

HKEx: 1208

EARNING THE RIGHT TO GROW

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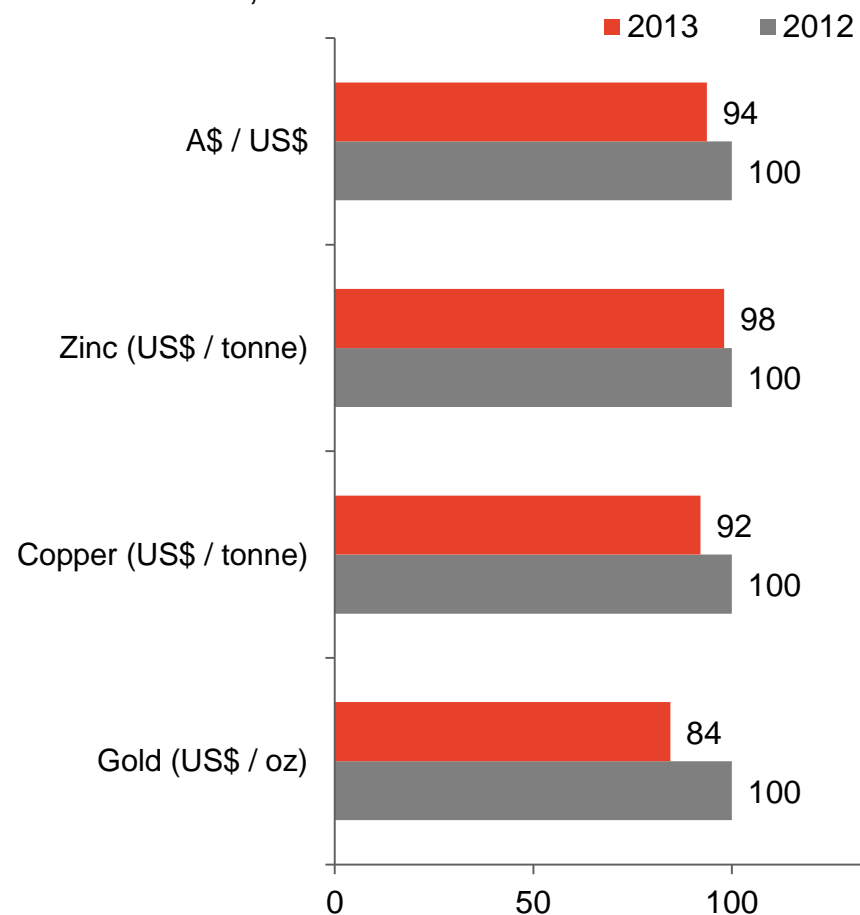
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This presentation should be read in conjunction with MMG Limited's annual results announcement for the year ended 31 December 2013 issued to the Hong Kong Stock Exchange on 11 March 2014. Comparatives presented for 2013 have been restated as per the change in accounting policy detailed in Note 2 of the annual results announcement.

- Safety remains a core value – TRIFR¹ 2.4.
- Delivered Earnings Before Interest and Tax (EBIT) of US\$278.3m.
- Mining and processing records achieved at Kinsevere, Rosebery and Century.
- Record copper production at Sepon and Kinsevere,
- Record zinc production at Rosebery.
- Net cash generated from operating activities of US\$554.5m.
- MMG Board has recommended a dividend of US 1.0 cent per share.

Foreign exchange and commodity price performance

Indexed, 2012=100

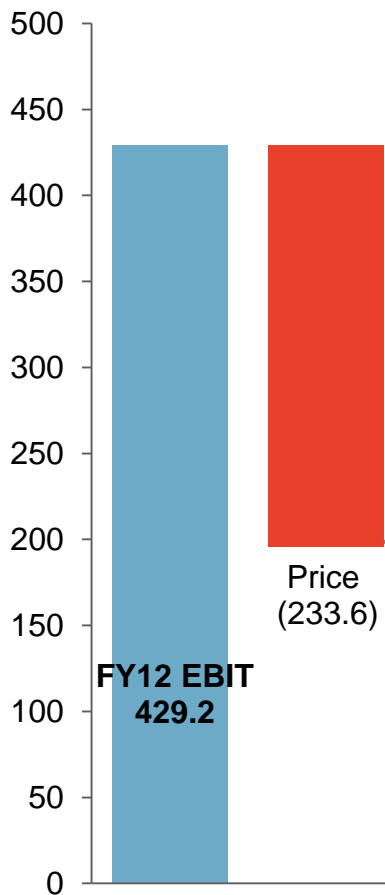


(1) TRIFR is Total Recordable Injury Rate per million hours worked.

