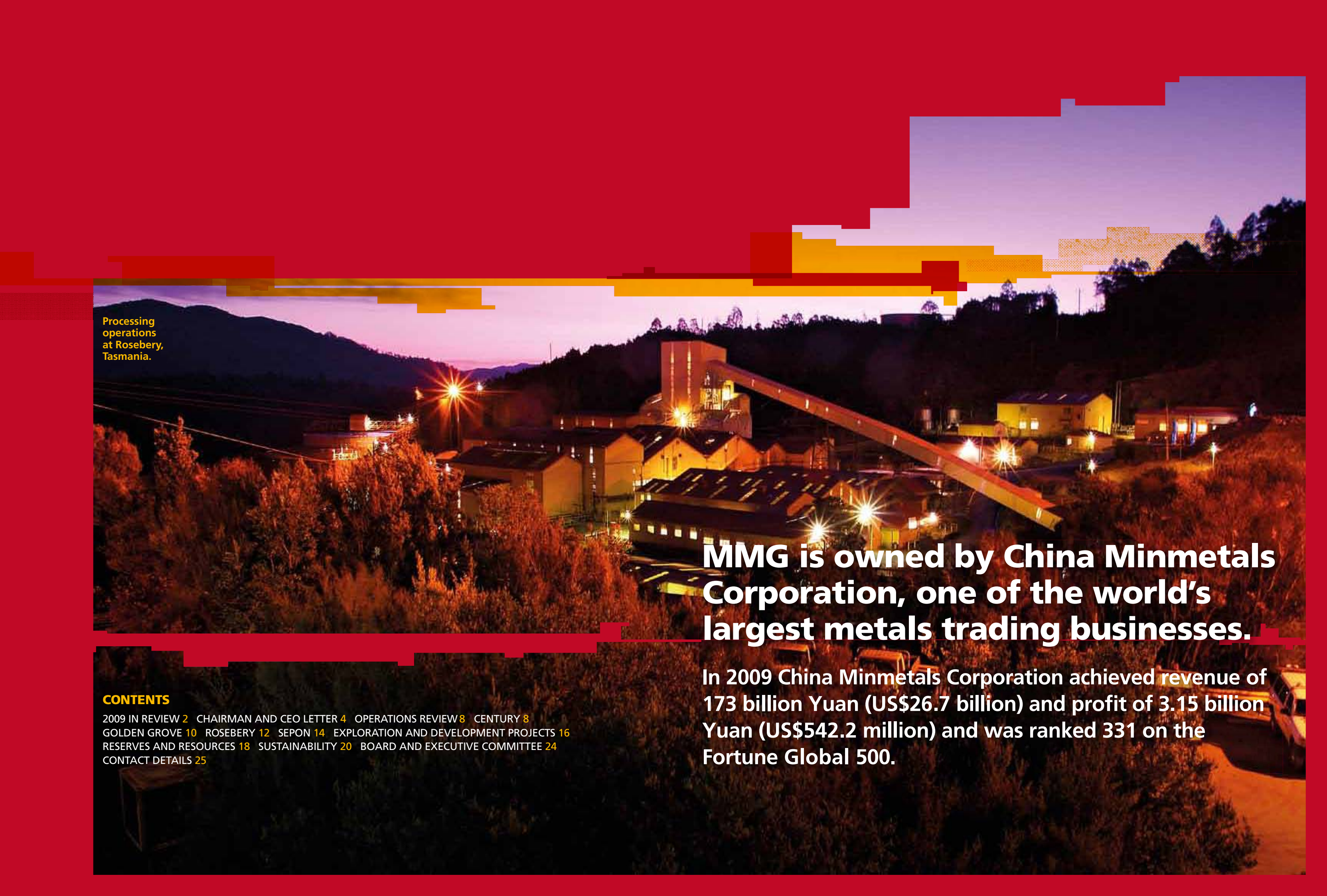




**2009  
BUSINESS  
REVIEW**



Processing operations at Rosebery, Tasmania.

**MMG is owned by China Minmetals Corporation, one of the world's largest metals trading businesses.**

In 2009 China Minmetals Corporation achieved revenue of 173 billion Yuan (US\$26.7 billion) and profit of 3.15 billion Yuan (US\$542.2 million) and was ranked 331 on the Fortune Global 500.

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# WHO WE ARE AND WHERE WE OPERATE

MMG is one of the world's largest producers of zinc as well as a substantial producer of copper, lead, gold and silver.



MMG was formed in June 2009 and has mining operations located in Australia and South East Asia and a portfolio of advanced and early stage exploration projects in Australia, Asia and North America.

MMG's operations and projects include:



The CENTURY mine in Queensland, which is the world's second largest open pit zinc mine producing some 500,000 tonnes of zinc annually.



The GOLDEN GROVE underground mine in Western Australia which produces concentrates of zinc, copper and other base and precious metals.



The ROSEBERY mine in Tasmania, a polymetallic underground mine, in operation since 1936.



The SEPON operations in Laos which produce approximately 65,000 tonnes of copper and 90,000 ounces of gold annually.



The AVEBURY underground nickel mine in Tasmania, currently on care and maintenance.



The DUGALD RIVER undeveloped zinc deposit in Queensland.



The IZOK LAKE and HIGH LAKE zinc and copper deposits in the Nunavut Territories of Canada.

