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MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

ANNOUNCEMENT ON ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (Board) of MMG Limited (Company) is pleased to announce the consolidated results of the Company and its subsidiaries (Group) for the year ended 31 December 2019.

The financial information set out in this announcement does not constitute the Group's complete set of the consolidated financial statements for the year ended 31 December 2019 but represents an extract from those consolidated financial statements.

The financial information has been reviewed by the Company's Audit and Risk Management Committee and the Company's auditor.

The consolidated results of the Group are annexed to this announcement.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

KEY POINTS

- Total recordable injury frequency (TRIF) of 1.58 per million hours worked for 2019.
- Net Cash Flow from Operating Activities of US$1,145.1 million and a reduction in borrowings of US$511.4 million.
- Underlying net loss after tax attributable to equity holders of US$125.4 million for the year. Financial performance was impacted by lower commodity prices, reduced copper sales volumes at Las Bambas following community disruptions and operational challenges in the first half at Kinsevere. This was partially offset by the strong performance of Dugald River in its first full year of commercial production.
- Non-cash impairment net of tax of US$105.0 million to the carrying value of oxide related assets at Kinsevere, resulting in a full year after tax loss attributable to equity holders of US$230.4 million.
- Total copper and zinc production of 451,963 and 253,520 tonnes respectively.
- Las Bambas produced 382,518 tonnes of copper in concentrate in 2019. Both sales and production were impacted by community road blocks throughout the year. Together with lower prices this resulted in an EBITDA that was 8% below 2018, at US$1,237.1 million. Approximately $85.0 million in savings that have been achieved over the last two years ensure Las Bambas remains one of the lowest cost mines of its scale in the world.
- Dugald River produced 170,057 tonnes of zinc in concentrate in 2019. De-bottlenecking projects and improved mine production has supported a strong and stable ramp-up, with the mill now having operated at above design capacity for seven consecutive quarters. EBITDA of US$108.7 million was significantly higher than the prior year, with 2019 being the first full year of commercial production.
- EBITDA at Kinsevere of US$44.8 million was 78% below 2018. Lower ore grades and challenges associated with the final stages of mining in the Mashi pit during the first half resulted in an increase in production expenses and reduced copper cathode production.
- Strong operational performance at Rosebery, with mining and milling volumes in excess of one million tonnes for the second consecutive year. This resulted in a 10% increase in zinc production on 2018 levels and was achieved despite the impact of two seismic events during the year. However lower zinc prices and increased zinc treatment charges resulted in an EBITDA of US$125.9 million, representing a 27% reduction on prior year.
- Total capital expenditure for 2019 was US$387.1 million, excluding US$89.3 million of Las Bambas capitalised deferred mining expenditure which, prior to a change in accounting methodology, would have been expensed. This result reflects a focus on capital efficiency and the deferral of some budgeted projects to 2020, in part a result of community action at Las Bambas. Total capital expenditure for 2020 is expected to be between US$650.0 and US$700.0 million. This includes capitalised deferred stripping of between US$200.0 million and US$250.0 million, the acquisition of new mine fleet to support increased material movement at Las Bambas and the development of the Chalcobamba pit.
- The Board does not recommend the payment of a dividend for the year.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

- MMG expects to produce between 418,000 and 445,000 tonnes of copper and 225,000 and 245,000 tonnes of zinc in 2020. This is slightly below 2019 levels due to lower grades at Las Bambas prior to the commencement of mining at Chalcobamba and lower grades at Rosebery.
- In an improved medium-term outlook, Las Bambas now expects to produce approximately four million tonnes of copper in its first decade of commercial production, a significant improvement on the pre-production mine plan.
- Planned increases in mine capacity at Dugald River are expected to support zinc equivalent production of 200,000 tonnes per annum, with ongoing studies for the potential expansion of the Kinsevere project and encouraging results from drilling programs around existing operating hubs further increasing mid-term confidence.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019 CONTINUED

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018* US$ MILLION	CHANGE % FAV/(UNFAV)
Continuing operations			
Revenue	3,032.3	3,670.2	(17%)
EBITDA	1,461.5	1,751.2	(17%)
EBIT (underlying)	491.9	833.1	(41%)
(Loss)/profit for the year from continuing operations (underlying)	**(90.3)**	**136.6**	**(166%)**
Impairment expense – net of income tax benefit	(105.0)	-	(100%)
(Loss)/profit for the year from continuing operations	**(195.3)**	**136.6**	**(243%)**
Profit for the year from discontinued operation	-	0.8	(100%)
(Loss)/profit for the year after income tax	**(195.3)**	**137.4**	**(242%)**
EBITDA margin	48%	48%	n/a
Net cash generated from operating activities	1,145.1	1,731.5	(34%)
Dividend per share	-	-	n/a
Basic (loss)/earnings per share	US (2.86) cents	US 0.85 cents	(436%)
Diluted (loss)/earnings per share	US (2.86) cents	US 0.84 cents	(440%)
Basic (loss)/earnings per share (underlying)	US (1.56) cents	US 0.85 cents	(284%)
Diluted (loss)/earnings per share (underlying)	US (1.56) cents	US 0.84 cents	(286%)

*MMG sold its 90% interest in Sepon during the year ended 31 December 2018 and accordingly it was classified as a discontinued operation.

CHAIRMAN'S REVIEW

Dear Shareholders,

I would like to thank you for your long-term support of MMG. On behalf of the MMG Board, I am pleased to present the Company's 2019 results.

MMG has always adhered to its core value of "safety first" making safety the highest priority in all operations. In 2019, the Company's total recordable injury frequency (TRIF) was 1.58 per million hours worked, which ranks among the world's best. Looking forward, we will continue to give top priority to employee health and safety, continuously improve production safety management and strive to create a workplace with zero injuries and accidents.

During the past year, the global situation was complex and volatile, and economic growth was relatively weak. In particular, due to factors such as escalating trade friction between China and the United States, the performance of commodity markets fell short of expectations. The price of copper and zinc, which are core commodities and integral to the Company's operations, showed a general downward trend. In this environment, MMG recorded total revenue of US$3,032.3 million for the year, and EBITDA of US$1,461.5 million. The Company's total copper and zinc production was around 452,000 tonnes and 254,000 tonnes respectively. Las Bambas actively responded to community road blockades and maintained stable production as much as possible; and Dugald River overcame the challenges of extreme weather and achieved its first full year of production at expected capacity. At the same time, we accelerated management changes, optimised operations, reduced the size of our headquarters and improved management efficiency. We continuously reduce costs and improve efficiency. We believe the abovementioned efforts will set a strong foundation to increase the Company's competitiveness.

China Minmetals Corporation Limited (CMC), the major shareholder of the Company, has always focused on its main business and core operations. 2019 saw continued high-quality development. Total revenue exceeded 600 billion RMB (approx. US$86 billion), representing a year-on-year increase of 13.4%, a new record high.

In 2020, we will continue to strive for progress while maintaining stability and further leveraging the unique advantages of our entire industry chain. CMC will fully realise its "three-step - two-double development goals" and accelerate the creation of a world-class metal resources conglomerate. As the flagship platform for overseas resources development CMC will, as always, fully support the development of MMG.

As the world's largest consumer of metal and mineral products, China's stable and healthy long-term economic and social development has not changed. This is the basis of our firm market confidence. We are aware of the outbreak of COVID-19 since the beginning of the year which has had impacts on China and the global economy. However, we strongly believe that this situation is only temporary, that the epidemic will be defeated and that the market will improve. We will continue to climb new peaks and embark on new paths. The Company will carry out effective measures to ensure a safe, healthy and well planned business and continue to tap into existing resources and project potential, and efficiently advance production and operations.

It has been ten years since the establishment of MMG, and over that time we have laid a solid foundation for success. Looking forward, MMG is still a relatively young company and a dynamic company with potential for growth. We will keep pace with economic development in China and the world and target development opportunities presented by the metals and minerals industry. We will work with shareholders, employees, partners and other stakeholders, to create a better future together.

CHAIRMAN'S REVIEW CONTINUED

On behalf of the MMG Board, I thank our employees for their efforts and dedication as we have worked to transform the Company. I also thank our shareholders, partners, and the communities in which we operate for their trust and support.

GUO Wenqing
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders

This year, we celebrated MMG's 10-year anniversary – a milestone which offered an opportunity to reflect on our journey as we built a business underpinned by high quality assets, talented people and products that are leveraged to global mega trends of decarbonisation, urbanisation and vehicle electrification.

MMG has a strong future, and I am confident in our ability to generate further value from existing assets while we look to grow our footprint around existing operating hubs and beyond.

SAFETY

At MMG the health and safety of our people remains our highest operating priority.

Disappointingly we saw a slight increase in our total recordable injury frequency (TRIF) rate which rose from 1.00 to 1.58 per million hours worked in 2019.

While this result still places us as one of the best performing companies amongst our peers in the International Council on Mining and Metals (ICMM), there is more we can do as we work towards a target of zero harm.

Driving ongoing improvement in our safety performance remains a key management priority and we continue to invest time and resources in prevention, empowering leadership, and importantly, learning from events.

OUR PERFORMANCE

In 2019 MMG's continuing operations produced 451,963 tonnes of copper and 253,520 tonnes of zinc.

Las Bambas produced 382,518 tonnes of copper in copper concentrate with production and sales slightly lower than planned following community road blockades in the first and third quarters of 2019. In total, outbound logistics were restricted for more than 100 days during the year. This reduced our copper production by approximately 20,000 tonnes.

While 2019 was a challenging year, we remain optimistic about the future. 2020 represents a year of transition for Las Bambas, with an expectation that mining will commence at the Chalcobamba pit during the second half. The operation is now expected to deliver around two million tonnes of copper production in the five-year period from 2021 and 2025. This is an extension to prior guidance of two million tonnes over the mine's first five years, and significantly above the original mine plan at the time of acquisition. As a result, Las Bambas is now on track to produce approximately four million tonnes in the first decade of commercial production, an excellent outcome for this relatively young asset. Based on good operational performance and successful early drilling programs on the highly prospective tenements, we are confident in our ability to maintain a strong production profile into the future.

In its first full year of commercial production, Dugald River overcame challenges due to the severe flooding event in Queensland to deliver 170,057 tonnes of zinc with the mill operating above design capacity for seven consecutive quarters.

Rosebery and Kinsevere continued to face challenges due to declining ore grades and we are actively engaged in programs to extend the mine life and to optimise the value of both operations.

Overall, we expect to produce between 418,000 and 445,000 of copper and 225,000 and 245,000 of zinc in 2020.

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

Our 2020 production guidance is slightly below 2019 levels. This is largely due to lower grades at Las Bambas as we transition to mining the Chalcobamba pit, together with lower grades at Rosebery, now in its ninth decade of production. We are positive about the outlook for the Company as we look to increase mine capacity at Dugald River and capitalise on positive drilling programs around existing operations.

VALUE

In 2019 MMG delivered an EBITDA of US$1,461.5 million – a reduction of 17% on the 2018 result. This was attributable to lower sales revenue at Las Bambas and Rosebery and operational challenges at Kinsevere in the first half. The result was partially offset by the strong performance of Dugald River as it marked its first full year of commercial production. A net loss after tax for the year of US$195.3 million, reflected the impacts of a US$105.0 million after-tax impairment of assets related to the oxide operations at Kinsevere.