EBIT variance analysis

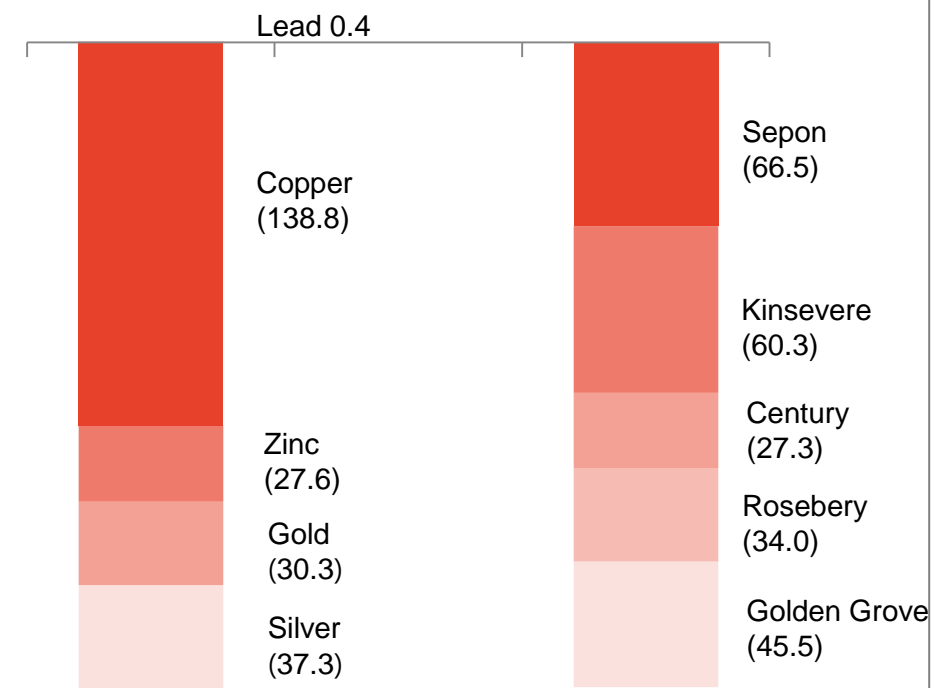
EBIT variance

US\$ million



Price variance

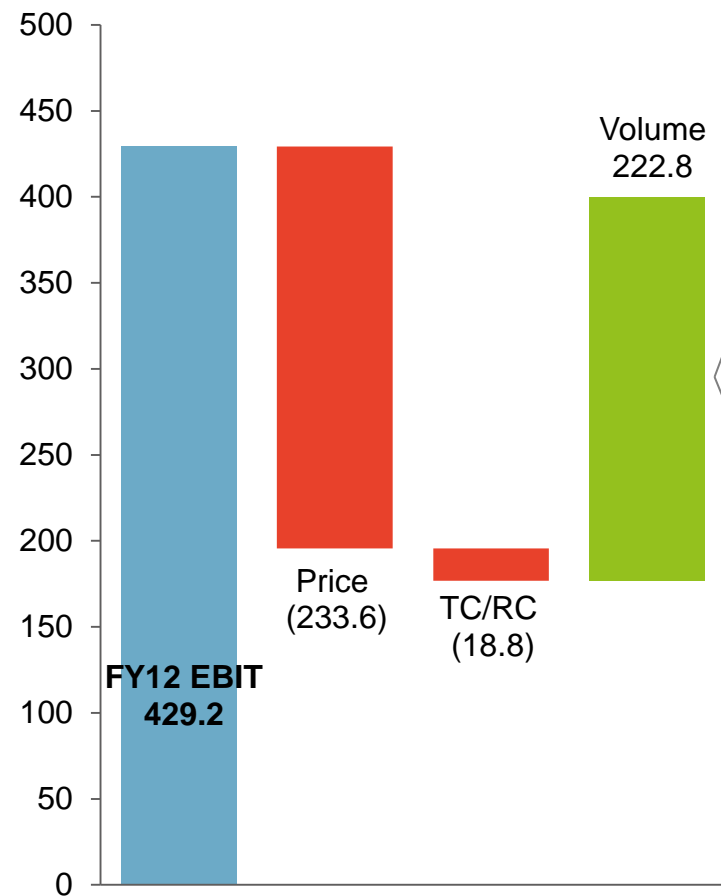
US\$ million



EBIT variance analysis

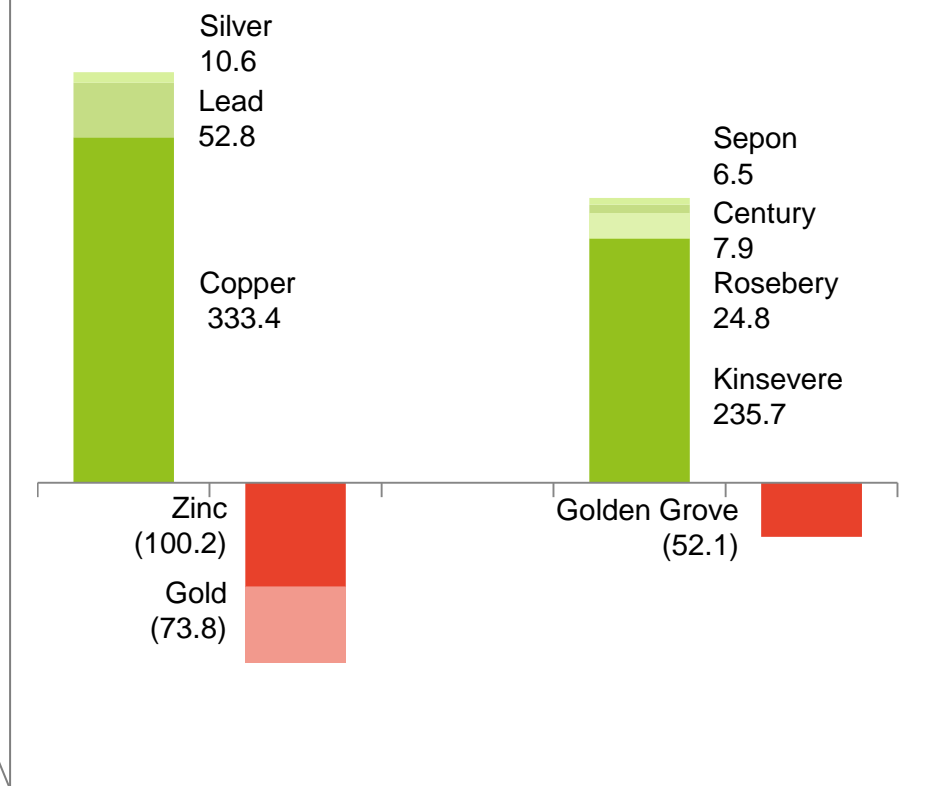
EBIT variance

US\$ million



Volume variance

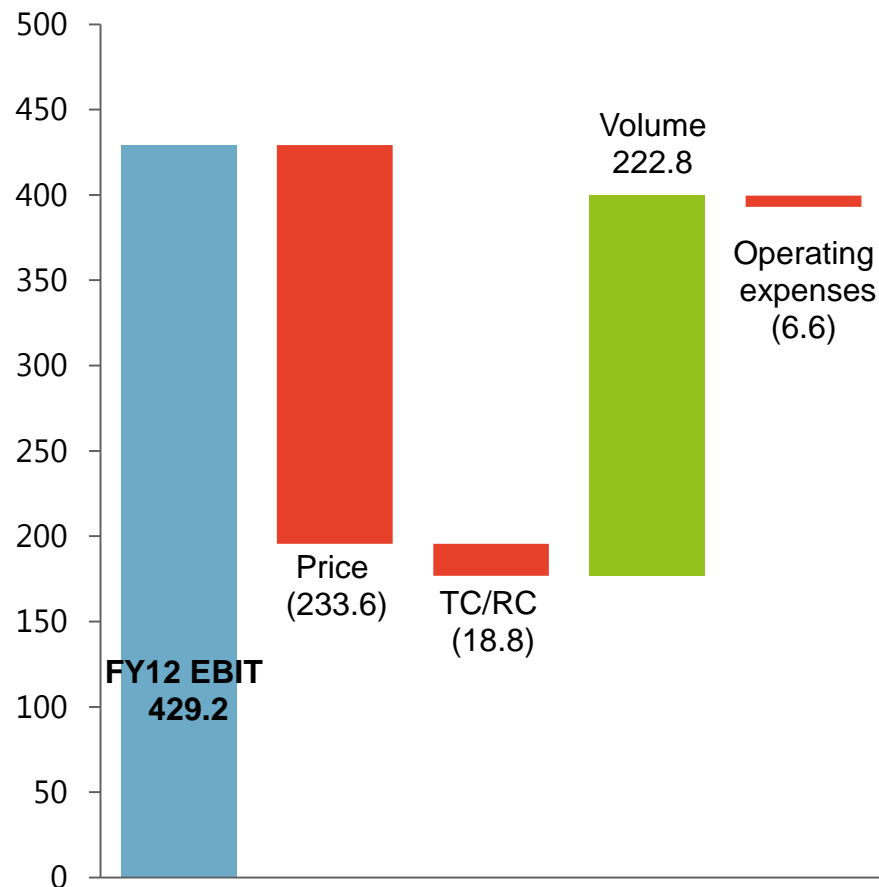
US\$ million



EBIT variance analysis

EBIT variance

US\$ million



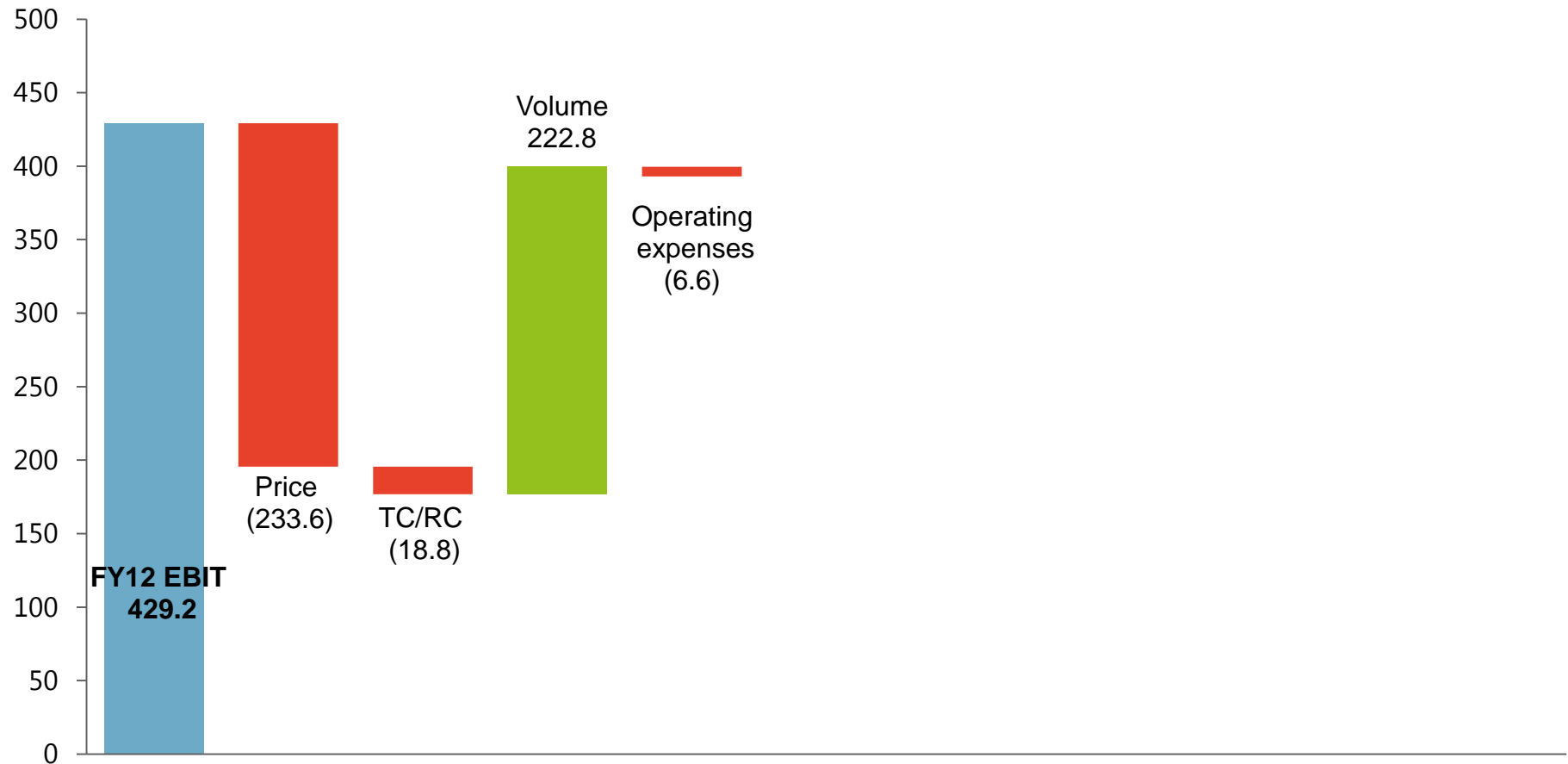
Operating expense variance includes:

- US\$108.1m increase at Kinsevere reflecting inclusion of 12 months of expenses and production ramp up.
- US\$98.4m saving at Golden Grove due to operational restructure.
- Higher operating expenses as a result of higher sales volumes at Rosebery, Century and Sepon were mitigated by favourable unit cost performance.
- Weaker Australian dollar had a positive impact of US\$58.3m on costs in 2013.