# 2009 IN REVIEW

## 2009 Highlights

- > MMG formed in June 2009
- > Vision established to build the next generation's leading global diversified minerals and metals group
- > Total recordable injury frequency rate down 5% to 6.2
- > Record copper production achieved across the group
- > All net profit for 2009 reinvested in the business
- > US\$60.4 million Sepon copper expansion project recommenced to increase nameplate production from 65,000 to 80,500 tonnes of copper cathode per annum
- > US\$3.7 million project for design and construction of a flotation de-sliming circuit at Sepon to improve pyrite recovery
- > US\$12 million construction project to build a second power line into the Sepon operations commenced
- > US\$24 million design and construction of a new tailings storage facility with 15-year capacity at Golden Grove
- > US\$5.5 million, 18-month exploration program at Century on the mine and adjacent leases to identify new zinc deposits for the processing operations
- > US\$23 million project to construct an additional ventilation shaft at Rosebery to support access to the deeper reaches of the underground mine
- > US\$1.4 million deep exploration drilling program at Rosebery to target prospective areas below the lower part of the ore body
- > MMG became a member of the Minerals Council of Australia and the International Council on Mining and Metals

## Financial Performance 2009

Strong production and rising commodity prices generated solid revenue of US\$852.8 million for the June to December 2009 period. This demonstrated MMG's ability to generate significant value from its assets resulting in EBITDA of US\$350.2 million.

China Minmetals signified its ongoing support for MMG by reinvesting all profits back into the business.

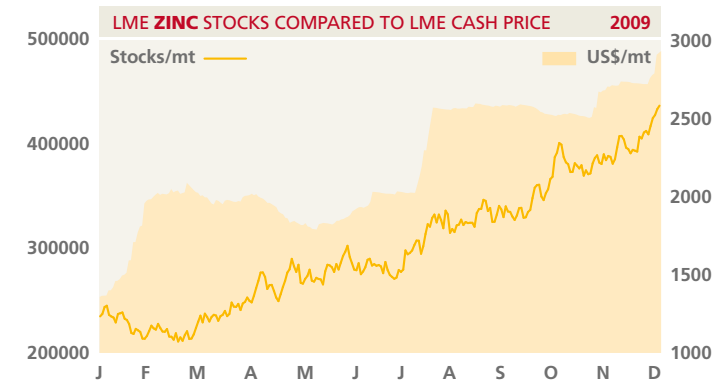
### US\$M

<b>Total revenue</b>	<b>852.8</b>
<b>EBITDA</b>	
Depreciation and amortisation	(158.3)
<b>Total EBITDA</b>	<b>350.2</b>
<b>EBIT</b>	
Operations	236.7
Exploration and corporate expenses	(44.8)
<b>Total EBIT</b>	<b>191.9</b>
Net financial expenses	(22.1)
Income tax benefit	10.9
<b>NPAT</b>	<b>180.7</b>

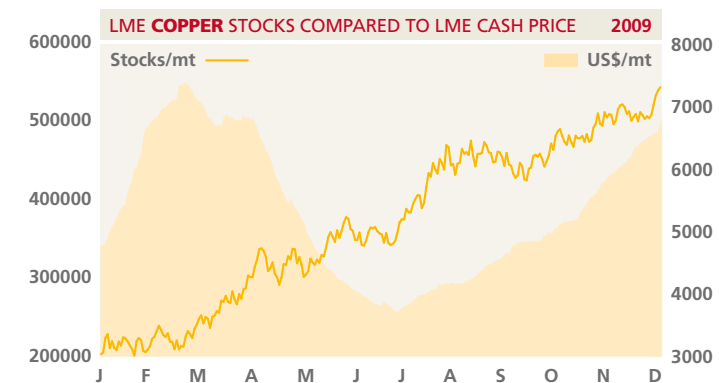
## Commodity Price Performance 2009

The strength of base metal prices from June to December exceeded expectations. The steady rise in prices was driven by continued US dollar weakness and steady flows of investor funds into metals over the period.

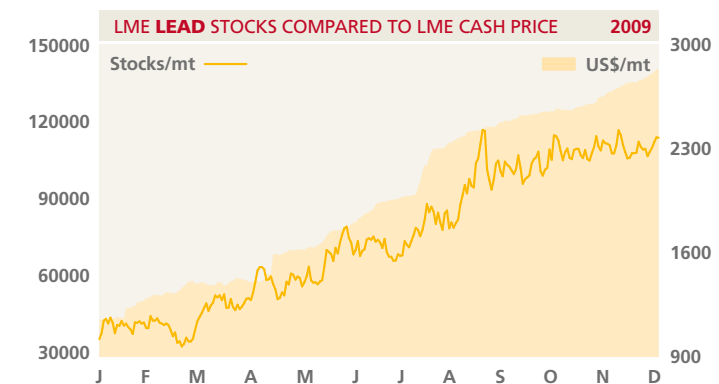
LME stocks rose steadily in copper, zinc and lead with prices seemingly ignoring stock increases. Investors maintain long term bullishness in metals, and continue to have confidence in global economic recovery over the longer term and in China's growth prospects and its ability to absorb metals to support that growth.



Ending the year at US\$2,570 per tonne, zinc experienced an unexpected recovery following the severe drop in value of 2008. Good demand from China kept the zinc concentrate market tight throughout 2009, notwithstanding production cutbacks at many western world smelters. Chinese demand for imported concentrate softened towards the end of the quarter but further growth in smelting capacity in China, and recovering western world smelter metal production should result in sustained concentrate demand throughout 2010.



Copper led the base metal recovery in late 2009 finishing the year close to its cash high for year of US\$7,346 per tonne. Strong demand in India and China pushed spot Treatment and Refining Charges (TCRCs) for copper concentrates to single digits during the period. The copper concentrate deficit and resulting strong spot market enabled mines to achieve significantly lower frame contract TCRCs for 2010, compared to 2009.