Throughout 2019 global markets continued to be impacted by the ongoing trade friction between China and the United States. This volatility impacted the prices of our core commodities as concerns regarding the outlook for global growth continued unabated. In December we saw a welcome upward trend in copper prices as China and the United States reached a "Phase One" trade agreement. Zinc prices were also supported by the positive trade developments albeit not to the same extent as copper.

While external challenges may persist for some time, we continue to focus our efforts on the levers available to us – cost management and mine performance. To this end, we have implemented a group wide efficiency and transformation program designed to simplify our business and capture further value. I am pleased with the positive results we have already achieved, and I look forward to sharing more with you as we move through 2020.

OUTLOOK

Looking ahead, finding enduring solutions to the logistics challenges in Peru is a priority for the entire management team. We continue to engage in dialogue with communities along the transportation corridor and support their development through a range of programs. I am confident in our ability to reach common ground as we work together with Peru's Government and local stakeholders.

Finally, on behalf of the MMG management team, I extend our thanks to our shareholders, communities, contractors and our people for their continued support.

I look forward to working with you again in 2020.

Geoffrey (Xiaoyu) GAO
CHIEF EXECUTIVE OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

For the purpose of management discussion and analysis, the Group's results for the year ended 31 December 2019 are compared with results for the year ended 31 December 2018.

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018* US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**3,032.3**	**3,670.2**	**(17%)**
Operating expenses	(1,558.8)	(1,862.8)	16%
Exploration expenses	(37.7)	(47.5)	21%
Administration expenses	(23.3)	(35.8)	35%
Other income / (expenses)	49.0	27.1	81%
EBITDA	**1,461.5**	**1,751.2**	**(17%)**
Depreciation and amortisation expenses	(969.6)	(918.1)	(6%)
EBIT (underlying)	**491.9**	**833.1**	**(41%)**
Net finance costs	(511.9)	(526.9)	3%
(Loss)/profit before income tax (underlying)	**(20.0)**	**306.2**	**(106%)**
Income tax expense (underlying)	(70.3)	(169.6)	59%
(Loss)/profit after income tax from continuing operations (underlying)	**(90.3)**	**136.6**	**(166%)**
Impairment expense – net of income tax benefit	(105.0)	-	(100%)
(Loss)/profit for the year from continuing operations	**(195.3)**	**136.6**	**(243%)**
Profit after income tax from discontinued operation	-	0.8	(100%)
(Loss)/profit for the year after income tax	**(195.3)**	**137.4**	**(242%)**
Attributable to:			
Equity holders of the Company	**(230.4)**	**68.3**	**(437%)**
-From continuing operations	(230.4)	64.8	(455%)
-From discontinued operation		3.5	(100%)
Non-controlling interests	**35.1**	**69.1**	**(49%)**
-From continuing operations	35.1	71.8	(51%)
-From discontinued operation	-	(2.7)	100%

*MMG sold its 90% interest in Sepon during the year ended 31 December 2018 and accordingly it was classified as a discontinued operation.

Profit attributable to equity holders of the company

MMG's loss from continuing operations of US$195.3 million for the year ended 31 December 2019 includes losses attributable to equity holders of US$230.4 million and profits attributable to non-controlling interests of US$35.1 million. This compares to a profit from continuing operations attributable to equity holders of US$64.8 million and non-controlling interests of US$71.8 million in 2018. Profits attributable to non-controlling interests from continuing operations relates to the 37.5% interest in Las Bambas not owned by the Company.

The following table provides a reconciliation of reported profit after tax attributable to equity holders.

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE % FAV/(UNFAV)
Profit after tax - Las Bambas 62.5% interest	58.5	119.6	(51%)
(Loss)/profit after tax - Other operations (underlying)	(38.5)	114.3	(134%)
Impairment expense – net of income tax benefit	(105.0)	-	(100%)
Exploration expenses	(37.7)	(47.5)	21%
Administration expenses	(23.3)	(35.8)	35%
Net finance costs (excluding Las Bambas)	(106.3)	(125.4)	15%
Others	21.9	43.1	(49%)
(Loss)/profit for the year attributable to equity holders	**(230.4)**	**68.3**	**(437%)**
-From continuing operations	(230.4)	64.8	(455%)
-From discontinued operation	-	3.5	(100%)

Overview of results from continuing operations

The Group's continuing operations comprise Las Bambas, Kinsevere, Dugald River and Rosebery. Exploration, corporate activities and other subsidiaries are classified as 'Other'.

YEAR ENDED 31 DECEMBER	REVENUE 2019 US$ MILLION	REVENUE 2018 US$ MILLION	CHANGE % FAV/(UNFAV)	EBITDA 2019 US$ MILLION	EBITDA 2018 US$ MILLION	CHANGE % FAV/(UNFAV)
Las Bambas	2,013.0	2,578.6	(22%)	1,237.1	1,341.2	(8%)
Kinsevere	406.7	516.4	(21%)	44.8	203.0	(78%)
Dugald River	336.0	247.3	36%	108.7	87.6	24%
Rosebery	272.8	328.7	(17%)	125.9	171.6	(27%)
Other	3.8	(0.8)	575%	(55.0)	(52.2)	(5%)
Total	**3,032.3**	**3,670.2**	**(17%)**	**1,461.5**	**1,751.2**	**(17%)**

The following discussion and analysis of the financial information and results should be read in conjunction with the financial information.

Revenue from continuing operations decreased by US$637.9 million (17%) compared to 2018, driven by lower sales volumes (US$426.9 million) and unfavourable commodity price movements (US$211.0 million).

Lower sales volumes were primarily due to a reduction in payable copper volumes at Las Bambas of approximately 70,000 tonnes (US$468.6 million), a result of community road blockades which restricted concentrate logistics throughout the year. In addition, lower copper production at Kinsevere caused by lower ore grades, reduced pit access and high levels of waste movement resulted in lower sales volumes (US$77.5 million). Rosebery sales volumes were unfavourable (US$19.4 million) due to the production impacts of lower lead, gold and silver grades compared to 2018. This was partly offset by an increase in Dugald River zinc sales volumes (US$138.6 million), with 2019 representing the first full year of commercial production (declared on 1 May 2018) and thus including an additional four months of sales compared to the prior year.

An unfavourable commodity price variance of US$211.0 million was the result of lower realised prices for copper (US$142.1 million), zinc (US$85.0 million), lead (US$8.4 million) and molybdenum (US$8.0 million). This was partly offset by higher prices for gold (US$24.8 million) and silver (US$7.7 million).

REVENUE BY COMMODITY YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE % FAV/(UNFAV)
Copper (US$ million)	2,187.8	2,839.2	(23%)
Zinc (US$ million)	420.7	379.3	11%
Lead (US$ million)	81.8	85.3	(4%)
Gold (US$ million)	172.6	174.6	(1%)
Silver (US$ million)	131.7	143.0	(8%)
Molybdenum (US$ million)	37.7	48.8	(23%)
Total	**3,032.3**	**3,670.2**	**(17%)**

Price

LME base metals prices were lower in 2019 compared to 2018, except for gold and silver.

AVERAGE LME CASH PRICE YEAR ENDED 31 DECEMBER	2019	2018	CHANGE % FAV/(UNFAV)
Copper (US$/tonne)	6,005	6,525	(8%)
Zinc (US$/tonne)	2,549	2,925	(13%)
Lead (US$/tonne)	1,998	2,244	(11%)
Gold (US$/ounce)	1,393	1,270	10%
Silver (US$/ounce)	16.20	15.71	3%
Molybdenum (US$/tonne)	25,032	26,327	(5%)

Sales volumes

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER	2019	2018	CHANGE % FAV/(UNFAV)
Copper (tonnes)	379,659	465,898	(19%)
Zinc (tonnes)	208,538	189,751	10%
Lead (tonnes)	43,981	41,734	5%
Gold (ounces)	120,061	141,799	(15%)
Silver (ounces)	8,061,622	9,302,009	(13%)
Molybdenum (tonnes)	1,866	1,990	(6%)

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2019	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYBDENUM TONNES
Las Bambas	312,918	-	-	91,439	4,581,714	1,866
Kinsevere	65,326	-	-	-	-	-
Dugald River	-	138,409	20,291	-	1,193,303	-
Rosebery	1,415	70,129	23,690	28,622	2,286,605	-
Other	-	-	-	-	-	-
Total from continuing operations	**379,659**	**208,538**	**43,981**	**120,061**	**8,061,622**	**1,866**

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2018	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYBDENUM TONNES
Las Bambas	384,674	-	-	107,850	5,483,796	1,990
Kinsevere	79,873	-	-	-	-	-
Dugald River	-	121,548	14,353	-	899,409	-
Rosebery	1,351	68,203	27,381	33,949	2,918,804	-
Total from continuing operations	**465,898**	**189,751**	**41,734**	**141,799**	**9,302,009**	**1,990**
Discontinued operation	65,236	-	-	-	-	-

Operating expenses include expenses of operating sites, excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses and other operating expenses.

Total operating expenses decreased by US$304.0 million (16%) in 2019. This was mainly due to the impact of lower production expenses and sales volumes at Las Bambas and favourable stock movements at Rosebery; partly offset by higher operating costs at Dugald River reflecting the first full year of commercial production, and increased costs at Kinsevere due to additional material movement and challenging mining conditions in the first half of the year, together with higher acid costs. Further detail is set out below in the mine analysis section.

Impairment expense relates to a non-cash adjustment to the carrying value of oxide related assets at Kinsevere (US$150.0 million) to more accurately reflect the remaining life of Kinsevere's copper oxide operations, net of income tax benefits arising (US$45.0 million).

Exploration expenses decreased by US$9.8 million (21%) to US$37.7 million in 2019. This was mainly due to the winding down of new discovery programs in Northern Australia and Zambia, and a renewed focus on exploration opportunities in and around existing operating hubs - in particular on the highly prospective Las Bambas tenements where drilling activity has delivered encouraging early results.

Administrative expenses decreased by US$12.5 million (35%) in 2019. This was predominantly driven by cost and efficiency improvement initiatives across group and support functions, resulting in lower people costs, consultant spend and travel expenses compared to 2018. In addition, provisions associated with the Company's Long-Term Incentive Plans were reduced to reflect expected final outcomes (US$8.8 million). These savings were partly offset by higher redundancy expenses (US$6.9 million) associated with restructuring initiatives in the second half of 2019.

Other income and expenses had an aggregate favourable impact on EBIT of US$49.0 million in 2019 (2018: US$27.1 million). Other income in 2019 includes the reversal of prior-year withholding tax overprovisions (US$20.6 million), insurance proceeds received in relation to a conveyor belt failure at Las Bambas in 2017 (US$12.0 million) and favourable foreign exchange gains (US$3.8 million).

Depreciation and amortisation expenses increased by US$51.5 million (6%) to US$969.6 million in 2019. The increase was predominantly driven by Las Bambas (US$54.9 million), with higher amortisation of capitalised deferred stripping assets recognised following a change in accounting methodology. Dugald River also recorded an additional four months of depreciation (US$15.2 million), reflecting its first full year of commercial production. This was partly offset by lower depreciation expenses at Kinsevere (US$14.7 million), as a result of lower mining and production levels when compared to 2018.

