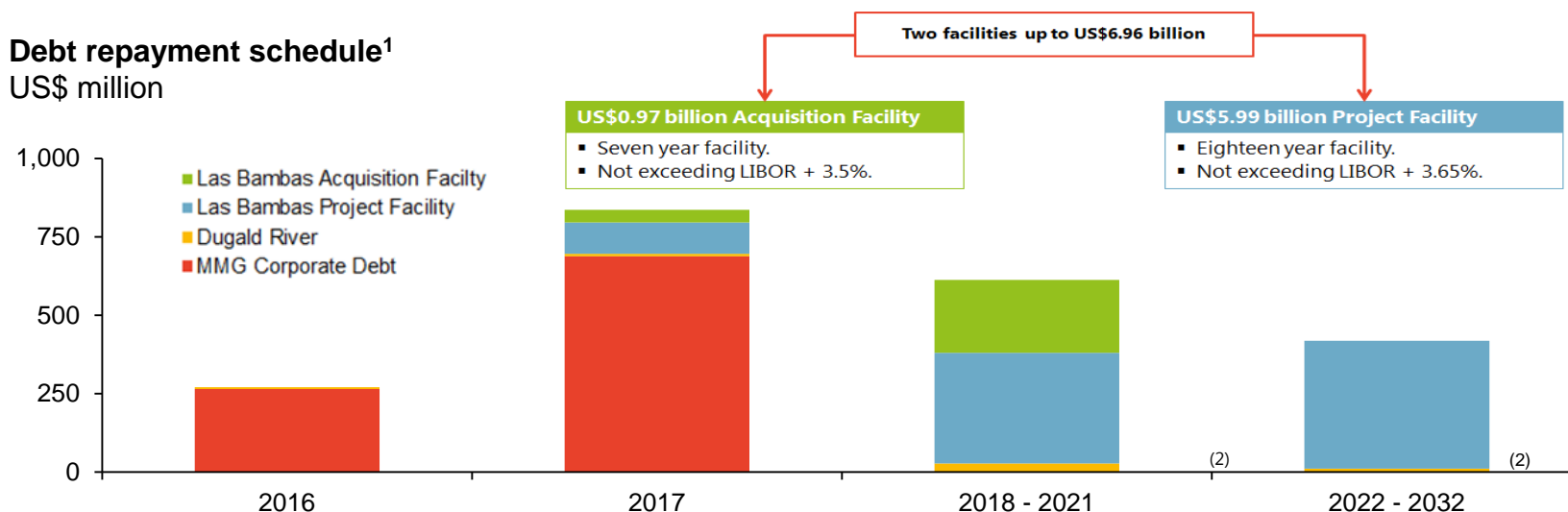


# MMG external debt



- MMG total debt US\$6.612 billion - vanilla structure with optionality to repay with cash flows, equity and/or refinance.
- Majority of debt is 6M LIBOR + 3.65%, 18 year tenure with principle and interest payments commencing August 2017.
- Debt backed by large Chinese government supported financial institutions with a government mandate for long-term stable investment.
- Shareholder loan of US\$2.262 billion 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.

**Debt repayment schedule<sup>1</sup>**  
US\$ million



(1) Excludes related party debt which includes US\$2.262 billion shareholder loan.

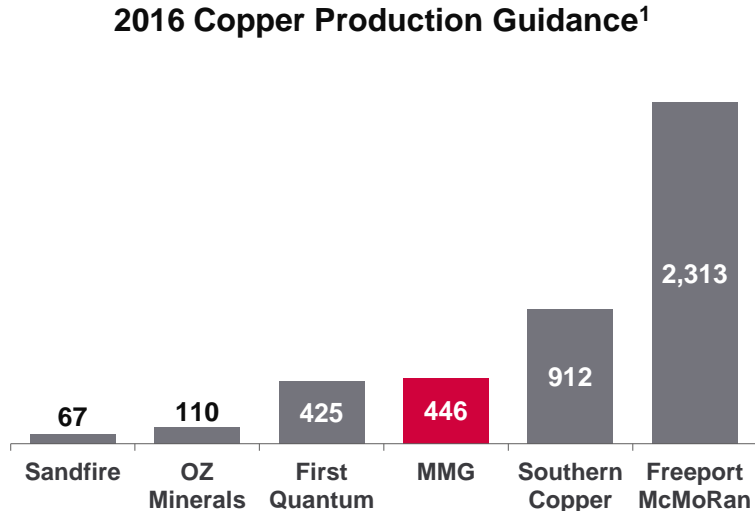
(2) Average debt repayment schedule for the period.