Lead had one of the strongest recoveries for the year, ending the year at US\$2,395 per tonne. This was driven in part by closure of some Chinese smelters due to environmental concerns for a period. Recovery in demand, particularly from the auto sector, and the relatively low level of inventories on the LME, should see lead's fundamentals perform well over 2010.



Loading ore at Century, Queensland.

**In just seven months MMG has built a new organisation with a strong business strategy and delivered sound safety, production and financial results.**

# CHAIRMAN AND CEO LETTER

## Setting the strategy

At our first meeting in June 2009, the Board set an aspirational growth target for MMG: to build the next generation's leading global diversified minerals and metals company. With this mandate, the management team developed a robust business mission and business strategy to underpin it.

**Our mission is that we will maximise our returns by discovering, acquiring, developing and sustainably operating resources projects around the world.**

We will do this while demonstrating our core values of respect, integrity, action and results in all our activities and behaviours.

Our business strategy is formed around five strategic areas of focus:

**Growth** We will create value by nimbly discovering, acquiring and developing quality opportunities.

**Operations** We will manage a portfolio of quality assets to deliver consistency and growth in returns.

**People** We will develop capable people in a safe working environment who have a commitment to teamwork to deliver our business plans.

**Business Excellence** We will continually improve our standardised, systematic approach and supply innovation to achieve superior outcomes.

**Reputation** We will build and sustain credibility and trust through collaborative ethical behaviour, performance and relationships.

Specific and measurable targets and programs have been developed for each area and are underway in 2010.

Processing operations at Golden Grove, Western Australia.

## Sustainability

At MMG, we take our commitments to sustainability seriously. We understand that caring for our people, our neighbours and the environment is critical to achieving our vision of building a leading mining business.

While we're pleased that our total recordable injury frequency rate decreased 5% from the same time the year before, to 6.2 injuries per million hours worked, we still have improvements to make. Any injuries should and can be avoided and as part of our holistic approach to safety management we have developed a set of injury prevention principles with a vision of a 'Zero Harm and Fatality Free' workplace. New safety leadership training is also being conducted at all our operations globally.

A major focus of our sustainability objectives is to minimise our impact on the environment. All environmental incidents and licence exceedences in 2009 were reported to authorities and actions implemented. A highlight for the year was the successful implementation of an engineering solution for mine water discharge at Golden Grove.

## Operational Performance

Through a period of transition and change our sites remained focused on operational excellence and production with a number of sites achieving record production results during the period.

Our copper production results were particularly strong with 38,077 tonnes of copper cathode produced at Sepon following the installation of a second autoclave in the processing plant. We will continue to build on this success with the copper expansion project, recommenced in September last year, that will see modifications to the current plant increase throughput from 1.35 million tonnes to 2 million tonnes per annum. The Golden Grove mine plan successfully targeted copper in 2009 to achieve optimal returns and record copper concentrate production of 16,658 tonnes of total contained copper metal.

An employee records water monitoring results at Sepon, Laos.



While zinc production in 2009 was impacted by the failure of the Century transport pipeline late in the year, we are pleased that since the bypass installation and repair prior to Christmas, we have shipped a significant amount of concentrate to customers.

Our polymetallic underground mine at Rosebery in Tasmania returned solid production results with zinc, copper, gold and silver all strong. Last year we reaffirmed our commitment to Rosebery, in operation since 1936, with the recommencement of a project to construct an additional ventilation shaft in the mine. As exploration continues to take us deeper at Rosebery where working temperatures can reach over 35 degrees, this fresh air supply is a necessity.

**Financial Performance**

During the period MMG generated some impressive financial returns with headline EBITDA of US\$350.2 million and NPAT of US\$180.7 million. Cash on hand at the end of the year was US\$251.3 million.

China Minmetals confirmed its support for MMG with all profit generated invested back into the business and signified its plans to pursue international expansion through ongoing investment in the business.

**2010 Business Outlook**

For 2010 our primary focus will be on internal development and organic growth. We have a number of projects underway and due for completion before the end of the year. We will also continue to embed the previously identified business improvements to ensure all aspects of our business are running as efficiently and effectively as possible.

Having now developed a solid organisational foundation for the business a key challenge this year will be to develop a growth pipeline of opportunities. Whilst continuing to refine our current suite of exploration and development projects, we will work with China Minmetals to identify merger and acquisition opportunities in Australia, and internationally.



Employees undertake a safety review at Rosebery, Tasmania.

China Minmetals' long term confidence in base metals remains strong and the company will be looking for overseas acquisitions this year to help them grow into a globally competitive mining group with MMG as an international investment platform.

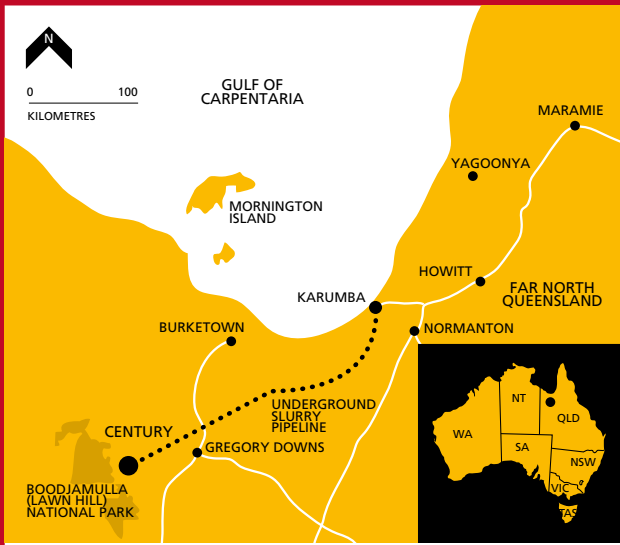
Finally, we'd like to thank all the MMG employees and contractors, who have continued to remain focused on safe production throughout the transition and establishment of this business – you are our greatest asset and without you we could not have achieved such success.