Net finance costs of US$511.9 million were lower by US$15.0 million compared to 2018. Interest expense reductions attributable to lower loan balances (US$30.7 million), together with the impact of a full year of fixed interest rates under shareholder debt used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group (US$10.8 million); were partly offset by higher average LIBOR rates applicable to floating rate borrowings (US$23.2 million). A favourable movement in other finance costs together with additional interest income (US$17.3 million), was largely offset by the unwind of discounts in relation to lease liabilities (US$16.0 million).

Income tax expense (underlying) decreased by US$99.3 million, reflecting the decrease in the Group's underlying profit before income tax from the prior year. Underlying income tax expense for 2019 of US$70.3 million reflects the impacts of non-creditable withholding tax of US$57.8 million (2018: US$59.6 million), and other non-deductible items.

MINES ANALYSIS

Las Bambas

YEAR ENDED 31 DECEMBER	2019	2018	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	51,653,616	57,439,971	(10%)
Ore milled (tonnes)	51,283,371	49,443,867	4%
Waste movement (tonnes)	128,286,976	115,709,415	11%
Copper in copper concentrate (tonnes)	382,518	385,299	(1%)
Payable metal in product sold			
Copper (tonnes)	312,918	384,674	(19%)
Gold (ounces)	91,439	107,850	(15%)
Silver (ounces)	4,581,714	5,483,796	(16%)
Molybdenum (tonnes)	1,866	1,990	(6%)

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE% FAV/(UNFAV)
Revenue	**2,013.0**	**2,578.6**	**(22%)**
Operating expenses			
Production expenses			
Mining	(296.1)	(399.1)	26%
Processing	(243.5)	(285.6)	15%
Other	(335.2)	(325.9)	(3%)
Total production expenses	**(874.8)**	**(1,010.6)**	**13%**
Freight (transportation)	(63.0)	(66.5)	5%
Royalties	(58.1)	(78.9)	26%
Other (i)	170.1	(77.2)	320%
Total operating expenses	**(825.8)**	**(1,233.2)**	**33%**
Other income/(expenses)	49.9	(4.2)	1,286%
EBITDA	**1,237.1**	**1,341.2**	**(8%)**
Depreciation and amortisation expenses	(696.4)	(641.5)	(9%)
EBIT	**540.7**	**699.7**	**(23%)**
EBITDA margin	**61%**	**52%**	

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Revenue of US$2,013.0 million was 22% below 2018, due to lower sales volumes (US$468.6 million) and lower realised commodity prices (US$97.0 million). Reduced sales volumes were the result of a series of community actions which occurred throughout 2019, including two major road blockages that occurred in the first and third quarters. These actions resulted in outbound logistics being restricted for over 100 days in 2019. The impact of the major road blocks also extended to inbound logistics, which progressively limited mine operations in April and October. This adversely impacting copper production by approximately 20,000 tonnes for the year and resulted in a significant build-up of concentrate stocks at site. As at 31 December 2019, approximately 50,000 tonnes of copper metal remained stockpiled at site. It is anticipated that this stockpiled material will have been drawn down and shipped by the middle of the second quarter of 2020.

Lower mining costs were largely the result of a change in the application of the deferred stripping accounting policy for better alignment between the cost of waste removal activity and timing of economic benefit of this activity. This change has no cash impact, however resulted in capitalisation of US$89.3 million of mining costs that would otherwise have been expensed. Of this US$89.3 million, US$74.2 million represented additional mining costs due to increased waste material movement compared to the prior year.

Processing costs reduced by US$42.1 million through efficiency initiatives that lowered maintenance and energy expenditure. Lower royalties and transport costs (US$24.3 million) were due to reduced sales volumes, as was a favourable stock movement (US$255.7 million) due to stockpiled concentrate at site that had built up during periods of disruption along the Las Bambas logistics route. Additional savings were the result of cost improvement projects that were delivered throughout the year. A total of approximately $85.0 million in savings have now been achieved over the last two years through ongoing business improvement, cost and efficiency programs. These savings ensure Las Bambas remains one of the lowest cost mines of its scale in the world.

C1 costs for 2019 were US$0.99/lb, which compares favourably to 2018 C1 costs of US$1.18/lb. This improvement is largely the result of the change to accounting methodology for deferred stripping, however on a like for like basis C1 costs would still have been below 2018 levels, at US$1.10/lb. This is despite significantly higher mining and milling volumes and longer haul distances. Additional savings are attributable to production cost efficiencies and lower than planned transport costs due to community road blocks during the year.

Full year EBITDA of US$1,237.1 million was below the US$1,341.2 million result delivered in 2018, with effective cost discipline partially mitigating the impact of lower sales and commodity prices. Depreciation increased by US$54.9 million, largely due to higher amortisation of the deferred mining asset following the change in accounting methodology for deferred stripping.

Following some initial permitting delays at Chalcobamba, work is now progressing well. Ore from this pit is anticipated to come into production during the third quarter, should permitting continue to progress as expected. As a result, Las Bambas copper concentrate production for 2020 is expected to be between 350,000 and 370,000 tonnes, with higher grades from Chalcobamba partially offsetting declining grades at Ferrobamba.

C1 unit costs for 2020 are expected to be broadly flat within the range of US$0.95-1.05/lb. Cost pressures from additional mining and milling volumes, together with the cost impact of longer haul distances as the depth of the Ferrobamba pit increases and Chalcobamba comes into production will be offset by ongoing efficiency programs.

Kinsevere

YEAR ENDED 31 DECEMBER	2019	2018	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	2,462,037	3,054,844	(19%)
Ore milled (tonnes)	2,355,275	2,407,267	(2%)
Waste movement (tonnes)	17,024,362	11,515,086	48%
Copper cathode (tonnes)	67,935	79,711	(15%)
Payable metal in product sold			
Copper (tonnes)	65,326	79,873	(18%)

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**406.7**	**516.4**	**(21%)**
Operating expenses			
Production expenses			
Mining	(88.2)	(47.2)	(87%)
Processing	(103.3)	(103.5)	0%
Other	(111.7)	(77.7)	(44%)
Total production expenses	**(303.2)**	**(228.4)**	**(33%)**
Freight (transportation)	(31.8)	(38.0)	16%
Royalties	(22.5)	(26.0)	13%
Other (i)	(0.9)	(19.2)	95%
Total operating expenses	**(358.4)**	**(311.6)**	**(15%)**
Other expenses	(3.5)	(1.8)	(94%)
EBITDA	**44.8**	**203.0**	**(78%)**
Depreciation and amortisation expenses	(138.5)	(153.2)	10%
EBIT (underlying)	**(93.7)**	**49.8**	**(288%)**
Impairment expense	**(150.0)**	**-**	**(100%)**
EBIT (statutory)	**(243.7)**	**49.8**	**(589%)**
EBITDA margin	**11%**	**39%**	

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Kinsevere produced 67,935 tonnes of copper cathode in 2019, down 15% on 2018. Production was impacted by declining ore grades and increasingly challenging operating conditions. Ore mined decreased by 19% compared to 2018, reflecting mine dewatering challenges and the more complex geology encountered in the Mashi pit, which reached the end of its life in 2019.

Revenue decreased by $109.7 million (21%) compared to 2018, primarily driven by the lower production and lower average realised copper prices.

Total operating costs increased by US$46.8 million (15%) compared to 2018. Additional production expenses were due to higher levels of waste material movement and the difficult mining conditions experienced in the first half, together with an increase in third party ore purchases to supplement the mill feed and acid costs. Freight and Royalties decreased by 16% and 13% respectively, consistent with lower sales volumes. Depreciation and amortisation expenses also decreased, reflecting lower mine output and reduced copper production.

Pursuant to a detailed assessment of recoverable values, a pre-tax impairment write-down of $150.0 million was recognised in relation to the Kinsevere cash generating unit at 31 December 2019 (US$105.0 million, net of tax). This has resulted in a reduction to the carrying value of oxide related assets, which as previously disclosed, have a limited remaining life. A feasibility study for the next phase of development of the Kinsevere asset is progressing, with an investment decision expected during the second half of 2020.

C1 unit costs for 2019 of $US2.24/lb reflected lower production, together with higher costs predominantly associated with increased waste mining.

A return to mining at the Central pit will deliver higher feed grades and increased mill throughput in 2020. This, together with the benefits of operational performance initiatives that were implemented in 2019 is expected to result in copper cathode production for 2020 of between 68,000 and 75,000 tonnes. C1 costs are expected to decrease to between US$1.80-1.95/lb.

Dugald River

YEAR ENDED 31 DECEMBER	2019	2018	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	1,853,876	1,473,804	26%
Ore milled (tonnes)	1,975,569	1,755,847	13%
Zinc in zinc concentrate (tonnes)	170,057	147,320	15%
Lead in lead concentrate (tonnes)	23,154	16,693	39%
Payable metal in product sold			
Zinc (tonnes)	138,409	121,548	14%
Lead (tonnes)	20,291	14,353	41%
Silver (ounces)	1,193,303	899,409	33%

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**336.0**	**247.3**	**36%**
Operating expenses			
Production expenses			
Mining	(73.4)	(46.0)	(60%)
Processing	(67.0)	(54.0)	(24%)
Other	(59.1)	(30.7)	(93%)
Total production expenses	**(199.5)**	**(130.7)**	**(53%)**
Freight (transportation)	(13.2)	(6.5)	(103%)
Royalties	(12.3)	(5.1)	(141%)
Other	(2.8)	(18.4)	85%
Total operating expenses	**(227.8)**	**(160.7)**	**(42%)**
Other income	0.5	1.0	(50%)
EBITDA	**108.7**	**87.6**	**24%**
Depreciation and amortisation expenses	(55.9)	(40.7)	(37%)
EBIT	**52.8**	**46.9**	**13%**
EBITDA margin	**32%**	**35%**	**-**

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Dugald River recorded an US$88.7 million increase in revenue for 2019. This reflected sales for a full year, compared to eight months in 2018, with Dugald River achieving commercial production on 1 May 2018. Zinc production of 170,057 tonnes was 15% higher and was the result of the steady ramp-up of mine production and continued performance of the mill, in excess of its 1.7 million tonne per annum design capacity.

Total operating expenses were US$67.1 million (42%) higher compared to 2018. This was again due to the impact of a full year of commercial production, US$64.1 million of costs having been capitalised over the pre-production phase in the first four months of 2018.

Full year C1 unit costs were US$0.70/lb in 2019, despite an average increase in zinc treatment charges of approximately US$0.05/lb during the year. Guidance for 2020 is consistent with 2019 at between US$0.70-0.75/lb, with production of between 170,000 and 180,000 tonnes of zinc expected. This will be supported by a continuing focus on mine development to facilitate increased reliance on stope ore feed to the mill.