EBIT variance analysis

EBIT variance

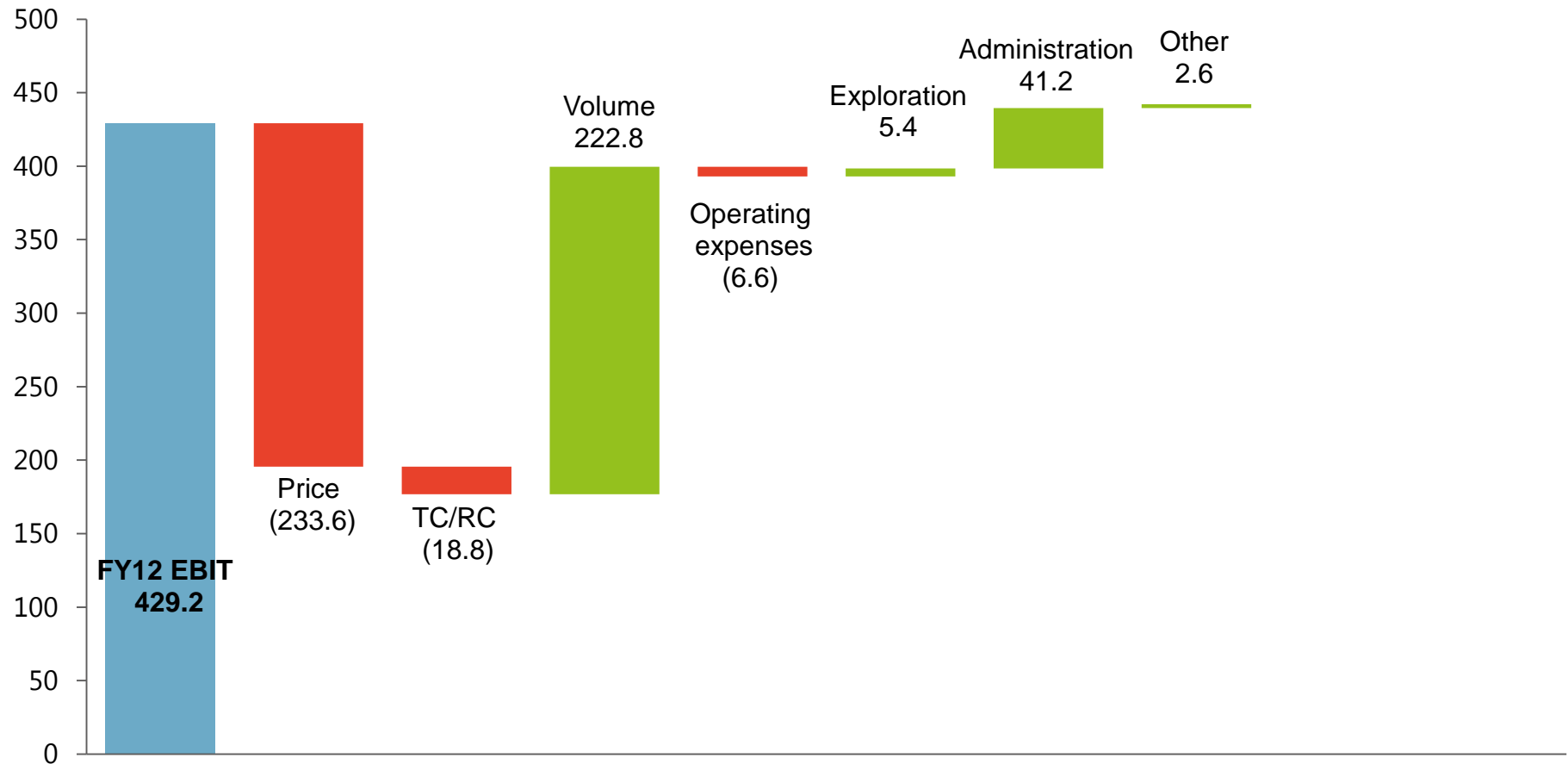
US\$ million



EBIT variance analysis

EBIT variance

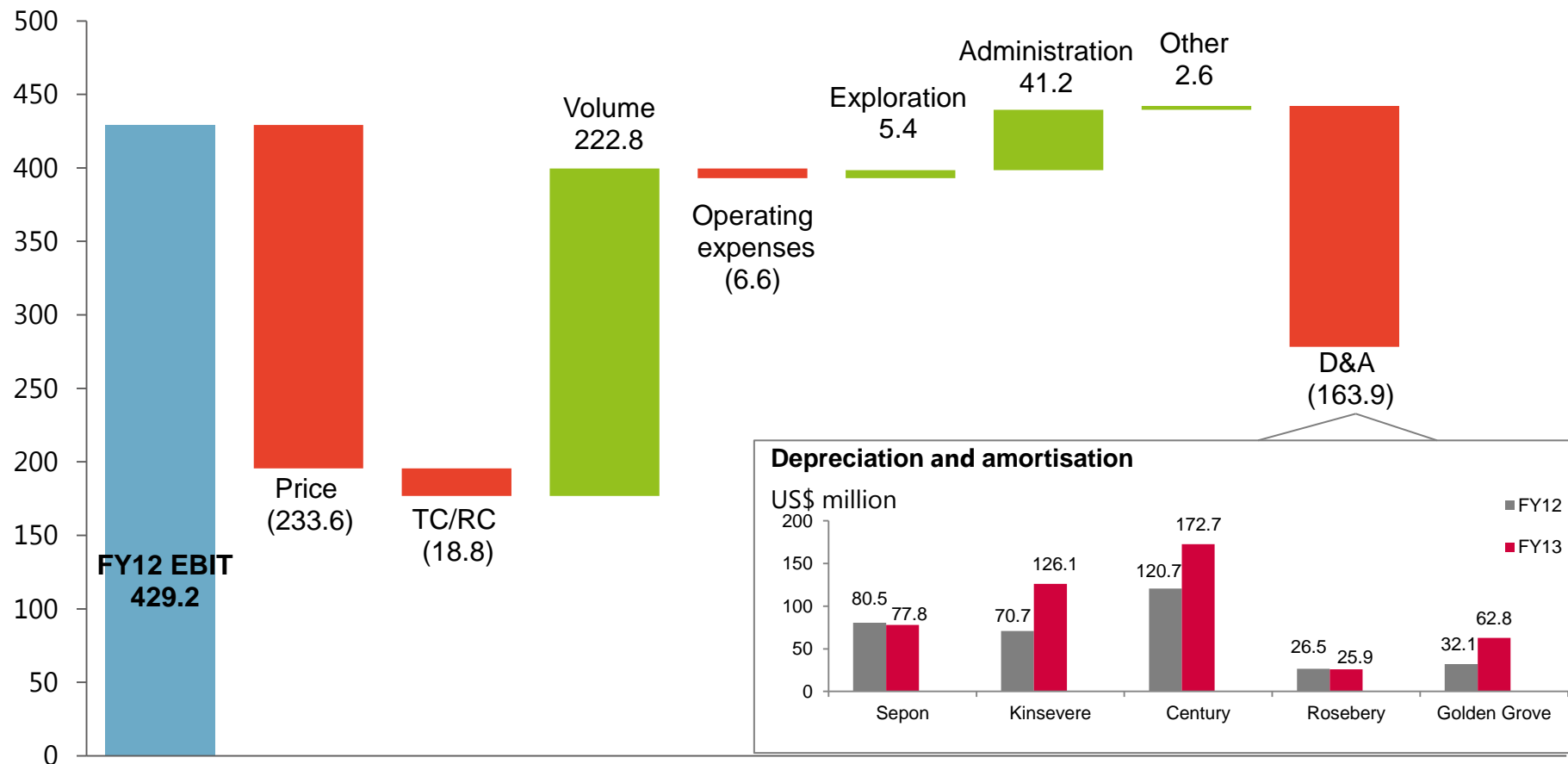
US\$ million



EBIT variance analysis

EBIT variance

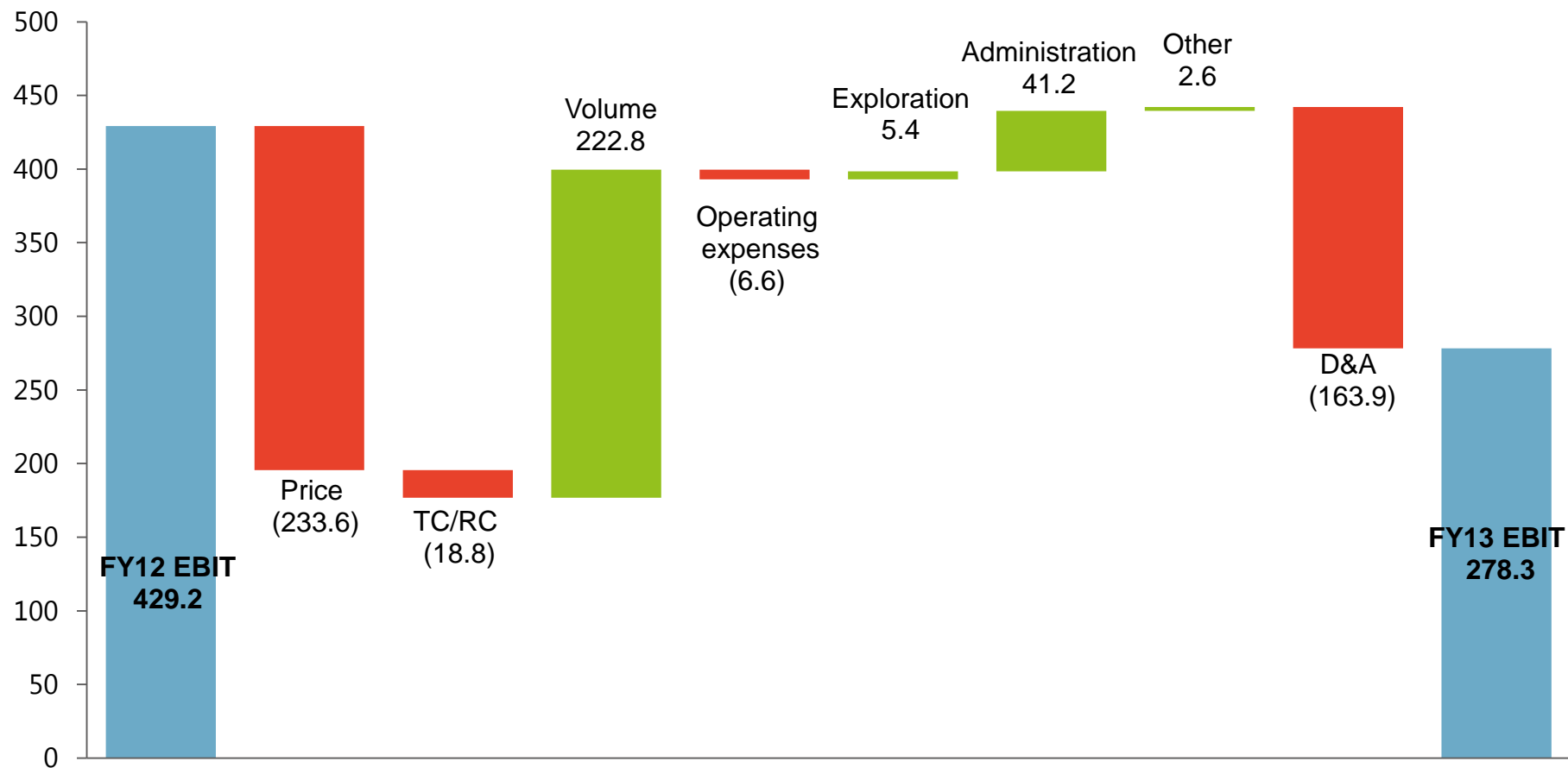
US\$ million



EBIT variance analysis

EBIT variance

US\$ million



Inflows

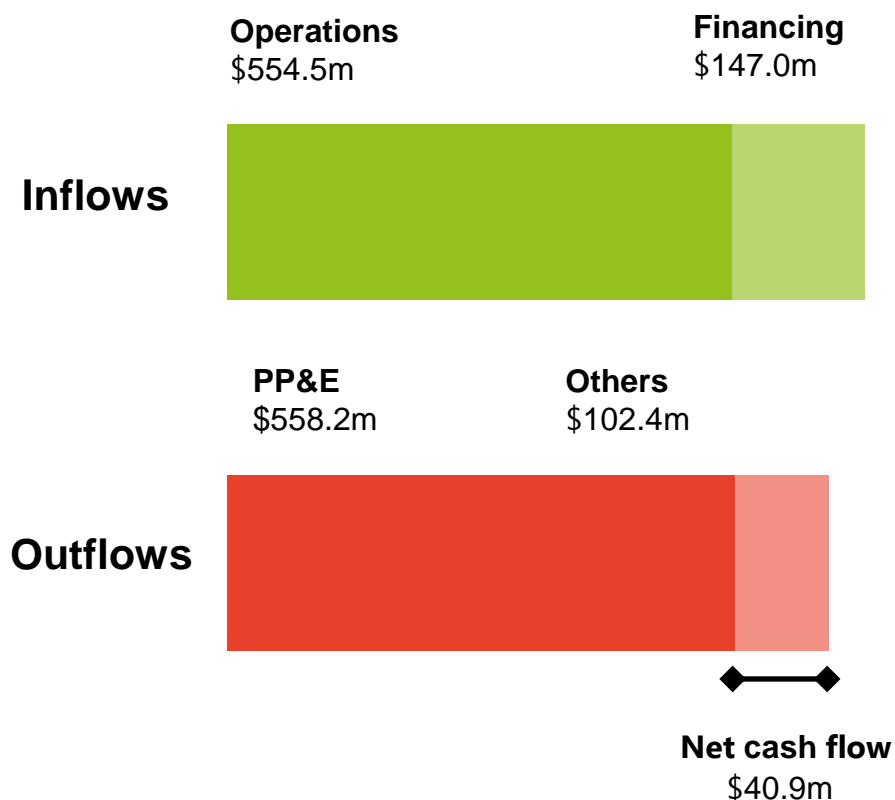
- Net cash generated from **operating activities** of US\$554.5m.
- Net cash generated from **financing activities** of US\$147.0m.

Outflows

- Purchase of **property, plant and equipment (PP&E)** of US\$558.2m.
- Purchase of **intangible and financial assets** of US\$103.8m.

Cash balance of US\$137.4m at 31 December 2013.

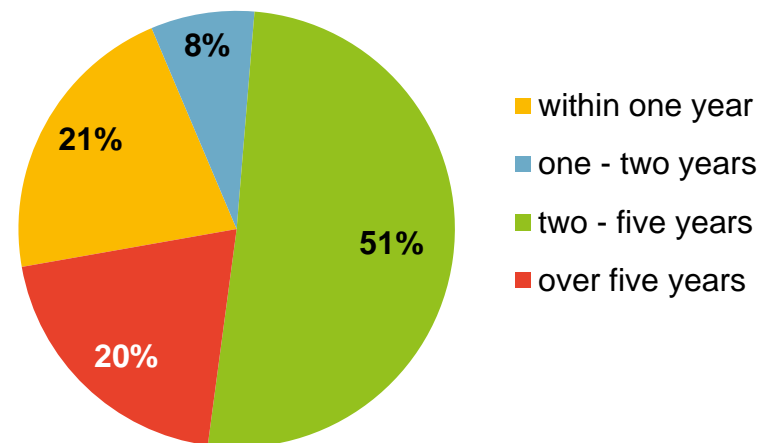
2013 Cash flow summary US\$ million



Financial resources and liquidity

- Drawdown of US\$250.0m in June 2013 under the US\$1.0 billion Dugald River facility.
- US\$338.0m raised in August 2013 via the issuance of Convertible Redeemable Preference Shares.
- Gearing ratio¹ as at 31 December 2013 of 0.45.

Repayment of borrowings
as at 31 December 2013



US\$ million	2013	2012
Total borrowings (excluding prepayments)	1,644.2	1,645.5
Less: Cash and cash equivalents	137.4	95.7
Net debt	1,506.8	1,549.8
Total equity	1,816.8	1,588.3
	3,323.6	3,138.1
Gearing ratio¹	0.45	0.49

(1) Gearing ratio is defined as net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity.

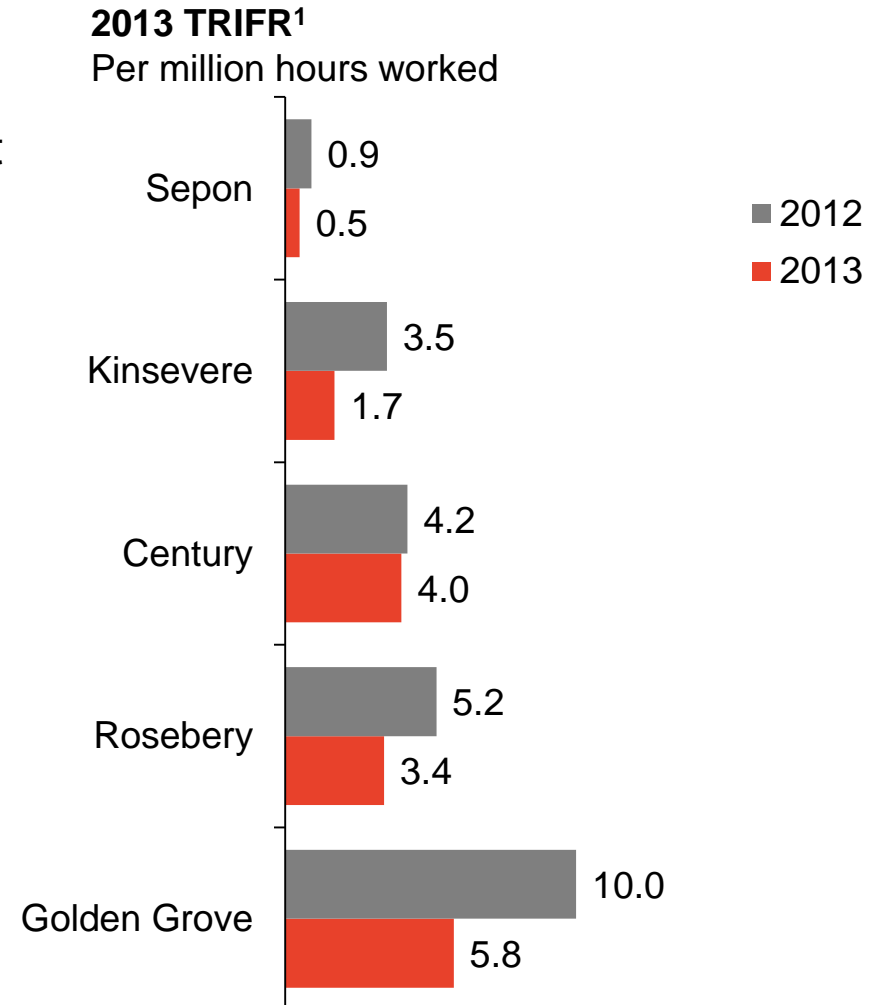
Our growth strategy is focused on:

- Identifying opportunities to extract potential from our existing assets.
- Pursuing organic growth opportunities through our projects and exploration pipelines.
- Pursuing external growth such as targeting value-focused acquisitions.

Commodity	Primary targets: copper and zinc. Secondary targets: nickel (sulphides) and bauxite.
Scale	Meaningful in size relative to MMG's existing assets.
Stage	Producing asset or advanced stage construction project.
Geography	Stable jurisdiction, supportive of mining investment, safe for our employees.

Committed to world-class operating standards

- 2013 TRIFR¹ 2.4, 20% improvement.
- Continue to strengthen our commitment to the safety of our people - one fatality in 2013 is unacceptable to our business.
- An International Council on Mining and Metals member committed to the ICMM Sustainable Development Framework.
- Value our integrity ensuring workforce behaves with respect to land, people and cultures.
- Embrace diversity seeing benefits of working closely with our host communities.



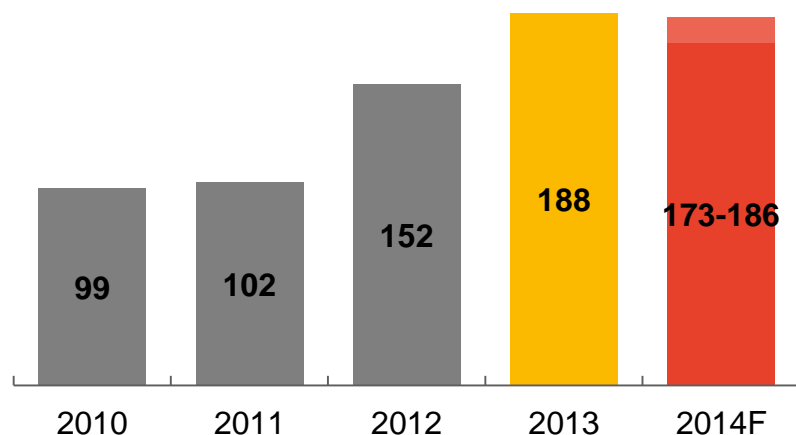
(1) TRIFR is Total Recordable Injury Rate per million hours worked.

Highlights

- Ore mined increased 33% and ore milled 18%, while operating expenses decreased by US\$6.6 million.
- Total copper production in FY13 of 187,738 tonnes - 23% above FY12.
- Total zinc production in FY13 was 4% lower than FY12 due to declining grades at Century.
- 2014 annual guidance of 173,000 – 186,000 tonnes copper and 600,000 – 625,000 zinc.
- Continue to pursue permanent operating cost reductions.