Thank you,

**MR ANDREW MICHELMORE**  
CHIEF EXECUTIVE OFFICER,  
MMG

**MR ZHOU ZHONGSHU**  
CHAIRMAN, MMG  
PRESIDENT, CHINA MINMETALS CORPORATION

## OPERATIONS REVIEW



Century's production guidance for 2010 is 500,000–510,000 tonnes of zinc metal in concentrate and 25,000–30,000 tonnes of lead metal in concentrate.



Processing operations at Century, Queensland.

# CENTURY

### Operations

In late 2009 production at Century was impacted by the failure of the pipeline that transports concentrates from the mining operations to the port facility resulting in a 79-day production shutdown. In 2009, 176,556 tonnes of zinc and 7,347 tonnes of lead were produced from June to December.

During the shutdown, mining operations continued to successfully stockpile nearly 1,080,000 tonnes of ore. As a result, when production recommenced on 23 December 2009, the concentrator was able to ramp back up to full capacity in a number of days.

Opportune maintenance works were undertaken during the shut, including significant works on the Semi-Autogenous Grinding (SAG) mill motor, ball mill motor and gearbox, and work of the primary crusher. These arrangements enabled us to utilise the total workforce without standing anyone down whilst the pipeline was out of operation.

During the year 2,816,702 tonnes of ore were mined. Production has now returned to full capacity and our guidance for 2010 is 500,000–510,000 tonnes of zinc metal in concentrate and 25,000–30,000 tonnes of lead metal in concentrate.

### Exploration

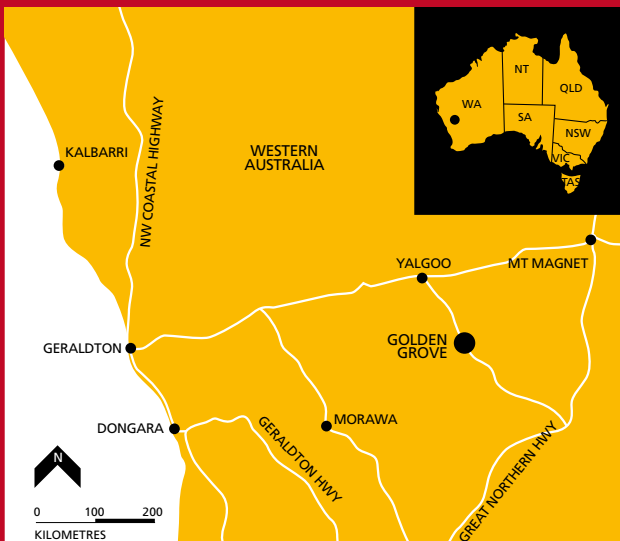
The current defined deposit at Century takes the operation's mine life through to around 2015 but to maximise the potential of our processing plant at Lawn Hill and port facilities at Karumba it is important we make every effort to identify any potential future ore supply nearby. An 18-month diamond drilling program commenced in October 2009 to identify new zinc deposits within the Century mine lease and on adjacent tenements. The key exploration target is shale-hosted zinc mineralisation, similar to the Century ore body.

Located in the remote lower Gulf region of north-west Queensland, Australia.

LOCATION	Located in the remote lower Gulf region of north-west Queensland, Australia.
PRODUCT	Zinc concentrate, lead concentrate
MINING METHOD	Conventional open pit mining
PROCESSING METHOD	Conventional grinding and flotation
COMMENCED OPERATION	2000
CURRENT MINE LIFE	Approximately 2015
RESERVES (CONTAINED METAL)	3.4 million tonnes zinc, 0.3 million tonnes lead, 19.3 million ounces silver
RESOURCES (CONTAINED METAL)	5.1 million tonnes zinc, 0.6 million tonnes lead, 47.3 million ounces silver
2009 PRODUCTION*	176,556 tonnes zinc, 7,347 tonnes lead, 557,870 ounces silver
SALES	Zinc concentrates are transported via a pipeline to a de-watering and shipping facility in Karumba on the Gulf of Carpentaria. From there they are sold to smelters in Europe, Australia, China and Asia.
WORKFORCE**	590 employees and 265 contractors

\* Total contained metals for June-December 2009 \*\* As at January 2010

## OPERATIONS REVIEW



Copper production at Golden Grove was significantly higher than previous years as a result of the copper focused mine plan.



Underground operations at Golden Grove, Western Australia.

# GOLDEN GROVE

### Operations

Production for June to December 2009 was 16,658 tonnes of copper, 36,375 tonnes of zinc, 2,662 tonnes of lead, 818,050 ounces of silver and 16,601 ounces gold. Copper production was significantly higher than previous years as a result of the copper focused mine plan initiated in late 2008. The distinct copper and zinc ore bodies within the Golden Grove polymetallic mine give us the flexibility to make this change and maximise price opportunities when available.

Golden Grove consists of the Scuddles and Gossan Hill underground mines and the Scuddles processing plant. As part of measures taken to reduce costs, the Scuddles mine is currently on care and maintenance.

Work on an additional tailings storage facility, with 15-year life, commenced in late 2009 and commissioning is expected in September 2010.

Expansion studies to investigate the addition of open pit copper mining have been recommenced.

Production guidance for 2010 is 30,000–32,000 tonnes copper metal in concentrate and 80,000–85,000 tonnes of zinc metal in concentrate.