Rosebery

YEAR ENDED 31 DECEMBER	2019	2018	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	1,032,508	1,017,089	1%
Ore milled (tonnes)	1,030,016	1,028,234	0%
Copper in copper concentrate (tonnes)	1,510	1,465	3%
Zinc in zinc concentrate (tonnes)	83,463	75,721	10%
Lead in lead concentrate (tonnes)	24,549	28,744	(15%)
Gold contained in gold doré (ounces)	10,567	12,968	(19%)
Silver contained in gold doré (ounces)	6,051	7,243	(16%)
Payable metal in product sold			
Copper (tonnes)	1,415	1,351	5%
Zinc (tonnes)	70,129	68,203	3%
Lead (tonnes)	23,690	27,381	(13%)
Gold (ounces)	28,621	33,949	(16%)
Silver (ounces)	2,286,605	2,918,804	(22%)

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**272.8**	**328.7**	**(17%)**
Operating expenses			
Production expenses			
Mining	(74.3)	(71.8)	(3%)
Processing	(29.3)	(31.2)	6%
Other	(24.9)	(21.9)	(14%)
Total production expenses	**(128.5)**	**(124.9)**	**(3%)**
Freight (transportation)	(7.0)	(6.9)	(1%)
Royalties	(12.3)	(16.9)	27%
Other	0.9	(8.5)	111%
Total operating expenses	**(146.9)**	**(157.2)**	**7%**
Other income	-	0.1	(100%)
EBITDA	**125.9**	**171.6**	**(27%)**
Depreciation and amortisation expenses	(70.7)	(73.8)	4%
EBIT	**55.2**	**97.8**	**(44%)**
EBITDA margin	**46%**	**52%**	

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Rosebery delivered 83,463 tonnes of zinc in 2019. This 10% increase over prior year reflected higher zinc feed grades and record mining and milling volumes. Lead production was however 15% below the 2018 result, largely driven by reduced lead grades.

Revenue decreased by US$55.9 million (17%) to US$272.8 million in 2019. This was due to lower gold and silver sales volumes, lower zinc and lead prices, and higher zinc treatment charges compared to 2018. Total production expenses were marginally higher than 2018, due to increased mining and milling volumes, and higher contractor costs.

EBITDA of US$125.9 million was US$45.7 million (27%) lower than 2018, predominately due to lower revenue, offset by a favourable year end stock movement (US$7.2 million).

Rosebery's zinc C1 costs were US$0.20/lb, reflecting the strong contribution of precious metal by-product credits.

As a result of lower zinc ore grades, the Company expects to produce between 55,000 and 65,000 tonnes of zinc in zinc concentrate at Rosebery in 2020. C1 costs are estimated to be broadly in line with 2019 at US$0.20-0.30/lb, with the impacts of lower zinc production and an anticipated increase in zinc treatment charges being offset by production cost savings and higher precious metal production.

A major focus for 2020 will be on resource extension drilling and tailings disposal strategies, both aimed at extending current mine life.

CASH FLOW ANALYSIS

Net cash flow

YEAR ENDED 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION
Net operating cash flows	1,145.1	1,731.5
Net investing cash flows	(480.8)	(104.9)
Net financing cash flows	(1,048.7)	(1,960.8)
Net cash (outflows)/inflows	**(384.4)**	**(334.2)**

Net operating cash inflows decreased by US$586.4 million (34%) to US$1,145.1 million mainly reflecting lower EBITDA as a result of lower sales at Las Bambas, Kinsevere and Rosebery and unfavourable commodity price movements. This was partly offset by higher EBITDA at Dugald River, reflecting a full twelve months of commercial production in 2019.

Net investing cash outflows increased by US$375.9 million (358%) to US$480.8 million. This was primarily due to higher capital expenditure at Las Bambas (US$179.3 million). Net investing cash flows in 2018 included one-off inflows related to the Sepon sale (US$113.9 million), the repayment of funds on loan to a related party (US$120.0 million) and capitalised revenue generated by Dugald River during its pre-commissioning stage prior to 1 May 2018.

Net financing cash outflows decreased by US$912.1 million (47%) in 2019 and included a US$511.4 million net repayment of borrowings (2018: US$1,196.8 million), together with payment of interest and financing costs of US$509.1 million (2018: $759.6 million). Net financing cash outflows in 2018 were also due to a US$500.0 million voluntary pre-payment in relation to Las Bambas debt facilities, the redemption of Convertible Redeemable Preference Shares (US$338.0 million) and a US$356.2 million interest payment which fell due in relation to shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group.

FINANCIAL RESOURCES AND LIQUIDITY

AT 31 DECEMBER	2019 US$ MILLION	2018 US$ MILLION	CHANGE US$ MILLION
Total assets	12,665.1	13,255.4	(553.6)
Total liabilities	(9,987.2)	(10,359.1)	335.2
Total equity	**2,677.9**	**2,896.3**	(218.4)

Total equity decreased by US$218.4 million to US$2,677.9 million at 31 December 2019. This was mainly due to the net loss for the year (US$195.3 million), together with the impact of the adoption of HKFRS 16 *Leases*, which resulted in a reduction of opening retained profits and non-controlling interest balances (US$24.3 million).

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern, support sustainable growth, enhance Shareholder value and provide capital for potential acquisitions and investment.

The gearing ratio for the Group is set out below, with gearing defined as net debt (total borrowings excluding finance charge prepayments, less cash and cash equivalents) divided by the aggregate of net debt and total equity.

MMG GROUP	2019 US$ MILLION	2018 US$ MILLION
Total borrowings (excluding prepaid finance charges)[1]	7,691.9	8,203.3
Less: cash and cash equivalents	(217.5)	(601.9)
Net debt	**7,474.4**	**7,601.4**
Total equity	2,677.9	2,896.3
Net debt +Total equity	**10,152.3**	**10,497.7**
Gearing ratio	**0.74**	**0.72**

(i) Borrowings at an MMG Group level reflect 100% of the borrowings of the Las Bambas Joint Venture Group. Las Bambas Joint Venture Group borrowings at 31 December 2019 were US$4,852.1 million (2018: US$5,396.5 million) and Las Bambas Joint Venture Group cash and cash equivalents at 31 December 2019 were US$90.9 million (2018: US$469.2 million). For the purpose of calculating the gearing ratio, Las Bambas Joint Venture Group borrowings and cash and cash equivalent balances have not been reduced to reflect the MMG Group's 62.5% equity interest. This is consistent with the basis of preparation of MMG's financial statements.

Under the terms of relevant debt facilities held by the Group, the gearing ratio for covenant compliance purposes is calculated exclusive of US$2,261.3 million (2018: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has however been included as borrowings.

Available debt facilities

At 31 December 2019:

1. The Group (excluding the Las Bambas Joint Venture Group) had available to it undrawn debt facilities of US$220.0 million (2018: US$300.0 million). This was represented by US$120.0 (2018: US$300.0 million) that was undrawn and available under a US$300.0 million revolving credit facility provided by ICBC, Melbourne Branch and available for general corporate purposes; together with US$100.0 million (2018: nil) that was undrawn and available under a US$100.0 million working capital facility provided by Top Create Resources Limited. The facility provided by ICBC, Melbourne Branch is due to mature in December 2020, and the facility provided by Top Create Resources Limited is due to mature in April 2021.
2. The Las Bambas Joint Venture Group had available to it undrawn debt facilities of US$350.0 million (2018: US$350.0 million). This was represented by a US$175.0 million revolving credit facility provided by BOC Sydney, and a US$175.0 million revolving credit facility provided by ICBC, Luxembourg Branch, both established in August 2019. These facilities are available for general corporate purposes and mature in August 2022. They replaced a US$350.0 million working capital facility provided by BOC Sydney, which matured in March 2019.

DEVELOPMENT PROJECTS

Drilling, permitting and engineering works continue at the Las Bambas Chalcobamba project. Despite initial permitting delays, progress continues to be made and the current mine plan includes production from the Chalcobamba pit commencing in the third quarter of 2020.

CONTRACTS AND COMMITMENTS

584 contracts have been reviewed during 2019 through either market engagements or in-contract renegotiations. The approximate annual operational or capital values addressed by these activities totals US$665.0 million.

Las Bambas
New and revised agreements were finalised in the period for requirements in support of optimising production and expansion options for Las Bambas including; contracts for the supply of additional mobile equipment, components (and associated maintenance services), spares, tyres, contracts for civil and earthmoving services and long lead equipment requirements for projects. Multiple IT contracts, site services contracts, contracts covering Tailings Storage Facility (TSF) and other site infrastructure capital works, multiple contracts covering operations, studies and exploration drilling services, and multiple goods and services contracts were also finalised in support of the operations, including planned shut-downs and ongoing revised maintenance requirements. Agreements includes engagements with various local communities.

Kinsevere
New and revised agreements were finalised with regard to various goods and services focussed on supporting production levels while improving operational cost performance including; revision of mining and civil services contracts, operations and exploration drilling services contracts, , multiple contracts covering material and service requirements for site infrastructure projects, multiple contracts for the supply of reagents and commodities and multiple near-site explorations support services contracts. In addition to operations-oriented

agreements, multiple engineering services and consultancy agreements were finalised in support of Kinsevere expansion and development studies.

Dugald River

New and revised agreements were finalised with regards to operations including; new power and gas supply arrangements, multiple contracts for the supply of commodities and reagents and, supply of spares for fixed plant. Multiple agreements were also prioritised in Q1 2019 focussed on optimising recovery from the Queensland flood event in January 2019.

Rosebery

New and revised agreements were finalised with regards to various goods and services with a focus on supporting mine development activities and maintaining production performance. These included; drilling services, multiple contracts for the provision of goods and services for the maintenance of fixed and mobile assets and multiple new agreements for the supply of mining and maintenance consumables.

Group (including global Geoscience and Discovery requirements)

New and revised agreements were finalised with regards to various goods and services including; Group-wide travel management contracts, IT related services, goods supply and service agreements, new enterprise licence agreements, multiple corporate consultancy agreements and multiple exploration geophysical consultancy and survey agreements.

PEOPLE

As at 31 December 2019, the Group employed a total of 3,852 full-time equivalent employees (2018: 3,491) in its operations (excluding contractors) with the majority of employees based in Australia, Peru, the Democratic Republic of Congo and Laos.

Total employee benefits expenses for the Group's continuing operations for the year ended 31 December 2019, including Directors' emoluments, totalled US$302.9 million – a reduction of 5% (2018: US$320.4 million), primarily due to lower incentive costs.

The Group has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their roles, their performance, market requirements and the performance of the Group. Employee benefits include market-competitive fixed remuneration, performance-related incentives, a limited share option scheme and, in specific cases, insurance and medical coverage. A range of targeted training and development programs are provided to employees across the Group that are designed to improve individual capability and enhance employee and Group performance.

EXPLORATION ACTIVITIES

Exploration expenditure for 2019 was US$37.7 million (2018: US$47.5 million). This reduction in expenditure is consistent with the announcement in 2018 that MMG would wind down its new discovery exploration programs in Australia and Africa and focus on exploration opportunities in and around existing operating hubs.

The 2019 exploration program at Las Bambas focused on resource definition drilling at Ferrobamba and Chalcobamba as well as development drilling within the southwest extension of the Chalcobamba deposit (Chalcobamba Southwest Zone). A series of significant drill intercepts during 2019 continued to demonstrate that the Chalcobamba Southwest Zone is likely continuous with the main Chalcobamba mineralisation and are expected to drive expansion of the Chalcobamba pit design. In addition, surface exploration continued within the mining leases surrounding the currently identified mineral resources. Surface exploration programs include electrical and magnetic geophysical methods as well as surface geochemical surveys and are evaluating potential extensions to known mineral resources as well as recently identified exploration targets.