Copper production

'000 tonnes

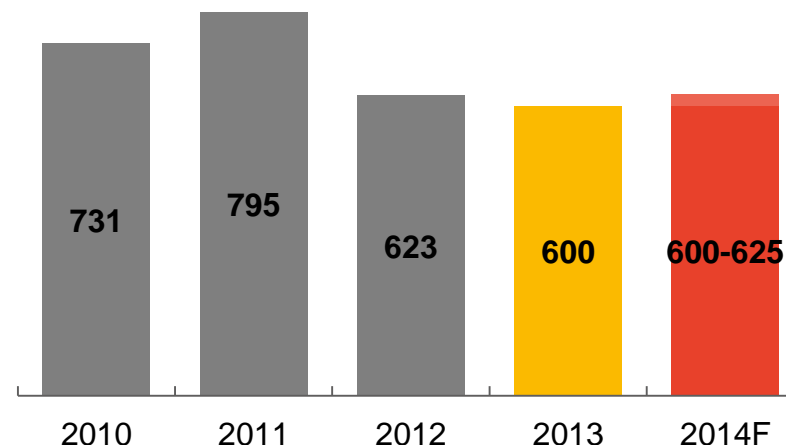


EBITDA¹

US\$ million	2013	2012	%
Sepon	396.5	491.4	(19)
Kinsevere ²	198.0	131.1	51
Century	176.5	192.6	(8)
Rosebery	84.3	85.7	(2)
Golden Grove	73.0	67.9	8
Total	928.3	968.7	4

Zinc production

'000 tonnes

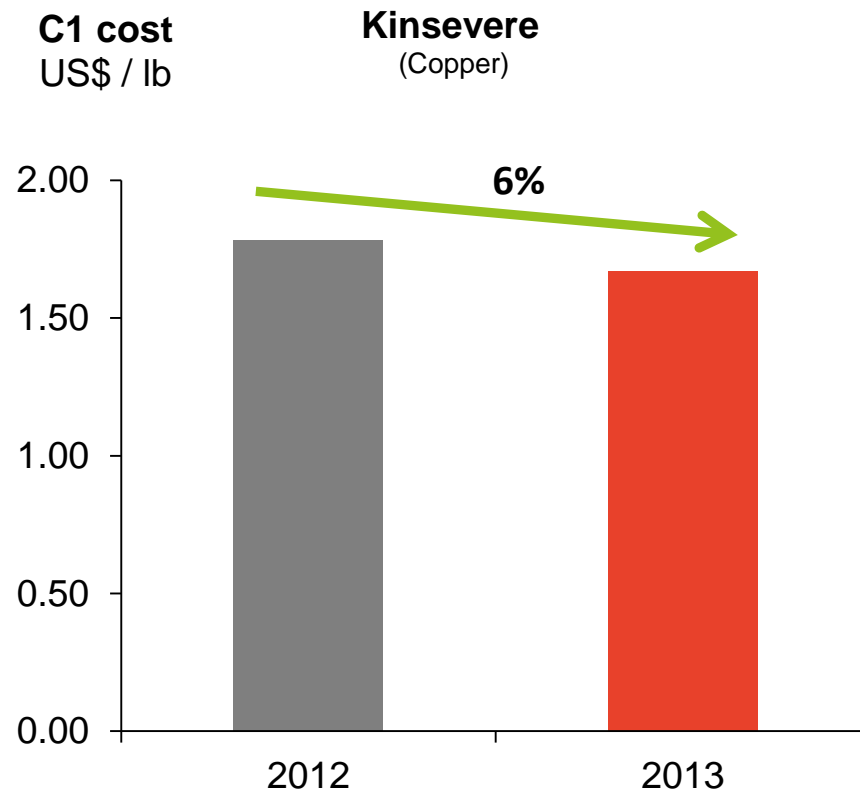


(1) EBITDA includes revenue, operating expenses and other income and expense items.

(2) MMG acquired Kinsevere following the acquisition of Anvil Mining Limited in February 2012.

Kinsevere – opportunities to extract more value

- Kinsevere commissioned in May 2011, acquired by MMG in February 2012.
- Exceeded nameplate capacity in first full year of MMG operation following installation of diesel generators.
- Current Kinsevere power requirements: **24MW**.
- 57% of power requirements were met from diesel generation in 2013.
- The use of alternative power sources significantly impact operating costs.
- Negotiations continue to pursue sustainable, long-term solutions.
- Highly prospective near mine exploration permits acquired in 2013 - within trucking distance of current mine infrastructure.



Alternative sources of power

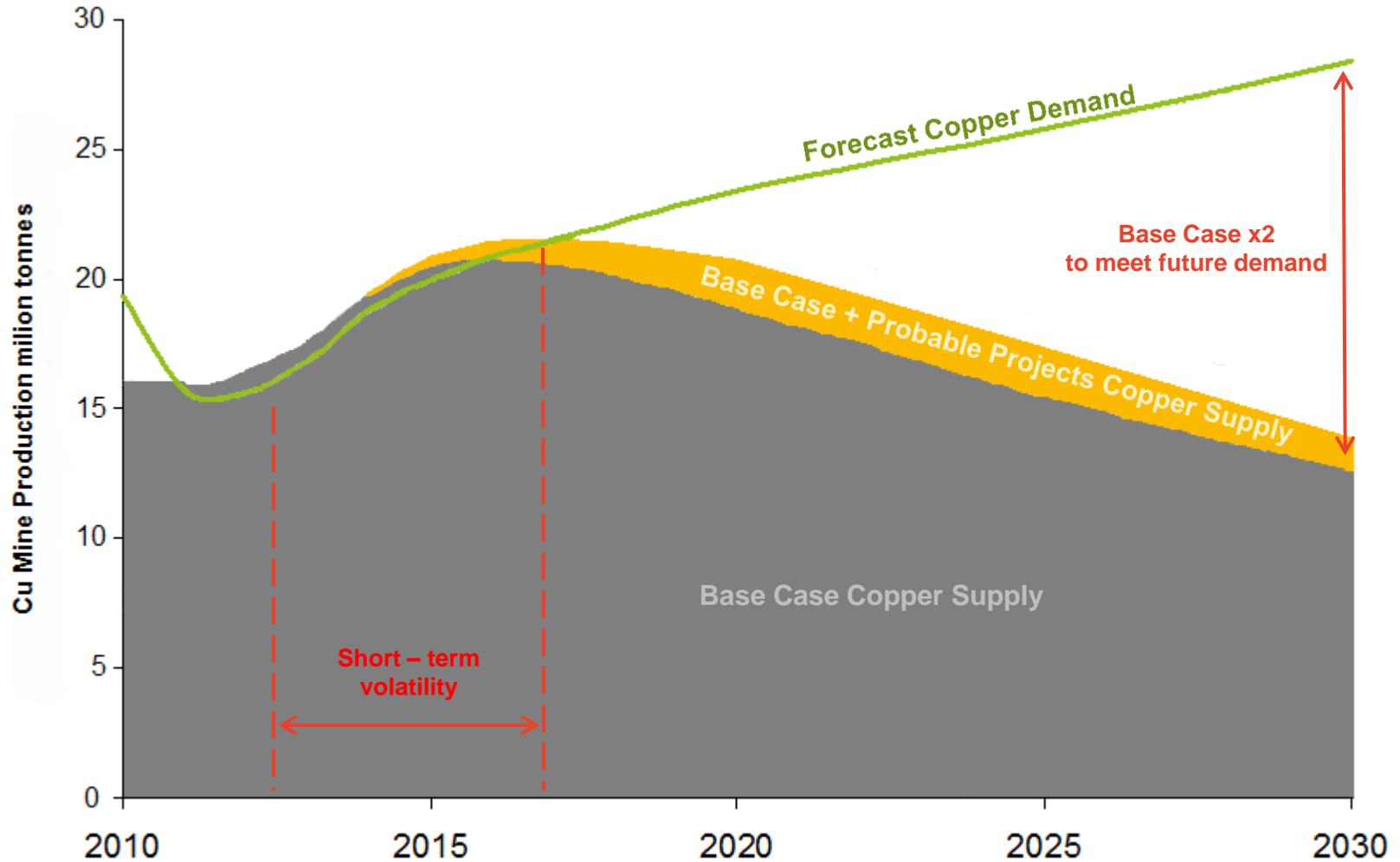
SNEL	Force majeure has limited supply to a maximum of 8MW
Zambia	>20MW available (off peak)
Diesel	24MW maximum output