### Exploration

Exploration at Golden Grove recommenced in 2009. Substantial diamond drilling programs, both at surface and underground, are targeting down-plunge extensions of the Scuddles and Gossan Hill ore bodies. Additionally, several near-mine prospects south of Golden Grove are being followed up with detailed geophysical surveys and further drilling.

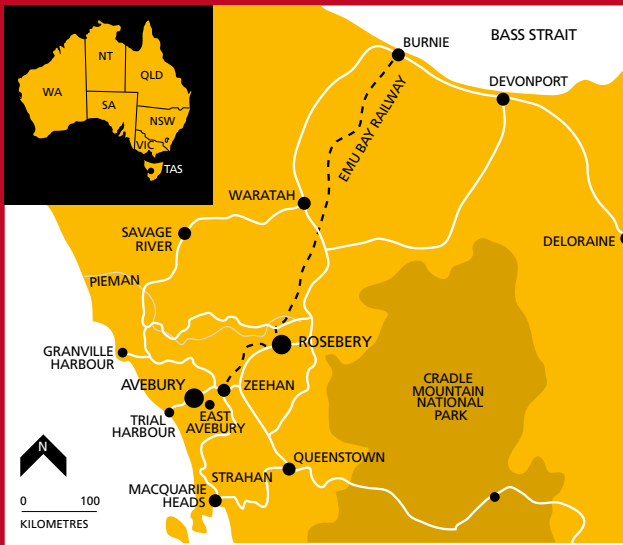
Located approximately 450 kilometres north-east of Perth and 280 kilometres east of Geraldton in Western Australia.

LOCATION	Located approximately 450 kilometres north-east of Perth and 280 kilometres east of Geraldton in Western Australia.
PRODUCT	Zinc concentrate, copper concentrate, precious metal concentrate
MINING METHOD	Underground, sublevel open stoping
PROCESSING METHOD	Crush, grind, flotation
COMMENCED OPERATION	1990
CURRENT MINE LIFE	Approximately 2016
RESERVES (CONTAINED METAL)	0.3 million tonnes zinc, 0.1 million tonnes copper, 7.8 million ounces silver, 0.2 million ounces gold
RESOURCES (CONTAINED METAL)	1.2 million tonnes zinc, 0.7 million tonnes copper, 0.1 million tonnes lead, 38.7 million ounces silver, 0.9 million ounces gold
2009 PRODUCTION*	36,375 tonnes zinc, 16,658 tonnes copper, 2,662 lead, 818,050 ounces silver, 16,601 ounces gold
SALES	Concentrates are exported via the Port of Geraldton to customers in China, Japan, India, Thailand and Australia
WORKFORCE**	388 employees and 149 contractors

\* Total contained metals for June-December 2009 \*\* As at January 2010



## OPERATIONS REVIEW



Deep exploration at Rosebery commenced in November 2009 and will target prospective areas below the current defined ore body.

# ROSEBERY



Processing operations at Rosebery, Tasmania.

### Operations

From June to December 2009, Rosebery produced 53,692 tonnes of zinc, 1,641 tonnes of copper in concentrate, 15,695 tonnes of lead, 1,614,224 ounces silver and 16,978 ounces gold. This strong production was due to advances made in two lenses of the ore body and additional ore tonnes being delivered to make up for lower head grade in this part of the mine.

In July, the program to construct an additional ventilation shaft to provide fresh air to the deeper reaches of the mine was recommenced. Works include raise bore drilling for installation of the ventilation shaft.

Production guidance for 2010 is 83,000-87,000 tonnes of zinc in concentrate and 23,000-25,000 tonnes of lead in concentrate.

### Exploration

A deep exploration drilling program commenced in November 2009 with two deep surface drill holes targeting prospective areas below the lower parts of the Rosebery ore body. Drilling also commenced on the Jupiter prospect, approximately 7 kilometres south of the Rosebery mine, and will further test a new mineralised horizon identified from drilling during 2008.

LOCATION	Located at Rosebery, on Tasmania's West Coast in Australia
PRODUCT	Zinc concentrate, copper concentrate, lead concentrate, gold doré
MINING METHOD	Mechanised underground mining
PROCESSING METHOD	Crush, grind, flotation
COMMENCED OPERATION	1936
CURRENT MINE LIFE	Approximately 2020
RESERVES (CONTAINED METAL)	0.5 million tonnes zinc, 0.1 million tonnes lead, 13.2 million ounces silver, 0.2 million ounces gold
RESOURCES (CONTAINED METAL)	1.8 million tonnes zinc, 0.1 million tonnes copper, 0.6 million tonnes lead, 63.5 million ounces silver, 0.8 million ounces gold
2009 PRODUCTION*	53,692 tonnes zinc, 1,641 tonnes copper, 15,695 tonnes lead, 1,614,224 ounces silver, 16,978 ounces gold
SALES	Concentrates are sold to Nyrstar in Hobart and Port Pirie. Doré bars are sold to Australian Gold Refiners in Perth.
WORKFORCE**	216 employees and 187 contractors

\* Total contained metals for June-December 2009 \*\* As at January 2010

## OPERATIONS REVIEW



In 2009, higher head grades and steady recovery helped produce a healthy production result at the Sepon gold operation.

# SEPON

### Operations

From June to December 2009 Sepon produced 38,077 tonnes of copper cathode, 61,043 ounces of gold and 20,458 ounces of silver.

The Sepon project, in which the Government of Laos holds a 10% share, produces approximately 65,000 tonnes of copper cathode and 90,000 ounces of gold annually.