In the DRC, exploration activity has primarily focused on the discovery and delineation of satellite copper oxide deposits within a roughly 50km radius of the Kinsevere mine. This activity continues to confirm and define several compelling copper-cobalt targets at the Nambulwa, Mwepu, and Sokaroshe II Projects. Preliminary interpretations of grade, thickness, and metallurgical characteristics exhibited in drilling intercepts at Mwepu indicate a reasonable probability for the economic exploitation of oxide ore feed for the Kinsevere mine, with further work planned for the 2020 field season.

PROJECT	HOLE TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Africa, Australia, Asia				
Kinsevere RAD50	Diamond	12,770	68	188
	Reverse Circulation	15,893	161	99
	Aircore	776	66	12
DRC New Discovery	Diamond	1,384	5	277
	Reverse Circulation	2,099	16	131
Kinsevere (near mine)	Diamond	4,510	18	250
	Reverse Circulation	1,089	30	36
Americas				
Las Bambas	Diamond	62,351	178	350
	Reverse Circulation	5,699	41	139
Total		**106,571**	**583**	

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisition or disposal in the year ended 31 December 2019.

EVENTS AFTER THE REPORTING DATE

The outbreak of COVID-19, has adversely impacted global economic activity and commodity prices in the period subsequent to the reporting date. This outbreak has not directly impacted on the operations of the Company. Nonetheless, reduced demand for base metals and the resulting decline in commodity prices can reasonably be expected to have an impact on the Group's future financial performance. The extent of this impact cannot be reliably quantified or estimated as at the reporting date. The Company continues to closely monitor the situation.

Other than this and matters outlined in the financial information of the Group and other sections of the management discussion and analysis, there have been no matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs in future years.

FINANCIAL AND OTHER RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group can use derivative financial instruments such as foreign exchange contracts and commodity swaps to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under proposals approved by the Board. Group Treasury identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as those identified below.

(a) Commodity price risk

The prices of copper, zinc, lead, gold, and silver are affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned.

The following table details the sensitivity of the Group's financial assets (excluding commodity price contracts) balance to movements in commodity prices. Financial assets arising from revenue on provisionally priced sales are recognised at the estimated fair value of the total consideration of the receivable and subsequently remeasured at each reporting date.

As at the reporting date, if the commodity prices increased/(decreased) by 10% and all other variables were held constant, the Group's post-tax loss would have changed as set out below:

	2019			2018		
Commodity	**Commodity price movement**	**Decrease in loss US$ million**	**Increase in loss US$ million**	**Commodity price movement**	**Increase in profit US$ million**	**Decrease in profit US$ million**
Copper	10%	44.0	(44.0)	10%	37.5	(37.5)
Zinc	10%	4.0	(4.0)	10%	4.5	(4.5)
Total		**48.0**	**(48.0)**		**42.0**	**(42.0)**

(b) Interest rate risk

The Group is exposed to interest rate risk primarily through interest bearing borrowings and investment of surplus cash holdings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group regularly monitors its interest rate risk to ensure that there are no undue exposures to significant interest rate movements. Any decision to hedge interest rate risk is assessed periodically in light of the Group's overall exposure, the prevailing interest rate market and any funding counterparty requirements. Regular reporting which summarises the Group's debt and interest rates is provided to the Executive Committee.

As at the reporting date, if the interest rate had increased/(decreased) by 100 basis points with all other variables held constant, post-tax (loss)/profit would have changed as follows:

	2019		2018	
	-100 basis points	+100 basis points	-100 basis points	+100 basis points
US$ MILLION	(Increase)/ decrease in loss	(Increase)/ decrease in loss	(Decrease)/ increase in profit	(Decrease)/ increase in profit
Financial assets				
Cash and cash equivalents	(1.5)	1.5	(4.2)	4.2
Financial liabilities				
Borrowings	36.9	(36.9)	41.6	(41.6)
Total	**35.4**	**(35.4)**	**37.4**	**(37.4)**

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US dollars. The majority of revenue received by the Group is in US dollars. The Group's foreign currency exchange risk arises predominantly from the currency of the countries in which the Group's operations are located. Any decision to hedge foreign currency risk is assessed periodically in light of the Group's exposure, the prevailing foreign currency market and any funding counterparty requirements.

Based on the Group's net monetary assets and financial liabilities at the reporting date, a movement of the US dollar against the principal non-functional currencies illustrated below, with all other variables held constant, would cause changes in post-tax (loss)/profit as follows:

	2019		2018	
	Weakening of US dollar	Strengthening of US dollar	Weakening of US dollar	Strengthening of US dollar
US$ MILLION	(Increase)/ decrease in loss	(Increase)/ decrease in loss	(Decrease)/ increase in profit	(Decrease)/ increase in profit
10% movement in Australian dollar (2018: 10%)	(13.4)	13.4	(13.2)	13.2
10% movement in Peruvian sol (2018: 10%)	1.1	(1.1)	4.0	(4.0)
Total	**(12.3)**	**12.3**	**(9.2)**	**9.2**

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. While the most significant exposure to credit risk is through sales of metal products on normal terms of trade, the majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All of the Group's trade receivables at 31 December 2019 are aged within six months of the invoice date.

Investments in cash, short-term deposits and similar assets are with approved counterparty banks and the intermediate holding company of the Company. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. Management considers cash and cash equivalents that are placed on deposit with financial institutions that hold a high-grade credit rating to be low credit risk financial assets.

The Group's most significant customers are CMN, Citic Metal Peru Investment Limited (CITIC Metal), and Trafigura Pte Ltd (Trafigura). Revenue earned from these customers as a percentage of total revenue was:

	2019	2018
CMN	36.4%	36.3%
CITIC Metal	16.9%	16.1%
Trafigura	14.0%	14.6%

The Group's largest debtor at 31 December 2019 was CMN, with a balance of US$60.4 million (2018: CMN with US$140.5 million) and the five largest debtors accounted for 77.6% (2018: 92.3%) of the Group's trade receivables. Credit risk arising from sales to large concentrate customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is recorded after completion of the quotation period and assaying.

Credit risk by geographic region was:

US$ MILLION	AT 31 DECEMBER 2019	2018
Asia	157.7	228.0
Europe	65.7	48.8
Australia	5.6	6.1
Other	11.6	2.6
	240.6	**285.5**

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management utilises short and long-term cash flow forecasts and other consolidated information to ensure that appropriate liquidity buffers are maintained to support the Group's activities.

The table below analyses the Group's non-derivative financial liabilities by relevant maturity groupings based on the remaining period to contractual maturity as at the reporting date. The amounts disclosed in each maturity grouping are the contractual undiscounted cash flows for non-derivative financial instruments.

US$ MILLION	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying value
At 31 December 2019						
Financial assets						
Cash and cash equivalents	217.5	-	-	-	**217.5**	**217.5**
Trade receivables	240.6	-	-	-	**240.6**	**240.6**
Other receivables	83.6	92.9	-	-	**176.5**	**176.5**
Other financial assets	3.1	-	-	-	**3.1**	**3.1**
Financial liabilities						
Trade and other payables	(591.3)	-	-	-	**(591.3)**	**(591.3)**
Other financial liabilities	-	-	-	(135.7)	**(135.7)**	**(135.7)**
Borrowings (including interest)	(1,157.0)	(1,650.5)	(3,388.5)	(3,392.9)	**(9,588.9)**	**(7,628.3)**
Lease liabilities (including interest)	(36.5)	(28.5)	(64.0)	(128.6)	**(257.6)**	**(160.8)**
	(1,240.0)	**(1,586.1)**	**(3,452.5)**	**(3,657.2)**	**(9,935.8)**	**(7,878.4)**

US$ MILLION	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying value
At 31 December 2018						
Financial assets						
Cash and cash equivalents	601.9	-	-	-	**601.9**	**601.9**
Trade receivables	285.5	-	-	-	**285.5**	**285.5**
Other receivables	104.9	124.1	-	-	**229.0**	**229.0**
Other financial assets	3.3	-	-	-	**3.3**	**3.3**
Financial liabilities						
Trade and other payables	(508.1)	-	-	-	**(508.1)**	**(508.01)**
Other financial liabilities	-	-	-	(136.6)	**(136.6)**	**(136.6)**
Borrowings (including interest)	(1,064.9	(940.0)	(4,209.2)	(4,156.6)	**(10,370.7)**	**(8,131.4)**
	(577.4)	**(815.9)**	**(4,209.2)**	**(4,293.2)**	**(9,895.7)**	**(7,656.4)**

(f) Sovereign risk

The Group conducts all of its operations outside of Hong Kong and, as such, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country. Material risks include, but are not limited to, regime or policy change, fluctuation in currency exchange rates, changes to licensing regimes and amendments to concessions, licences, permits and contracts, and changing political conditions and governmental regulations. Changes in any mining or investment policies or shifts in political attitudes in the jurisdictions in which the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, VAT and royalty rates, coupled with increased audit and compliance activity. The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and continue to result in an increased tax burden on mining companies.

Some of the countries in which the Group operates carry higher levels of sovereign risk. Political and administrative changes and reforms in law, regulations or taxation may impact sovereign risk. Political and administrative systems can be slow or uncertain and may result in risks to the Group including the ability to obtain tax refunds in a timely manner. The Group has processes in place to monitor any impact on the Group and implement responses to such changes.

CONTINGENT LIABILITIES

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the reporting period, no material claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authorities. At 31 December 2019, these guarantees amounted to US$373.4 million (2018: US$351.1 million).

Contingent liabilities – tax related contingencies

The Group has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities triggers various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production-based taxes and employment related taxes. Application of tax laws and interpretation of tax laws may require judgement to assess risk and estimate outcomes, particularly in relation to the application of income taxes and withholding tax to the Group's cross-border operations and transactions. The evaluation of tax risks considers both assessments received and potential sources of challenge from tax authorities. Additionally, the Group is currently subject to a range of audits and reviews by taxation authorities in Australia, Peru, Laos and the DRC. For some of the tax matters under audit in Peru, if unfavourable assessment resolutions were ultimately issued, MLB intends to appeal and not to pay any assessed amount. No disclosure of an estimate of financial effect of the subject matter has been made in the financial statements as in the opinion of the management, such disclosure may seriously prejudice the position of the Group in dealing with these matters.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings. The status of proceedings for such uncertain tax matters will impact the ability to determine the potential exposure and, in some cases, it may not be possible to determine a range of possible outcomes, including timing of resolution or determining a reliable estimate of the potential exposure.

The Group continues to proactively cooperate with the relevant taxation authorities and to actively manage these audits and reviews. Where appropriate, the Group has filed appeals with either the relevant tax authority or the tax court. For all such open tax matters that the Group presently has, any ultimate obligation would depend on future resolution of the matters and currently, a payment is either not probable or cannot be measured reliably. As such, no provision has been reflected in the consolidated financial statements for such tax matters.