Higher volumes – well managed costs



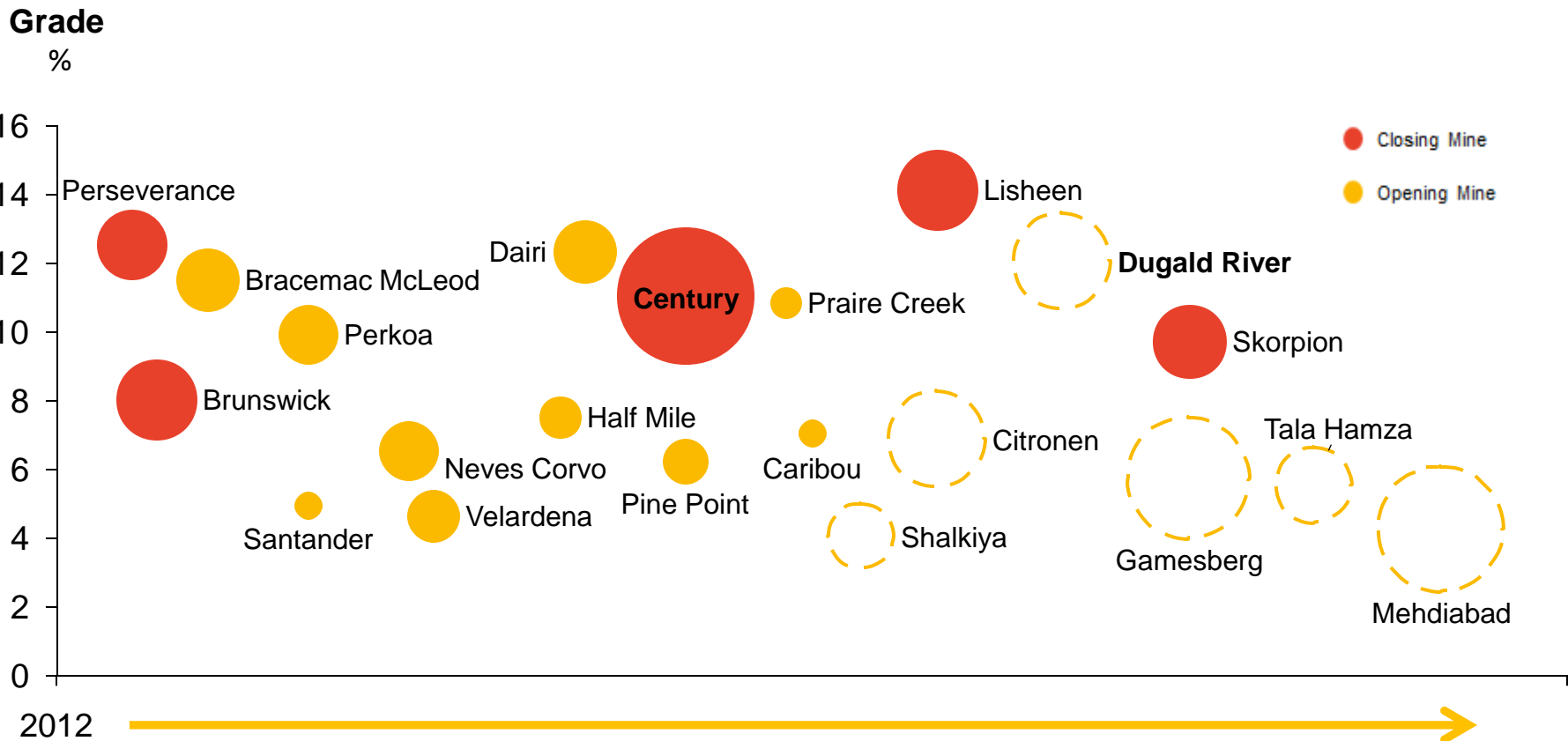
(1) 2012 Kinsevere data includes 10 months of production.

Copper – solid long-term market fundamentals



Zinc – future supply remains uncertain

- Last production from Century’s open pit expected mid 2015. (~500kt)
- Initial Dugald River mine plan difficult to achieve – trialling of mining methods to continue in 2014.



Bubble size represents first or last full year production of various mines.

Dashed lines reflect uncommitted development projects.

Source: Wood Mackenzie, Company Reports. Production and grade refer to 2013 production and average mining grade.

Earning the right to grow

- Significant safety improvements in 2013.
- Track record of delivering to production and cost guidance.
- Commitment to continuously improve processes, quality and costs.
- Supported by majority shareholder – China Minmetals.



Sepon celebrating an annual production record in December 2013.

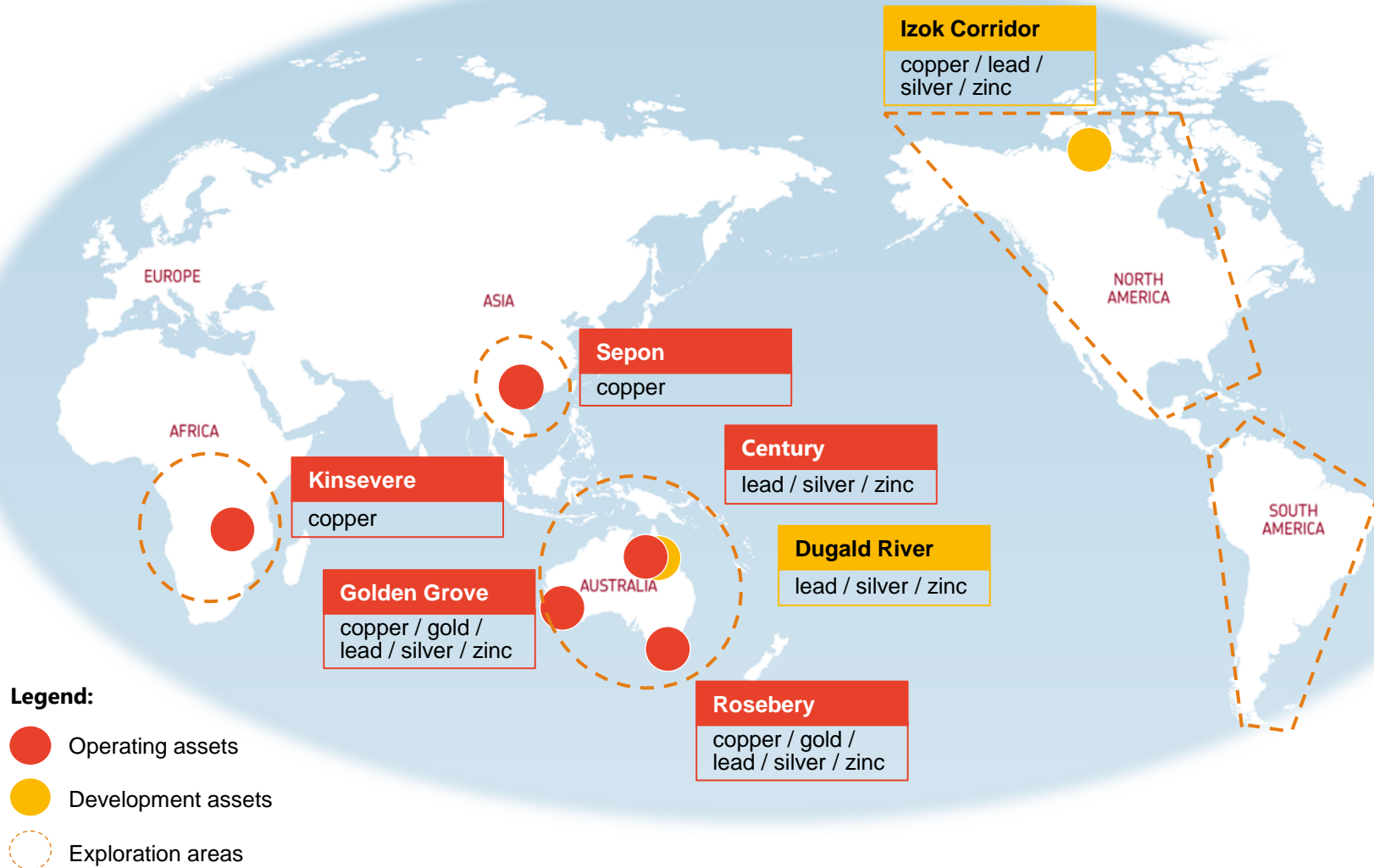
**WE MINE FOR
PROGRESS**



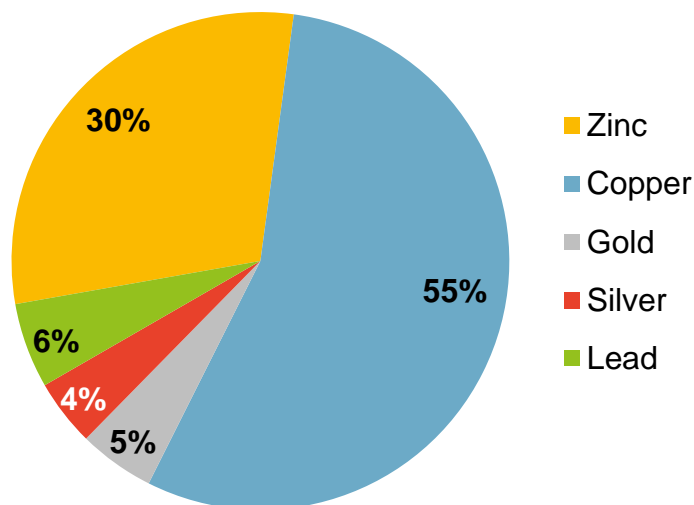
MM
MMMG

The logo features a large, stylized 'MM' in a bold, red, sans-serif font. The letters are slightly slanted to the right. Below this, the letters 'MMMG' are written in a smaller, bold, red, sans-serif font.