The copper operation is based on mining the high-grade Khanong ore body with the newer Thengkham and Phabing regions set to be mined in 2010. In 2009, a second autoclave was installed in the copper plant designed to increase copper recovery, process reliability and reduce production downtime. This resulted in a successful increase in capacity and in 2010 we expect the operation to produce 67,000 to 70,000 tonnes of copper cathode.

A project to further expand copper production at Sepon was recommenced in October 2009 and once commissioned will increase production to around 80,500 tonnes annually.

The Sepon gold operation is now in its seventh year of production. In 2009, higher head grades and steady recovery helped produce a healthy production result.

Gold mining continued through the year at the Houay Yeng pit and commenced at Dankoy in two pits. The Sepon area contains significant resources of primary gold mineralisation which, with some modifications to the current plant, could be processed in the future. Further resources are required to justify the modifications and exploration to increase the primary gold resource base is ongoing.

### Exploration

In 2009 the key focus of exploration was drilling several oxide gold prospects 5–15 kilometres west of the Sepon operations. Numerous encouraging intersections of low-moderate grade gold were returned and there is strong potential these prospects will contribute additional resources to extend the life of the oxide gold processing facility. Drilling also continued on primary gold targets close to mine infrastructure.

Copper exploration continued with a focus on the extensive Thengkham system of deposits. Step out drilling programs continue to identify new zones of primary and supergene copper-gold mineralisation and infill drilling programs have identified new extensions beneath and lateral to existing resources.



Mining operations at Sepon, Laos.

#### LOCATION

Located approximately 40 kilometres north of the town of Sepon, in Savannakhet Province, south-central Laos

#### PRODUCT

Copper cathodes, gold doré

#### MINING METHOD

Open pits

#### PROCESSING METHOD

Copper: Whole-of ore leach, solvent extraction-electrowinning

#### COMMENCED OPERATION

Gold: Conventional carbon-in-leach

#### CURRENT MINE LIFE

Copper: 2002, Copper: 2005

#### RESERVES (CONTAINED METAL)

Copper: Approximately 2020

Gold: Approximately 2012 pending further oxide gold exploration

#### RESOURCES (CONTAINED METAL)

0.8 million tonnes copper, 0.3 million ounces silver, 0.2 million ounces gold

1.6 million tonnes copper, 14.5 million ounces silver, 3.2 million ounces gold

#### 2009 PRODUCTION\*

38,077 tonnes copper cathode, 61,043 ounces gold, 20,458 ounces silver

#### SALES

Copper cathodes are transported via road and sea to customers in south-east Asia. Doré bars are transported by air freight to a refinery in Australia.

#### WORKFORCE\*\*

1500 employees and 1484 contractors

\* Total contained metals for June-December 2009 \*\* As at January 2010

## MMG has a portfolio of advanced and early stage exploration projects throughout Australia, Asia and North America.

### Development and Advanced Exploration Projects

MMG has a number of advanced stage exploration and development projects that form the basis of our growth project pipeline.

#### Dugald River

The Dugald River deposit is an undeveloped zinc, lead and silver resource in north western Queensland. A feasibility study completed in 2008 confirmed the resource to 53 million tonnes at 12.5% zinc, 1.9% lead and 36 g/t silver. Work has determined that Dugald River is a robust project capable of producing approximately 200,000 tonnes of zinc, 25,000 tonnes of lead and one million ounces of silver for a period of 23 years.

The project remains a very attractive zinc deposit for MMG to bring on line in the future. Geological interpretation and permitting are ongoing and the project will be reviewed by the Board this year.

#### Nunavut Projects

MMG has a suite of polymetallic base metals and gold assets in the Nunavut Territories of northern Canada.

Principal assets include the Izok Lake copper, zinc, lead and silver resource, the High Lake copper, zinc, lead and silver resource, gold resources at Lupin and Ulu, base metal deposits at Gondor and Hood and around 2,000 square kilometres of exploration tenements. Assets also include gold mining and processing plant and equipment on care and maintenance at Lupin mine.

The Izok Lake deposit is our current focus with 14.8 million tonnes at 12.8% zinc, 2.5% copper, 1.3% lead and 71 g/t silver. A key challenge to successfully developing the deposit is moving the concentrates to market from this remote part of Canada with little infrastructure. Consequently, a fresh approach was taken last year to solving these issues with a resulting scoping study completed in December 2009 producing a material improvement in financial return. The project will now be moved to the next phase with a pre-feasibility study scheduled for 2010.

### Exploration Projects

Exploration is a key growth driver of MMG's growth strategy to build a leading global diversified minerals and metals company and strives to achieve this by:

Leveraging asset value – by aggressive near mine exploration and strategic title consolidation around operating mine sites.

New Discovery Programs – focused exploration on a rationalised portfolio of district scale, early stage to advanced project opportunities.

Project Generation and New Ventures – securing the best new opportunities in the most prospective geological belts.

# EXPLORATION AND DEVELOPMENT PROJECTS

MMG currently has New Discovery Programs in Australia, Asia and North America, and is actively pursuing a pipeline of new venture opportunities globally.

#### Australia

Near Cobar in New South Wales, MMG is exploring for Cobar-style copper-zinc-lead mineralisation at the Wagga Tank project. Drilling in 2009 encountered minor copper-zinc mineralisation. Further drilling is planned for 2010, and will follow up on positive results from an airborne electromagnetic survey.

#### China

In China, MMG is targeting discovery and development of large-scale base metals deposits in partnership with Chinese companies and organisations. Recent reviews have identified a number of nickel-copper opportunities and project joint ventures that are being pursued with local partners.