CHARGES ON ASSETS

At 31 December 2019, certain borrowings of the Group were secured as follows:

1. Approximately US$4,852.07 million (2018: US$5,396.48 million) from China Development Bank, ICBC, BOC Sydney and The Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of MLB. Approximately US$469.0 million (2018: US$699.0 million) of these borrowings are guaranteed on a several basis by China Minmetals Non-ferrous Metals Holding Company Limited, Guoxin International Investment Corporation Limited and CITIC Corporation Limited in proportion to the respective shareholdings of MMG SA, Elion Holdings Corporation Limited and Citic Metal Peru Investment Limited in the Las Bambas Joint Venture Group.
2. Approximately US$398.56 million (2018: US$445.56 million) from China Development Bank and BOC Sydney was substantively secured by the shares and assets of MMG Dugald River Pty Ltd. This consists of a charge over the shares in MMG Dugald River, a real property mortgage over all of the interests in land

of MMG Dugald River, a general security agreement in respect of all of the assets of MMG Dugald River, and specific security over certain assets owned by MMG Australia Limited relating to the Dugald River project, and a featherweight charge over all of MMG Australia Limited's other assets.

FUTURE PROSPECTS

MMG expects to produce between 418,000 and 445,000 tonnes of copper and between 225,000 and 245,000 tonnes of zinc in 2020. This is a slightly below 2019 levels, largely due to lower grades at Las Bambas prior to the commencement of mining at the Chalcobamba pit in the second half of 2020, and lower grades at Rosebery.

Las Bambas is now expected to deliver around two million tonnes of copper production in the five-year period from 2021 to 2025. This extends the previous guidance of two million tonnes in the first five years and is significantly above the pre-production mine plan. This would result in the mine producing approximately four million tonnes in the first decade of commercial production. Beyond 2025, the Company remains confident that a strong production profile can be maintained. This view is underpinned by the highly prospective nature of the Las Bambas tenements and supported by encouraging early drilling results at the Chalcobamba Southwest Zone. These results continue to indicate that the Chalcobamba Southwest Zone is likely continuous with the main Chalcobamba mineralisation and are expected to drive expansion of the Chalcobamba pit design. Other greenfield exploration targets in the area will be pursued in 2020.

A major focus for the Company's Australian operations will be de-bottlenecking and optimisation work at Dugald River. It is anticipated that this will increase mine capacity from 1.75 million to over 2 million tonnes per annum by 2022, paving the way for increased zinc equivalent production towards 200,000 tonnes annually. At Rosebery, work directed at extending the current mine life will continue to be pursued, including resource extension drilling and tailings disposal strategies.

MMG maintains a favourable outlook for the DRC. We have built a valuable skill base in a world-leading copper province, established practices for the development and processing of third-party and satellite deposits and derived valuable in-country operating knowledge as part of the Kinsevere project. The Company continues to investigate options to extend the life of Kinsevere with a feasibility study for the next phase of development of the Kinsevere project ongoing. A final investment decision is expected in the second half of 2020. This potential development includes the addition of a sulphide ore and cobalt processing circuit alongside the existing oxide circuit. Should it proceed, it will add significant life and value to MMG's operations in the DRC, provide an entry for the Company into the cobalt market, and enhance optionality for future potential investments in country. This work is in addition to the continuation of regional exploration programs focused on proving up discoveries within a 50-kilometre radius of the Kinsevere mine.

Total capital expenditure in 2020 is expected to be between US$650.0 million and US$700.0 million. Of this, approximately US$600.0 million is attributable to Las Bambas, including approximately US$230.0 million related to capitalised deferred stripping activity. Expansion of the Las Bambas mining fleet, costs related to the development of Chalcobamba, completion of the third ball mill project and expansion of the Las Bambas tailings dam facility all result in a high level of capital expenditure during 2020. The higher spend also partially reflects projects that have been delayed from prior years due to community action along the Las Bambas logistic corridor. The level of capital expenditure is expected to reduce over subsequent years, with total capital expenditure for the Group expected to be between US$500.0 million and US$600.0 million per year in the mid-term, approximately US$150.0 million to US$200.0 million of which relates to capitalised mining.

MMG currently has no future plans for material investments or capital assets sanctioned by the Board other than those detailed in this report or announced to the market.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 21 May 2020 (AGM). The notice of the AGM will be published and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 May 2020 to Thursday, 21 May 2020, inclusive, during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Friday, 15 May 2020.

The record date for determining Shareholders' eligibility to attend and vote at the AGM will be on Friday, 15 May 2020.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices by emphasising a quality Board, sound internal controls, transparency and accountability to all Shareholders.

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2019, except for deviations from code provision A.4.1 and Rule 3.21 of the Listing Rules as follows:

1. Code provision A.4.1 requires that Non-executive Directors should be appointed for a specific term and subject to re-election. Each of the Non-executive Directors entered into an appointment agreement with the Company for a specific term of three years, except for Dr Peter Cassidy. Dr Cassidy's appointment agreement commenced on 31 December 2010 and continues until either the Company or he terminates such agreement by serving on the other not less than one month's prior written notice.

   In accordance with the Company's articles of association, each Director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next annual general meeting (in the case of an addition to the Board), and thereafter be subject to retirement by rotation at least once every three years at the annual general meeting. Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, is also subject to retirement from the Board by rotation at least once every three years at the annual general meeting. Since Dr Cassidy has been appointed, he has been re-elected by the Shareholders at the annual general meetings held in 2011, 2013, 2016 and 2019.

2. Rule 3.21 of the Listing Rules requires that the audit committee must be chaired by an independent non-executive director.

On 22 October 2019, Ms Jennifer Seabrook resigned as an Independent Non-executive Director, Chair of the Audit Committee and a member of the Remuneration Committee of the Company. For a brief period, due to the time taken to appoint a suitable replacement, the chairmanship of the Audit Committee was left vacant and the Company did not meet the requirement under Rule 3.21 of the Listing Rules. Following the appointment of Mr Chan Ka Keung, Peter as Independent Non-executive Director and the Chairman of the Audit and Risk Management Committee, the Company has complied with the chairman requirement of the audit committee under Rule 3.21 of the Listing Rules.

The Company adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and discharged, having regard to principles of good corporate governance, international best practice and applicable laws. The Board Charter is adopted on the basis that strong corporate governance can add to the performance of the Company, create Shareholder value and engender the confidence of the investment market.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code for securities trading by Directors (Securities Trading Model Code) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code).

Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code and the Securities Trading Model Code during the year ended 31 December 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee was established on 4 December 2019. This committee merged and replaced the previous Audit Committee and Risk Management Committee.

As at 31 December 2019, the Audit and Risk Management Committee comprised four members including three Independent Non-executive Directors, namely Mr Chan Ka Keung, Peter as Chair, Dr Peter William Cassidy and Mr Leung Cheuk Yan and one Non-executive Director, namely Mr Zhang Shuqiang. With effect from 1 January 2020, Mr Xu Jiqing was appointed as a member of the Audit and Risk Management Committee.

The Audit and Risk Management Committee is accountable to the Board. It focuses on financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls. It also advises the Board on high-level risk related matters, risk management and internal control, including advising on risk assessment and oversight of the internal audit function.

The duties of the Audit and Risk Management Committee include to monitor the relationship with the Company's external auditor, review the financial information of the Company (including its treasury and tax functions) and the oversight of the Group's financial reporting system. The Audit and Risk Management Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2019.

OTHER INFORMATION CONTINUED

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM RESPONSIBILITIES: OPERATIONS AFRICA AND AUSTRALIA

Following the resignation of Mr Suresh Vadnagra from the role of Executive General Manager – Africa and Australia, interim changes have been made to operations responsibilities with effect from 1 March 2020. MMG CFO, Mr Ross Carroll, will take accountability for all aspects of African operations and growth including the Kinsevere operation and development planning. Mr Sam Rodda, General Manager Dugald River, will take responsibility for and represent Australian operations at the Executive Committee.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is also published on the website of the Company (www.mmg.com). The Company's 2019 Annual Report will be despatched to Shareholders and made available on the websites of the Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company in due course.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2019 as set out in the announcement on annual results for year the ended 31 December 2019 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the announcement on annual results for the year ended 31 December 2019.

FINANCIAL INFORMATION OF THE GROUP

The financial information relating to the year ended 31 December 2019 and 2018 included in this preliminary announcement of annual results for 2019 does not constitute the Company's statutory consolidated financial statements for those years but is derived from those financial statements.

Further information relating to these statutory consolidated financial statements as required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

1. The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies in due course.

2. The Company's auditors have reported on these consolidated financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTES	YEAR ENDED 31 DECEMBER 2019 US$ MILLION	2018 US$ MILLION
Continuing operations			
Revenue	4	3,032.3	3,670.2
Other income	5	14.0	20.6
Expenses (excluding depreciation and amortisation)	6	(1,584.8)	(1,939.6)
Earnings before interest, income tax, depreciation and amortisation – EBITDA		**1,461.5**	**1,751.2**
Depreciation and amortisation expenses	6	(969.6)	(918.1)
Impairment expense	11	(150.0)	-
Earnings before interest and income tax – EBIT		**341.9**	**833.1**
Finance income	7	11.2	6.8
Finance costs	7	(523.1)	(533.7)
(Loss)/profit before income tax		**(170.0)**	**306.2**
Income tax expense	8	(25.3)	(169.6)
(Loss)/profit for the year from continuing operations		**(195.3)**	**136.6**
Profit for the year from discontinued operation		**-**	**0.8**
(Loss)/profit for the year		**(195.3)**	**137.4**
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(230.4)**	**68.3**
-From continuing operations		(230.4)	64.8
-From discontinued operation		-	3.5
Non-controlling interests		**35.1**	**69.1**
-From continuing operations		35.1	71.8
-From discontinued operation		-	(2.7)
		(195.3)	**137.4**
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic (loss)/earnings per share	9	**US (2.86) cents**	**US 0.85 cents**
-From continuing operations		US (2.86) cents	US 0.81 cents
-From discontinued operation		-	US 0.04 cents
Diluted (loss)/earnings per share	9	**US (2.86) cents**	**US 0.84 cents**
-From continuing operations		US (2.86) cents	US 0.80 cents
-From discontinued operation		-	US 0.04 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	YEAR ENDED 31 DECEMBER	
	2019 US$ MILLION	2018 US$ MILLION
(Loss)/profit for the year	**(195.3)**	**137.4**
Total comprehensive (loss)/income for the year	**(195.3)**	**137.4**
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company	**(230.4)**	**68.3**
-From continuing operations	(230.4)	64.8
-From discontinued operation	-	3.5
Non-controlling interests	**35.1**	**69.1**
-From continuing operations	35.1	71.8
-From discontinued operation	-	(2.7)
	(195.3)	**137.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	AT 31 DECEMBER 2019 US$ MILLION	2018 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment		10,394.2	10,897.7
Right-of-use assets		140.6	-
Intangible assets		567.5	596.0
Inventories		106.4	75.8
Deferred income tax assets		180.4	178.1
Other receivables	12	210.3	231.7
Other financial assets		3.1	3.3
Total non-current assets		**11,602.5**	**11,982.6**
Current assets			
Inventories		382.2	203.9
Trade and other receivables	12	361.6	412.7
Current income tax assets		101.3	54.3
Cash and cash equivalents	13	217.5	601.9
Total current assets		**1,062.6**	**1,272.8**
Total assets		**12,665.1**	**13,255.4**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	2,912.2	2,910.8
Reserves and retained profits		(1,900.0)	(1,653.7)
		1,012.2	**1,257.1**
Non-controlling interests		1,665.7	1,639.2
Total equity		**2,677.9**	**2,896.3**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