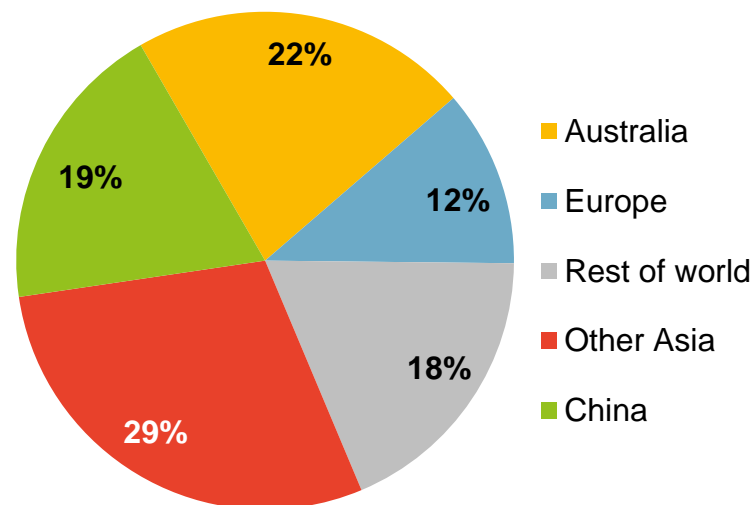
Overview of assets



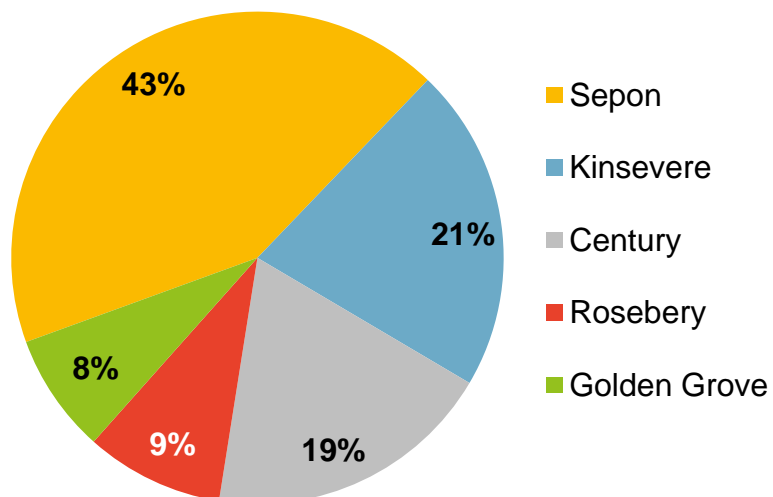
Revenue by commodity



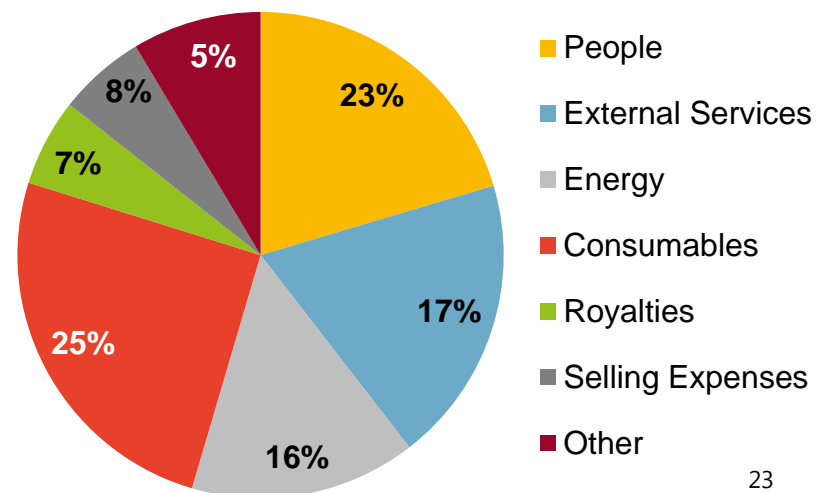
Revenue by customer location



EBITDA by operating segment



Operating expenses (Sites)

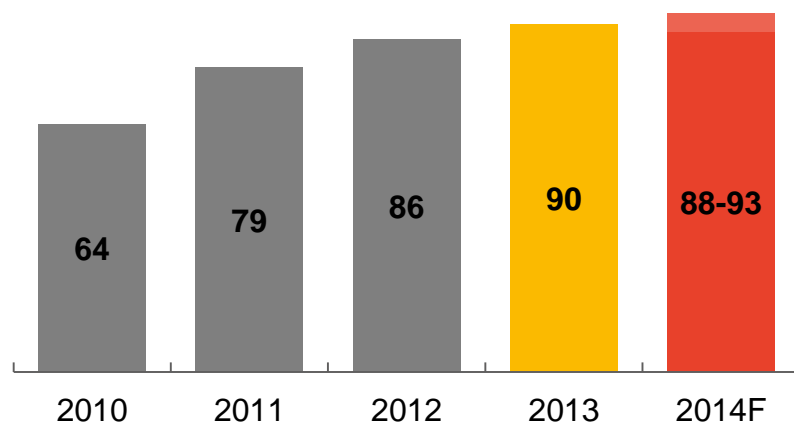


Highlights

- Outstanding production results with 90,030 tonnes of copper cathode produced in 2013.
- Copper sales increased 9%, revenue decreased 7% due to lower average realised copper price.
- Transition of Sepon to an owner-operator mine reduced contractor costs by US\$15.1 m compared to 2012.
- Sepon ceased its gold operations in December 2013 due to depleting ore reserves and lower margins.
- The cessation of gold mining resulted a one off unfavourable impact to EBIT of US\$21.6 m.

Copper cathode production

'000 tonnes

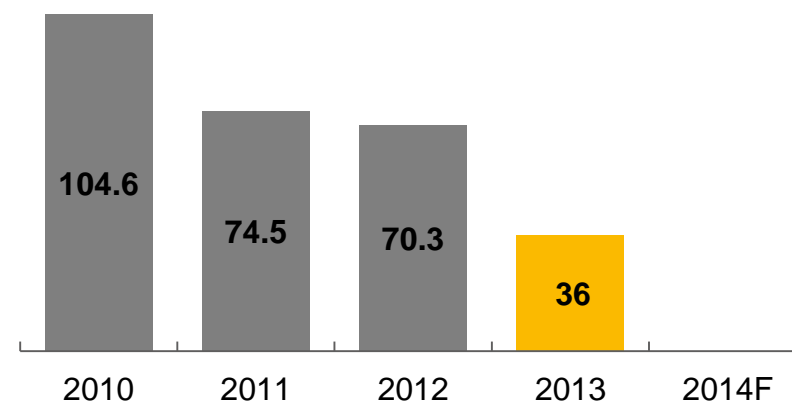


Financials

US\$ million	2013	2012	%
Revenue	746.2	806.2	(7)
EBITDA ¹	396.5	491.4	(19)
EBIT	318.7	410.9	(22)
EBITDA margin (%)	53	61	
C1 Costs – copper (US\$ / lb)	0.89	0.98	
C1 costs – gold (US\$ / oz)	1,864	944	

Gold production

'000 ounces



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

Highlights

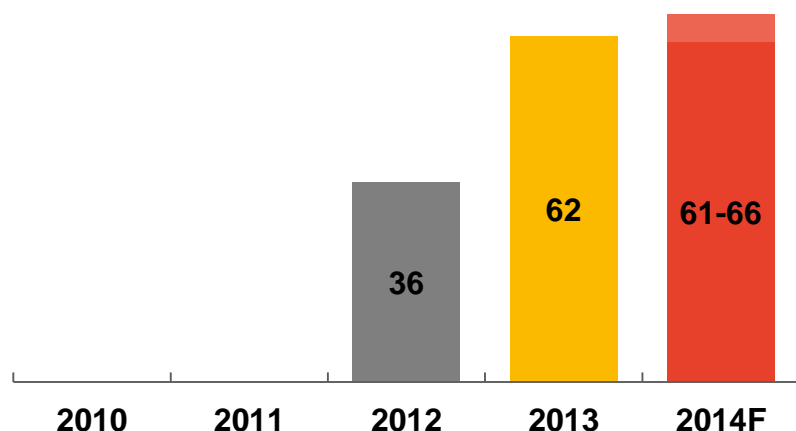
- An annual production record of 62,076 tonnes of copper cathode produced in its first full year under MMG ownership.
- Well controlled mining and processing costs.
- In 2013 approximately 57% of power requirements were sourced via diesel generators.
- Energy costs increased US\$44.8 m compared to 2012 due to the use of diesel and high cost grid-sourced power.

Financials²

US\$ million	2013	2012	%
Revenue	455.3	279.9	63
EBITDA ¹	198.0	131.1	51
EBIT	71.9	60.4	19
EBITDA margin (%)	43	47	
C1 costs – copper (US\$ / lb)	1.67	1.78	

Copper cathode production²

'000 tonnes



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

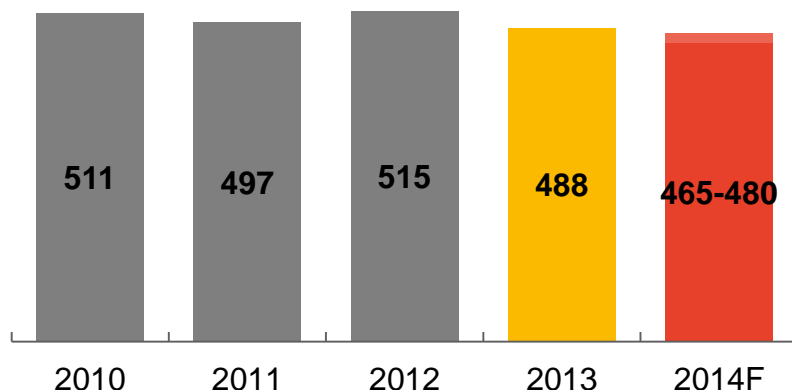
(2) MMG acquired Kinsevere following the acquisition of Anvil in February 2012.

Highlights

- Record mining rates achieved in 2013, the current mine plan imply last production from Century 's open pit is expected to be in mid-2015.
- Average zinc grade of ore mined decreased from 11.9% in 2012 to 8.9% in 2013.
- Revenue decreased by US\$31.9 m due to lower zinc sales volumes at a lower average realised price.
- Production-related expenses were well controlled relative to the increase in mining volumes and throughput.