#### Indonesia

MMG is undertaking exploration in a number of areas in Indonesia including Sulawesi and Java for copper-gold and nickel deposits in this highly mineralised, and under-explored region. In 2009 much work was undertaken to convert existing exploration licences to IUPs (new Indonesian Mining Law exploration tenements) and conduct scout drilling programs at a number of prospects.

#### Canada and Northern USA

In the Nunavut Territories in Northern Canada, MMG has around 2,000 square kilometres of exploration tenements. During the 2009 field season limited drilling and surface geochemical sampling programs were undertaken. We are also exploring early stage nickel and copper projects through joint ventures in Ontario and the Nunavut Territories as well as Minnesota, USA.

Exploration and geology analysis at Sepon, Laos.

# RESERVES AND RESOURCES



Copper cathode  
at Sepon, Laos.

MMG Mineral Resources (contained metal) are estimated to contain 17.1 million tonnes of zinc, 3.2 million tonnes of copper, 2.5 million tonnes of lead, 298.3 million ounces of silver, 5.4 million ounces of gold and 0.2 million tonnes of nickel.

MMG Ore Reserves (contained metal) are estimated to contain 4.1 million tonnes zinc, 0.9 million tonnes copper, 0.5 million tonnes lead, 40.6 million ounces silver and 0.5 million ounces gold.

While reconciliation against 2008 Reserves indicates an overall reduction due to mining at all sites, these were

partly offset by added reserves at Sepon copper and gold, Golden Grove and Rosebery.

An increase in grades at Rosebery has resulted in a slight increase in contained metal and Avebury Resources also posted an increase as a result of additional drilling and improvements in modelling. Gains in Ore Reserves at Sepon were due to the inclusion of the Dankoy (gold) pit and increases at Thengkhamb and Phabing (copper). Golden Grove and Rosebery benefited from infill drilling, resource extensions and the completion of detailed mine

design. Notwithstanding these good results, Ore Reserves at Century were impacted by the removal of uneconomic mineralised units and the position of geological faults.

Due to depletion from mining and limited exploration due to budget constraints in the 2008 and early 2009 period MMG's Mineral Resources and Ore Reserves, except nickel, have predominantly decreased. Significant exploration activities planned for 2010 will potentially replenish Mineral Resources and in turn increase Ore Reserves.

A full breakdown of Mineral Resources and Ore Reserves is provided at [www.mmgroup.com](http://www.mmgroup.com). Mineral Resources and Ore Reserves have been prepared according to the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, which is the JORC Code, 2004 Edition by Mr M Palancian Member of AusIMM, B.Eng., M.Eng. and Mr J Broome Fellow of AusIMM, B.App.Sc. (Hons), M.Sc., Grad. Dip. Mining, who are both employees of MMG and competent persons as defined by the JORC Code (2004). They consent to the inclusion of the material in the form and context in which it appears.

## TOTAL MMG MINERAL RESOURCES (Contained metals as at 30 June 2009)

	Zinc Mt	Copper Mt	Lead Mt	Silver Moz	Gold Moz	Nickel Mt
CENTURY	5.1		0.6	47.3		
GOLDEN GROVE	1.2	0.7	0.1	38.7	0.9	
ROSEBERY	1.8	0.1	0.6	63.5	0.8	
SEPON		1.6		14.5	3.2	
AVEBURY						0.2
DUGALD RIVER	6.6		1.0	61.9		
HIGH LAKE	0.6	0.4	0.1	38.9	0.5	
IZOK LAKE	1.9	0.4	0.2	33.5		
<b>TOTAL RESOURCES</b>	<b>17.1</b>	<b>3.2</b>	<b>2.5</b>	<b>298.3</b>	<b>5.4</b>	<b>0.2</b>

## TOTAL MMG ORE RESERVES (Contained metals as at 30 June 2009)

	Zinc Mt	Copper Mt	Lead Mt	Silver Moz	Gold Moz
CENTURY	3.4		0.3	19.3	
GOLDEN GROVE	0.3	0.1	0.0	7.8	0.2
ROSEBERY	0.5	0.0	0.1	13.2	0.2
SEPON		0.8		0.3	0.2
<b>TOTAL RESERVES</b>	<b>4.1</b>	<b>0.9</b>	<b>0.5</b>	<b>40.6</b>	<b>0.5</b>

**MMG is committed to reporting on the sustainability of its operations and will release its 2009 Sustainability Report on its website [www.mmgrouppltd.com](http://www.mmgrouppltd.com) this year.**

Two members of the Century Emergency Response Team undertake firefighter training.



# SUSTAINABILITY

We take our commitments to sustainability seriously. We understand that caring for our people, communities and the environment is critical to achieving our vision of building the next generation's leading global diversified minerals and metals company.

#### Our sustainability objectives are to:

- > Protect the health, safety and wellbeing of our employees and contractors;
- > Minimise our impact on the environment;
- > Ensure that the communities in which we operate receive real benefit from our activities; and
- > Be known for our integrity.

Our key sustainability objectives and how we strive to achieve them are outlined in the principles of the MMG Sustainability Policy.