	NOTES	AT 31 DECEMBER 2019 US$ MILLION	2018 US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	15	6,853.7	7,446.4
Lease liabilities		138.3	-
Provisions		471.3	416.8
Other financial liabilities		135.7	136.6
Deferred income tax liabilities		880.0	933.4
Total non-current liabilities		**8,479.0**	**8,933.2**
Current liabilities			
Borrowings	15	774.6	685.0
Lease liabilities		22.5	-
Provisions		117.4	214.0
Trade and other payables	16	591.3	508.1
Current income tax liabilities		2.4	18.8
Total current liabilities		**1,508.2**	**1,425.9**
Total liabilities		**9,987.2**	**10,359.1**
Net current liabilities		**(445.6)**	**(153.1)**
Total equity and liabilities		**12,665.1**	**13,255.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ MILLION	SHARE CAPITAL	TOTAL RESERVES	RETAINED PROFITS/ (ACCUMULATED LOSSES)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	(Note 14)					
At 1 January 2019	**2,910.8**	**(1,898.0)**	**244.3**	**1,257.1**	**1,639.2**	**2,896.3**
HKFRS 16 adjustment on retained profits (Note 3)	-	-	(15.7)	**(15.7)**	(8.6)	**(24.3)**
Restated balance at 1 January 2019	**2,910.8**	**(1,898.0)**	**228.6**	**1,241.4**	**1,630.6**	**2,872.0**
(Loss)/profit for the year	-	-	(230.4)	**(230.4)**	35.1	**(195.3)**
Total comprehensive (loss)/income for the year	-	-	(230.4)	**(230.4)**	**35.1**	**(195.3)**
Employee share options exercised and vested	1.4	(0.2)	-	**1.2**	-	**1.2**
Employee share options lapsed	-	(0.9)	0.9	**-**	-	**-**
Total transactions with owners	**1.4**	**(1.1)**	**0.9**	**1.2**	**-**	**1.2**
At 31 December 2019	**2,912.2**	**(1,899.1)**	**(0.9)**	**1,012.2**	**1,665.7**	**2,677.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL	TOTAL RESERVES	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	(Note 14)					
At 1 January 2018	**2,874.1**	**(1,892.4)**	**201.7**	**1,183.4**	**1,759.6**	**2,943.0**
Profit for the year	-	-	68.3	**68.3**	69.1	**137.4**
Total comprehensive income for the year	**-**	**-**	**68.3**	**68.3**	**69.1**	**137.4**
Provision of surplus reserve	-	19.3	(19.3)	**-**	-	**-**
Redemption of convertible redeemable preference shares	-	-	-	**-**	(142.0)	**(142.0)**
Disposal of a subsidiary	-	-	(7.7)	**(7.7)**	(20.3)	**(28.0)**
Dividends paid to non-controlling interests from discontinued operation	-	-	-	**-**	(27.2)	**(27.2)**
Employee share options/ performance awards exercised and vested	36.7	(27.5)	-	**9.2**	-	**9.2**
Employee share options lapsed	-	(1.3)	1.3	**-**	-	**-**
Employee long-term incentives	-	3.9	-	**3.9**	-	**3.9**
Total transactions with owners	**36.7**	**(5.6)**	**(25.7)**	**5.4**	**(189.5)**	**(184.1)**
At 31 December 2018	**2,910.8**	**(1,898.0)**	**244.3**	**1,257.1**	**1,639.2**	**2,896.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

		YEAR ENDED 31 DECEMBER	
	NOTE	2019 US$ MILLION	2018 US$ MILLION
Cash flows from operating activities			
Receipts from customers		3,470.8	4,262.1
Payments to suppliers and employees		(2,090.4)	(2,392.9)
Payments for exploration expenditure		(37.7)	(47.5)
Income tax paid		(197.6)	(90.2)
Net cash generated from operating activities		**1,145.1**	**1,731.5**
Cash flows from investing activities			
Purchase of property, plant and equipment		(476.3)	(332.1)
Purchase of intangible assets		(0.1)	(5.4)
Proceeds from repayments of loan to a related party		-	120.0
Proceeds from disposal of subsidiary, net		-	113.9
Payments of support package associated with disposal of Century mine		(8.1)	(8.9)
Proceeds from disposal of financial assets		-	3.2
Proceeds from disposal of property, plant and equipment		3.7	4.4
Net cash used in investing activities		**(480.8)**	**(104.9)**
Cash flows from financing activities			
Proceeds from borrowings		225.0	370.0
Repayments of borrowings		(736.4)	(1,228.8)
Payments on redemption of convertible redeemable preference shares		-	(338.0)
Proceeds from shares issued upon exercise of employee share options		1.2	9.2
Repayment of lease liabilities		(40.7)	-
Dividends paid to non-controlling interests from discontinued operation		-	(27.2)
Interest and financing costs paid on external borrowings		(369.3)	(366.6)
Interest and financing costs paid on related party borrowings		(99.2)	(376.3)
Withholding taxes paid in respect of financing arrangements		(40.6)	(16.7)
Interest received		11.3	13.6
Net cash used in financing activities		**(1,048.7)**	**(1,960.8)**
Net decrease in cash and cash equivalents		**(384.4)**	**(334.2)**
Cash and cash equivalents at 1 January		601.9	936.1
Cash and cash equivalents at 31 December	13	**217.5**	**601.9**

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Units 8506A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The principal place of business of the Company is disclosed in the Corporate Information section to the Group's 2019 Annual Report.

The Company is an investment holding company listed on the main board of The Stock Exchange of Hong Kong Limited ("HKEx"). The Company was listed on the Australian Securities Exchange ("ASX") until it was delisted from the ASX on 4 December 2019.

The Group is engaged in the exploration, development and mining of copper, zinc, gold, silver and lead deposits around the world.

The consolidated financial statements for the year ended 31 December 2019 are presented in United States dollars ("US$") unless otherwise stated and were approved for issue by the Board on 4 March 2020.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the consolidated financial statements for the year ended 31 December 2018, exception for the adoption of new standards as set out in Note 3.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") – a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss, which are measured at fair value.

Going Concern

The consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitised analysis of forecast cash balances for key financial risks (including commodity and foreign exchange risks) over the short and medium term to ensure adequate liquidity is maintained.

For the year ended 31 December 2019, the Group generated a net loss of US$195.3 million (2018: net profit of US$136.6 million) from continuing operations. The loss result reflects operational challenges at Kinsevere, with a US$150.0 million impairment expense recorded in relation to the copper oxide operation which is approaching the end of life, lower commodity prices and lower sales volumes following intermittent community road blockades near the Las Bambas mine site in Peru.

At 31 December 2019, the Group had net current liabilities of US$445.6 million (2018: US$153.1 million), generated operating cashflows of US$1,145.1 million (2018: US$1,731.5 million) and a total cash outflow of US$384.4 million (2018: US$334.2 million) after investing and financing cash flows. Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operational, existing contractual debt service and capital expenditure requirements for the 12 month period from the approval of the consolidated financial statements.

In addition, the Directors note the following considerations, relevant to the Group's ability to continue as a going concern:

- At 31 December 2019, total cash and cash equivalents of US$217.5 million were held by the Group;
- The strong ongoing support of the Group's major shareholder, CMC. This has been demonstrated by an agreement approved with Top Create Resources Limited (a subsidiary of CMC) in December 2019, whereby the maturity of the existing US$100.0 million working capital facility was extended from January 2020 to a revised maturity date of April 2021. At 31 December 2019 this facility was undrawn (2018: US$100.0 million drawn).
- The ongoing trading support of CMN and joint venture partner CITIC Metal Peru Investment Limited ("CITIC") each as direct or indirect off-takers of Las Bambas production. This has been demonstrated by an agreement entered into with each party for early payment on cargos already shipped and invoiced as well as prepayments for inventory held at both port and site. Early payment and prepayments are permitted up to an aggregate amount of US$200.0 million until 31 December 2020, allocated to each party in their respective off-take proportions;
- At 31 December 2019, the Group (excluding the Las Bambas Joint Venture Group) had available debt facility of US$300.0 million (2018: US$300.0 million) represented by a revolving credit facility provided by ICBC, Melbourne Branch, maturing in December 2020, for general corporate purposes. At 31 December 2019, US$180.0 million (2018: nil) was drawn, with US$120.0 million (2018: US$300.0 million) undrawn and available;
- At 31 December 2019, the Las Bambas Joint Venture Group had available undrawn debt facilities of US$350.0 million (2018: US$350.0 million). The US$350.0 million BOC Sydney working capital revolving facility matured in March 2019 and was replaced in August 2019 by US$175.0 million BOC Sydney revolving credit facility and US$175.0 million ICBC Luxembourg revolving credit facility. Both these replacement facilities are scheduled to mature during August 2022; and
- In the event forecast cash flow is not achieved or that existing or new debt facilities are insufficient or not obtained within time, the Group has the support of its major shareholder, CMC. In this circumstance, support to the Group may be in the form of providing additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans from CMC, or through further equity contributions.

As a result, the Directors are of the view that the Group will be able to meet its debts as and when they fall due and accordingly the Directors have prepared the consolidated financial statements on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

The following notes explain the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements.

3.1 Nature of the effect of adoption of HKFRS 16

Prior to the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

The Group primarily had operating leases for office buildings and certain vehicles and equipment. In an operating lease, the leased property was not capitalised and the lease payments were recognised as operating lease rental expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent was recognised under prepayments in "Trade and Other Receivables". The Group did not have any significant finance lease. In addition, the Group reviewed significant contracts under the requirements of HK(IFRIC) - Int 4 *Determining whether an Arrangement Contains a Lease* and concluded that the contracts did not contain a lease.

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

In respect of the operating leases as noted above, the Group recognised right-of-use assets and lease liabilities (except for short-term leases and leases of low-value assets).

The Group did not elect to use the transition practical expedient which would have allowed the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 at the date of initial application. Consequently, a HKFRS 16 based review was undertaken for all relevant significant contracts, including contracts which had previously been assessed as not having embedded leases under HK(IFRIC) - Int 4. Where lease components were identified, the Group recognised right-of-use assets and lease liabilities for these (except if they were short-term or low-value).

The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of IBR at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities (adjusted, where required, for prepaid rentals). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the IBR at the date of initial application. The IBR utilised ranged from 3.46% to 14.97% depending on the term of each lease, nature and value of underlying asset and the economic environment in which the respective lessee operates.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

For the amended accounting policies for leases, refer to Note 3.3.

3.2 Impact of adoption of HKFRS 16

On transition, at 1 January 2019, the Group recognised lease liabilities of US$171.3 million, right-of-use assets of US$135.7 million and net deferred tax assets of US$11.3 million, which resulted in a reduction in opening retained profits of US$24.3 million.