# Investor value proposition

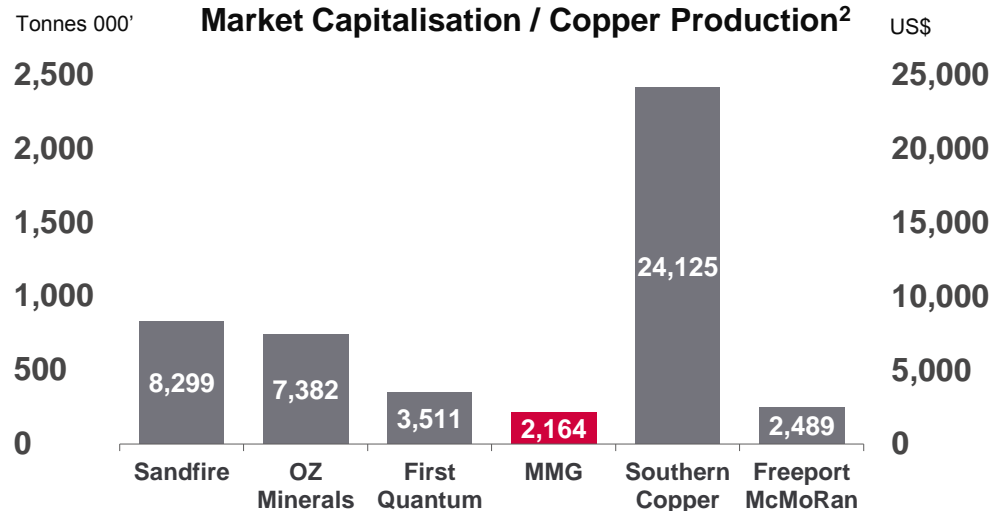


- Current commodity prices have heavily impacted all base metal valuations.
- Track record of operation performance and capital discipline.
- 2016 guidance demonstrates shift in leverage to copper.
- Las Bambas completion and first production de-risks project investment.
- A different model of Chinese participation providing a long term commodity view and attractive funding options.
- Bottom of cycle investment opportunity as supply constraints hit and cyclical demand kicks in.

**2016 Copper Production Guidance<sup>1</sup>**



**Market Capitalisation / Copper Production<sup>2</sup>**



(1) Copper guidance mid-point.. (2) Market capitalisation as at 29 January 2016 / 2016 Copper guidance mid-point .



# 2015 Interim Financial Results

# 2016 Guidance



## Las Bambas

Copper – production <sup>1</sup>	250,000 – 300,000 tonnes
Copper – C1 costs <sup>2</sup>	US\$0.80 – US\$0.90 / lb

## Kinsevere

Copper – production	75,000 – 80,000 tonnes
Copper – C1 costs	US\$1.40 – US\$1.55 / lb

## Sepon

Copper – production	80,000 – 85,000 tonnes
Copper – C1 costs	US\$1.10– US\$1.25 / lb

## Rosebery

Zinc – production	75,000 – 80,000 tonnes
Zinc – C1 costs	US\$0.30 – US\$0.40 / lb
Lead – production	18,000 – 22,000 tonnes

## Golden Grove

Copper – production	10,000 – 12,000 tonnes
Copper – C1 costs	US\$1.90 – US\$2.10 / lb
Zinc – production	45,000 – 55,000 tonnes
Zinc – C1 costs	US\$0.30 – US\$0.45 / lb

(1) Production volumes include expected pre and post-commercial production volumes at Las Bambas.

(2) C1 cost forecast range once at steady of production, not indicative for full year 2016 given commissioning and ramp up activities.



# 2015 Interim condensed consolidated income statement



Six months ended 30 June US\$ million	2015 Unaudited	2014 Audited	Variance %
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
<b>EBITDA</b>	<b>375.9</b>	<b>364.7</b>	<b>3</b>
Depreciation and amortisation	(380.9)	(248.2)	(53)
<b>EBIT</b>	<b>(5.0)</b>	<b>116.5</b>	<b>(104)</b>
Finance income	2.3	1.5	53
Finance costs	(44.1)	(38.8)	(14)
<b>(Loss)/profit before income tax</b>	<b>(46.8)</b>	<b>79.2</b>	<b>(159)</b>
Income tax expense	(1.2)	(31.5)	96
<b>(Loss)/profit for the period</b>	<b>(48.0)</b>	<b>47.7</b>	<b>(201)</b>
<b>(Loss) earnings per share for profit attributable to the equity holders of the Company</b>			
Basic (loss) / earnings per share	US (0.87) cents	US 0.74 cents	(218)

## 2015 Interim condensed consolidated balance sheet



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
<b>Total assets</b>	<b>14,418.9</b>	<b>13,490.0</b>
<b>Total equity</b>	<b>3,176.3</b>	<b>2,974.6</b>
Non-current liabilities	10,440.2	9,711.2
Current liabilities	802.4	804.2
<b>Total liabilities</b>	<b>11,242.6</b>	<b>10,515.4</b>
<b>Total equity and liabilities</b>	<b>14,418.9</b>	<b>13,490.0</b>
<b>Net current assets</b>	<b>771.6</b>	<b>405.2</b>
<b>Total assets less current liabilities</b>	<b>13,616.5</b>	<b>12,685.8</b>

# 2015 Interim consolidated financial performance:

## Cash flow statement



Six months ended 30 June US\$ million	2015 Unaudited	2014 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)
<b>Net cash generated from operating activities</b>	<b>202.7</b>	<b>200.5</b>
Purchase of property, plant and equipment	(946.4)	(116.0)
Other investing activities	(19.2)	28.4
<b>Net cash used in investing activities</b>	<b>(965.6)</b>	<b>(87.6)</b>
<b>Net cash generated from / (used in) financing activities</b>	<b>1,125.0</b>	<b>(105.9)</b>
<b>Net increase in cash and cash equivalents</b>	<b>362.1</b>	<b>7.0</b>
Cash and cash equivalents at 1 January	251.2	137.4
<b>Cash and cash equivalents at 30 June</b>	<b>613.3</b>	<b>144.4</b>



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