#### We aim to:

- > Ensure that the principles of the MMG Sustainability Policy are applied in all business planning and decision-making processes;
- > Never compromise on health and safety;

- > Achieve continuous improvement in performance through use of robust management systems and effective governance and assurance processes;
- > Develop and implement sound enterprise-wide risk management processes;
- > Demonstrate good stewardship of natural resources by minimising our environmental footprint, reducing waste, and using energy, water and other raw materials efficiently;
- > Ensure the safe handling and transport of our materials and products;
- > Educate, train and equip our people to practise excellence in the management of health, safety, environmental and community aspects and opportunities;
- > Build trusting relationships by engaging clearly, openly and honestly with our host communities and other key stakeholders;
- > Encourage economic prosperity in our communities during and subsequent to mining operations;
- > Plan early for closure of our sites and ensure adequate financial provisions have been made;

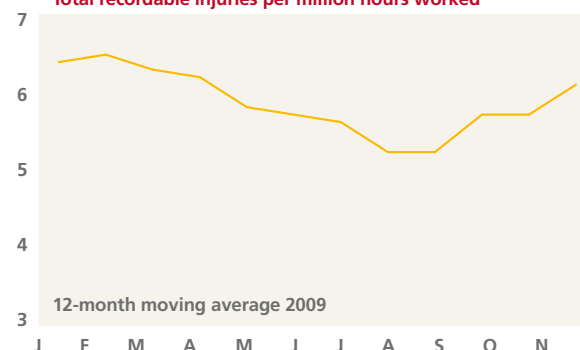
- > Understand, uphold and promote fundamental human rights within our sphere of influence, respecting traditional rights and cultural heritage; and
- > Assess the implementation of this policy through regular audit and review.

To support the policy we have implemented the MMG Sustainability Standards across our operations globally. These are a comprehensive set of standards for the management of safety, health, environmental and social aspects of our business.

These standards are applicable to all phases of mine life including exploration, project development, construction, operation, closure and post closure monitoring. We will periodically measure our sustainability performance against the requirements of the MMG Sustainability Policy and these standards and report publicly on our progress in our Sustainability Report.

In 2009, MMG joined the International Council on Mining and Metals and the Minerals Council of Australia, committing to the sustainability frameworks of each organisation, respectively the *Sustainable Development Framework* and *Enduring Value*.

MMG TOTAL RECORDABLE INJURY FREQUENCY RATE 2009  
Total recordable injuries per million hours worked



#### Safety and Health

MMG employs approximately 5,000 permanent staff and contractors. The safety of these people is a significant responsibility that we take very seriously.

In 2009 our total recordable injury frequency rate decreased 5% to 6.2 injuries per million hours worked. In the June to December period this included 108 total recordable injuries. However, we believe this current level of injuries, and potential injuries or fatalities, is unacceptable. We will continue to make safety a priority in our goal to eliminate all injuries.

To achieve improvements in this area we developed the MMG Injury Prevention Principles with a vision of achieving a 'Zero Harm and Fatality Free' workplace. To support this we have rebranded our safety and health programs under the banner of 'Stop and Think'. This is exactly what we want every individual at MMG to do – stop and think about hazards and potential injuries before starting a job, getting into a vehicle or simply commencing the day's work.

In addition, we have engaged DuPont, the internationally renowned safety systems provider, to conduct safety leadership training across all our operations.

We will work together with our workforce this year to meet our goal of eliminating all injuries.

## This year we will develop an Indigenous Employment Strategy to facilitate a business-wide approach to coordinating and increasing Indigenous employment within our business.

### Environment

MMG experienced 24 reportable environment incidents in 2009 including the release of zinc concentrate slurry to the environment during the failure of the Century pipeline. Each incident was reported to the relevant authorities and actions implemented to address them.

We continue to focus on learning from incidents and improving our environmental performance and ensuring that incidents of non-compliance are not repeated in the future. Significant environmental improvement programs and other initiatives were undertaken to meet site licence and consent conditions including upgrade of the water treatment system at Golden Grove to address exceedences of mine water discharge.

MMG's environmental objectives define a set of core requirements for work programs across the business.

The objectives are:

- > No incidents with major environmental impact;
- > No non-compliances with licence conditions;
- > Each site audited against the MMG Sustainability Standards;
- > Incident classification and reporting processes aligned across MMG;
- > Mine Closure Plans in place at all sites;

- > Safety, Health, Environment and Community requirements in the project development process strengthened;
- > Specific Safety, Health, Environment and Community plans in place at each operation, including lead indicators;
- > Management plans in place for Acid Rock Drainage, Water Management, Energy and Greenhouse Gas Management; and
- > Energy efficiency improvement projects implemented.

These objectives reinforce a back to basics approach by focusing on a number of key fundamentals including standards implementation and the development of plans to address high risks.

### Community

Through our stakeholder relations activities, MMG aims to continually engage our stakeholders, of which communities are a key component. We aim to engage local community representatives and actively promote the contribution MMG makes to the places where it operates. We also aim to be open, honest and cooperative when issues and concerns do arise.

Three significant incidents were reported in 2009. These all occurred at Rosebery and were of a civil disobedience nature towards the site. For the same period, 31 stakeholder grievances were recorded.

As part of our internal reporting process, all significant community incidents and grievances are reported and reviewed by the Executive and Board level Safety, Health, Environment and Community Committees.

Community investment is an important part of MMG's approach to community relations. Through investments that support sustainable local development, we aim to share the benefits of our operations with local communities and support our social license to operate.

In 2009 we contributed over US\$1.5 million to local and regional communities for community development initiatives, local business development, education and training initiatives and for sponsorships and donations.

Local employment remains an important part of our connection with our local communities and each of operating sites has active local recruitment policies to encourage this. Indigenous employment is particularly important and MMG runs training and apprenticeship programs at Century, Golden Grove and Sepon to support this. At Century we employ around 160 Indigenous people (directly or as contractors), representing more than 21% of the site's overall workforce.

This year we will develop an Indigenous Employment Strategy to facilitate a business-wide approach to coordinating and increasing Indigenous employment within our business.

Participants in Century's pre-apprenticeship program.



# BOARD

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