Zinc in zinc concentrate production

'000 tonnes

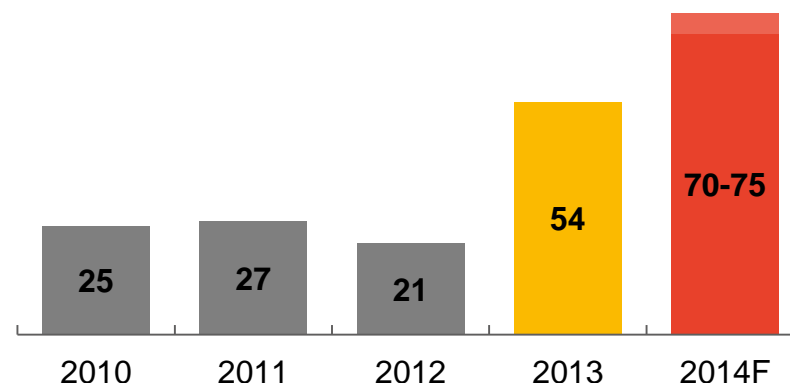


Financials

US\$ million	2013	2012	%
Revenue	721.0	752.9	(4)
EBITDA ¹	176.5	192.6	(8)
EBIT	3.8	71.9	(95)
EBITDA margin (%)	24	26	
C1 costs – zinc (US\$ / lb) ²	0.60	0.56	

Lead in lead concentrate production

'000 tonnes



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

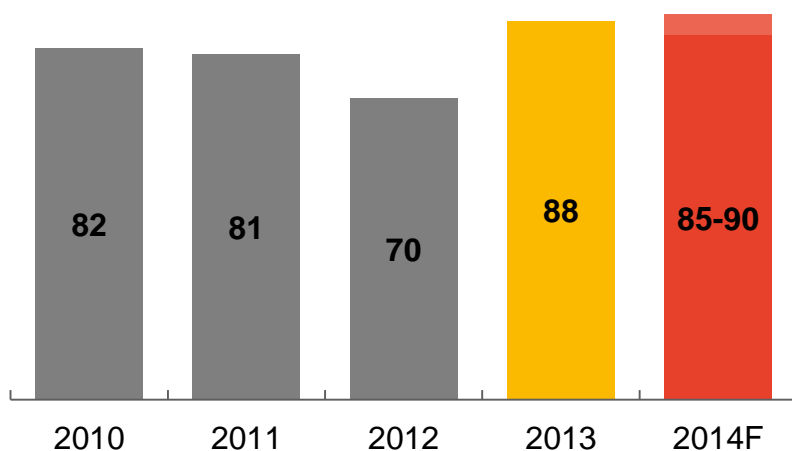
(2) Century 2013 C1 costs have been adjusted following a reconciliation of accounts.

Highlights

- Annual production record of 88,369 tonnes of zinc metal produced in 2013, a 26% increase compared to 2012.
- Revenue decreased US\$14.2 m due to the lower average realised prices for all commodities except lead.
- Production expenses decreased US\$5.7 m compared to 2012 as a result of solid operational and financial discipline.
- Actual zinc C1 costs of US\$0.24/lb were favourable compared to guidance of US\$0.25 – 0.30/lb.

Zinc in zinc concentrate production

'000 tonnes

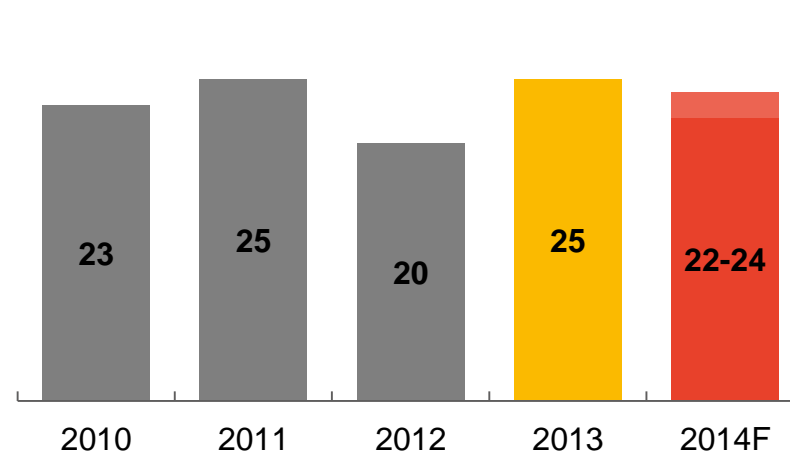


Financials

US\$ million	2013	2012	%
Revenue	253.3	267.5	(5)
EBITDA ¹	84.3	85.7	(2)
EBIT	58.4	59.2	(1)
EBITDA margin (%)	33	32	
C1 costs – zinc (US\$ / lb)	0.24	0.38	

Lead in lead concentrate production

'000 tonnes



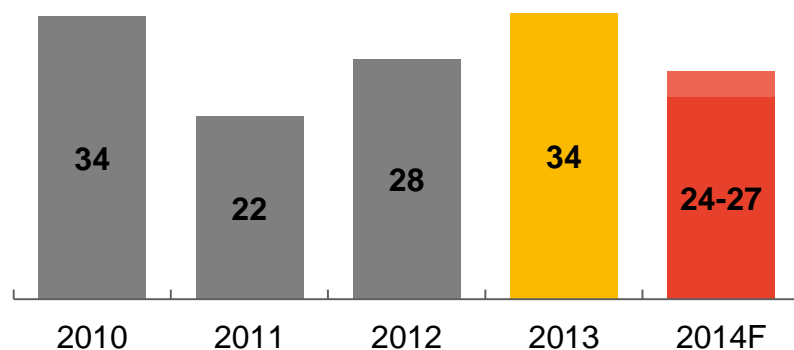
(1) EBITDA includes revenue, operating expenses and other income and expense items.

Highlights

- Total copper production increased by 19% and zinc production decreased by 37% compared to 2012.
- Despite a 20% increase in copper sales, total revenue decreased 25% compared to 2012.
- Cost savings in excess of US\$20.0 m were realised following the strategic review in 2012.
- Ongoing strategic cost reductions and optimising mine plan resulted in production expenses reduction of US\$43.7 m.

Copper in copper concentrate production

'000 tonnes

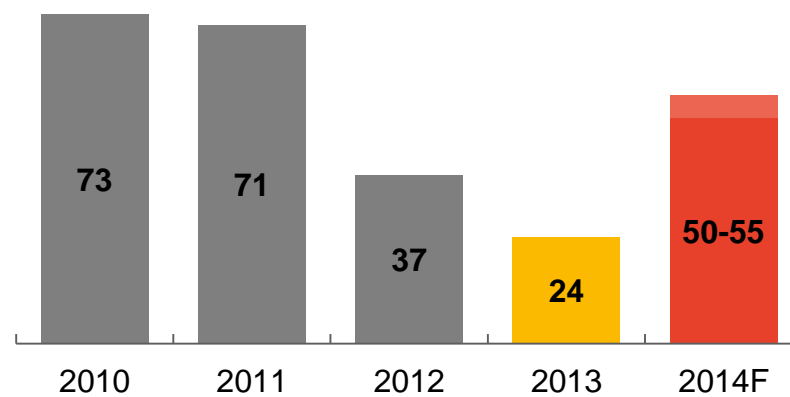


Financials

US\$ million	2013	2012	%
Revenue	294.0	392.9	(25)
EBITDA ¹	73.0	67.9	8
EBIT	10.2	35.8	(72)
EBITDA margin (%)	25	17	
C1 costs – copper (US\$ / lb)	2.69	3.40	
C1 costs – zinc (US\$ / lb)	0.19	0.10	

Zinc in zinc concentrate production

'000 tonnes



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

Sepon

Copper – production	88,000 – 93,000 tonnes
Copper – C1 costs	US\$0.95 – US\$1.05 / lb

Kinsevere

Copper – production	61,000 – 66,000 tonnes
Copper – C1 costs	US\$1.60 – US\$1.85 / lb

Century

Zinc – production	465,000 – 480,000 tonnes
Zinc – C1 costs	US\$0.61 – US\$0.65 / lb
Lead – production	70,000 – 75,000 tonnes

Rosebery

Zinc – production	85,000 – 90,000 tonnes
Zinc – C1 costs	US\$0.20 – US\$0.25 / lb
Lead – production	22,000 – 24,000 tonnes

Golden Grove

Copper – production	24,000 – 27,000 tonnes
Copper – C1 costs	US\$2.65 – US\$2.85 / lb
Zinc – production	50,000 – 55,000 tonnes
Zinc – C1 costs	US\$0.30 – US\$0.40 / lb

Cash flow

Capital expenditure	US\$400 – US\$500 million
Exploration	US\$70 million

Condensed consolidated income statement



Year ended 31 December US\$ million	2013 Unaudited	2012 Audited and restated	Variance %
Revenue	2,469.8	2,499.4	(1)
Other income	0.6	8.1	(93)
Expenses (excluding depreciation, amortisation and impairment expenses)	(1,719.5)	(1,769.6)	3
EBITDA	750.9	737.9	2
Depreciation, amortisation and impairment expenses	(472.6)	(308.7)	(53)
EBIT	278.3	429.2	(35)
Finance income	2.8	4.5	(38)
Finance costs	(80.0)	(92.2)	13
Profit before income tax	201.1	341.5	(41)
Income tax expense	(78.6)	(107.4)	27
Profit for the year	122.5	234.1	(48)
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	US 1.95 cents	US 3.95 cents	
Diluted earnings per share	US 1.95 cents	US 3.95 cents	

Condensed consolidated balance sheet

US\$ million	31 December 2013 Unaudited	31 December 2012 Audited and restated
Non-current assets	3,849.9	3,658.6
Current assets – cash and cash equivalents	137.4	95.7
Current assets – other	696.2	807.4
Total assets	4,683.5	4,561.7
Total equity	1,816.8	1,588.3
Non-current liabilities	2,145.9	2,119.3
Current liabilities	720.8	854.1
Total liabilities	2,866.7	2,973.4
Total equity and liabilities	4,683.5	4,561.7
Net current assets	112.8	49.0
Total assets less current liabilities	3,962.7	3,707.6

Consolidated financial performance:

Cash flow statement

Year ended 31 December US\$ million	2013 Unaudited	2012 Unaudited and restated
Receipts from customers	2,523.5	2,463.1
Payments to suppliers	(1,786.2)	(1,703.9)
Payments for exploration expenditure	(71.9)	(77.3)
Income tax paid	(110.9)	(124.0)
Net cash generated from operating activities	554.5	557.9
Purchase of property, plant and equipment	(558.2)	(641.9)
Other investing activities	(103.8)	(93.8)
Acquisition of subsidiaries	-	(1,360.5)
Proceeds from disposal of assets	1.4	0.6
Proceeds from disposal of subsidiaries	-	28.5
Net cash used in investing activities	(660.6)	(2,067.1)
Net cash generated from financing activities	147.0	434.5
Net (decrease)/increase in cash and cash equivalents	40.9	(1,074.7)
Cash and cash equivalents at 1 January	95.7	1,096.5
Cash and cash equivalents – acquisition of subsidiaries	-	73.3
Exchange gains on cash and bank balances	0.8	0.6
Cash and cash equivalents at 31 December	137.4	95.7