The lease liabilities at 1 January 2019 can be reconciled to the operating lease commitments at 31 December 2018 as follows:

	US$ MILLION
Operating lease commitments at 31 December 2018	37.8
Less: recognition exemption – short-term leases and low value assets	(0.8)
Less: non-lease components	(4.2)
Add: equipment with right-of-use under various contracts per HKFRS 16	220.0
Lease liabilities discounted at relevant IBR	(81.5)
Lease liabilities at 1 January 2019	**171.3**
Analysed as:	
Current	25.9
Non-current	145.4
Right-of-use assets recognised upon application of HKFRS 16	135.7
Right-of-use assets at 1 January 2019	**135.7**
Net deferred tax assets at 1 January 2019	**11.3**
Impact to opening retained profits at 1 January 2019	**(24.3)**
-Attributable to equity holders of the Company	(15.7)
-Attributable to non-controlling interests	(8.6)

3.3 Accounting policies for leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after 1 January 2019, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* at inception or modification date. The contracts are not reassessed unless the terms and conditions of the contract subsequently change.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(a) Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use asset in which the Group is reasonably certain to obtain ownership of the underlying leased asset at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(b) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in rental rates, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

(c) Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(d) Significant judgements

The Group applies significant judgement and estimates in accounting for leases under HKFRS 16. These include:

- Determining whether a contract contains a lease component:

  Certain contracts require management to exercise judgement in applying HKFRS 16 requirements to determine whether an identified asset exists for which MMG utilises substantially all the economic benefits and whether MMG may have a right to use or direct use of that asset. Management conclusion as to whether a lease component exists or not may thus be subjective.

- Determining the discount rate to calculate present value of lease liability:

  HKFRS 16 requires management to discount future lease payments in order to calculate the lease liability at commencement date. HKFRS 16 requires management to utilise the interest rate implicit in the lease as the discount rate. However, if such a rate is not readily available, HKFRS 16 allows for using an IBR. The Group considered the relevant requirements of HKFRS 16 and has applied the IBR approach to discounting the leases at inception (1 January 2019) and subsequently during the year as well. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment. Management undertakes its best effort in determining such a rate, using internally and externally available data. IBR rates applied can significantly impact the value of the right-of-use of asset and the lease liability. In respect of any future new leases (or upon certain changes in existing leases) IBR would be determined for those leases based on the circumstances existing as of that date.

- Determining the lease term of contracts with renewal options:

  The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Where the Group has an option to lease the assets for additional terms, management applies judgement at commencement of the lease in evaluating whether it is reasonably certain to exercise the option to renew, considering the economic environment, business needs and financial impacts. Re-assessment of management's assumption on exercising the extension option is undertaken upon the occurrence of either a significant event or significant change in circumstances that is within the control of the Group and affects the assessment. Including or excluding the terms covered under the options as above may significantly impact the value of the right-of-use of asset and the lease liability.

4. SEGMENT INFORMATION

HKFRS 8 "*Operating Segments*" requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision-maker ("CODM") in order to allocate resources to the segment and assess its performance.

The Company's Executive Committee has been identified as the CODM. The Executive Committee reviews the Group's internal reporting of these operations in order to assess performance and allocate resources.

The Group's reportable segments are as follows:

Las Bambas	The Las Bambas mine is a large open-pit, scalable, long-life copper and molybdenum mining operation with prospective exploration options. It is located in the Cotabambas, Apurimac region of Peru.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Haut-Katanga Province of the DRC.
Dugald River	The Dugald River mine is an underground zinc mining operation located near Cloncurry in North West Queensland. The Dugald River mine achieved commercial production on 1 May 2018.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Other	Includes exploration projects, mine sites under care and maintenance and corporate entities in the Group.

A segment result represents the EBIT by each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the CODM is measured in a manner consistent with that in these consolidated financial statements.

Segment assets exclude current income tax assets, deferred income tax assets and net inter-segment receivables. Segment liabilities exclude current income tax liabilities, deferred income tax liabilities and net inter-segment loans. The excluded assets and liabilities are presented as part of the reconciliation to total consolidated assets or liabilities.

Sepon is an open-pit copper mining operation located in Southern Laos. It was one of the Group's reportable segments until it was disposed of on 30 November 2018. Accordingly, although the operating results for the period from 1 January 2018 to 30 November 2018 of Sepon are still reflected in the respective segment results, its assets and liabilities ceased to be consolidated by the Group from 30 November 2018 onwards.

NOTES TO FINANCIAL INFORMATION CONTINUED

The segment revenue and results for the year ended 31 December 2019 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2019					
US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Revenue by metal:						
-Copper	1,771.1	406.7	-	6.2	3.8	2,187.8
-Zinc	-	-	277.7	143.0	-	420.7
-Lead	-	-	39.1	42.7	-	81.8
-Gold	129.7	-	-	42.9	-	172.6
-Silver	74.5	-	19.2	38.0	-	131.7
-Molybdenum	37.7	-	-	-	-	37.7
Revenue from contracts with customers	**2,013.0**	**406.7**	**336.0**	**272.8**	**3.8**	**3,032.3**
EBITDA	**1,237.1**	**44.8**	**108.7**	**125.9**	**(55.0)**	**1,461.5**
Depreciation and amortisation expenses (Note 6)	(696.4)	(138.5)	(55.9)	(70.7)	(8.1)	**(969.6)**
EBIT (underlying)	**540.7**	**(93.7)**	**52.8**	**55.2**	**(63.1)**	**491.9**
Finance income (Note 7)						**11.2**
Finance costs (Note 7)						**(523.1)**
Income tax expense (underlying)						**(70.3)**
Loss for the year (underlying)						**(90.3)**
Impairment of Kinsevere assets (Note 11)	**-**	(150.0)	**-**	**-**	**-**	**(150.0)**
Tax impact associated with impairment (Note 11)	-	45.0	-	-	-	**45.0**
Loss for the year						**(195.3)**
Other segment information:						
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	449.6	49.7	31.3	32.3	3.7	**566.6**

The segment assets and liabilities at 31 December 2019 are as follows:

	AT 31 DECEMBER 2019					
US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Segment assets	10,412.7	644.1	671.7	307.1	347.8[1]	12,383.4
Current/deferred income tax assets						281.7
Consolidated assets						**12,665.1**
Segment liabilities	5,566.9	238.3	463.6	165.8	2,670.2[2]	9,104.8
Current/deferred income tax liabilities						882.4
Consolidated liabilities						**9,987.2**
Segment non-current assets	9,963.9	554.5	612.5	308.6	163.0	**11,602.5**

NOTES TO FINANCIAL INFORMATION CONTINUED

The segment revenue and results for the year ended 31 December 2018 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2018							
US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Continuing operations subtotal	Discontinued operation (Sepon)	Group
Revenue by metal:								
-Copper	2,317.4	516.4	-	6.2	(0.8)	2,839.2	433.6	3,272.8
-Zinc	-	-	203.7	175.6	-	379.3	-	379.3
-Lead	-	-	29.8	55.5	-	85.3	-	85.3
-Gold	129.4	-	-	45.2	-	174.6	-	174.6
-Silver	83.0	-	13.8	46.2	-	143.0	-	143.0
-Molybdenum	48.8	-	-	-	-	48.8	-	48.8
Revenue from contracts with customers	**2,578.6**	**516.4**	**247.3**	**328.7**	**(0.8)**	**3,670.2**	**433.6**	**4,103.8**
EBITDA (excluding gain on disposal of subsidiaries)	**1,341.2**	**203.0**	**87.6**	**171.6**	**(52.2)**	**1,751.2**	**138.6**	**1,889.8**
Depreciation and amortisation expenses	(641.5)	(153.2)	(40.7)	(73.8)	(8.9)	(918.1)	(159.1)	(1,077.2)
EBIT (excluding gain on disposal of subsidiaries)	**699.7**	**49.8**	**46.9**	**97.8**	**(61.1)**	**833.1**	**(20.5)**	**812.6**
Gains on disposal of subsidiaries						-	27.9	27.9
Finance income						6.8	6.7	13.5
Finance costs						(533.7)	(6.2)	(539.9)
Income tax expense						(169.6)	(7.1)	(176.7)
Profit for the year						**136.6**	**0.8**	**137.4**
Other segment information:								
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	243.2	57.1	17.6	11.5	2.2	**331.6**	4.8	**336.4**

The segment assets and liabilities at 31 December 2018 are as follows:

	AT 31 DECEMBER 2018					
US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Segment assets	10,643.6	855.8	713.3	341.4	468.9[1]	13,023.0
Current/deferred income tax assets						232.4
Consolidated assets						**13,255.4**
Segment liabilities	5,924.4	156.7	490.1	151.9	2,683.8[2]	9,406.9
Current/deferred income tax liabilities						952.2
Consolidated liabilities						**10,359.1**
Segment non-current assets	10,067.1	772.0	634.2	310.7	198.6	11,982.6

1. Included in segment assets of US$347.8 million (2018: US$468.9 million) for the other segment is cash of US$98.6 million (2018: US$93.9 million) mainly held at Group treasury entities and trade receivables of US$114.7 million (2018: US$172.9 million) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
2. Included in segment liabilities of US$2,670.2 million (2018: US$2,683.8 million) for the other segment are borrowings of US$2,261.3 million (2018: US$2,361.3 million) and bank guarantee financial liabilities of US$135.7 million (2018: US$136.6 million), which are managed at Group level.

5. OTHER INCOME

	2019 US$ MILLION	2018 US$ MILLION
Gain on early redemption of convertible redeemable preference shares	-	12.6
(Loss)/gain on disposal of property, plant and equipment	(0.6)	2.4
Sundry income[1]	14.6	5.6
Total other income	**14.0**	**20.6**

1. Sundry income in 2019 includes the recognition of insurance claim income (US$12.0 million).

6. EXPENSES

(Loss)/profit before income tax includes the following specific expenses related to continuing operations:

	2019 US$ MILLION	2018 US$ MILLION
Changes in inventories of finished goods and work in progress	(263.9)	(4.8)
Write-down of inventories to net realisable value	44.5	59.3
Employee benefit expenses[1]	235.1	230.7
Contracting and consulting expenses[3]	503.4	500.2
Energy costs	243.3	254.1
Stores and consumables costs	386.6	373.0
Depreciation and amortisation expenses[2]	933.6	882.6
Operating lease rental	-	22.9
Other production expenses[3]	138.1	142.9
Cost of goods sold	**2,220.7**	**2,460.9**
Other operating expenses	51.8	40.3
Royalty expenses	105.1	126.9
Selling expenses[3]	114.8	117.3
Operating expenses including depreciation and amortisation[4]	**2,492.4**	**2,745.4**
Exploration expenses[1,2,3]	37.7	47.5
Administrative expenses[1,3]	23.3	35.8
Auditor's remuneration	1.6	1.6
Foreign exchange gains – net	(3.0)	(12.3)
Loss on financial assets at fair value through profit or loss	0.3	2.4
Other expenses[1,2,3]	2.1	37.3
Total expenses	**2,554.4**	**2,857.7**

1. In aggregate US$67.8 million (2018: US$89.7 million) employee benefit expenses by nature is included in the administrative expenses, exploration expenses, and other expenses categories. Total employee benefit expenses attributable to continuing operations were US$302.9 million (2018: US$320.4 million).
2. In aggregate US$36.0 million (2018: US$35.5 million) depreciation and amortisation expenses are included in exploration expenses and other expenses categories. Total depreciation and amortisation expenses attributable to continuing operations were US$969.6 million (2018: US$918.1 million).
3. The expense under these categories include certain amounts in respect of lease and non-lease contracts which were not recognised as right of use assets on the statement of financial position following the guidance as per HKFRS 16 or where the contracts were low value for a lease assessment under HKFRS 16 requirements. Expenditure in respect of contracts assessed as leases but which did not qualify for recognition as right of use assets included US$40.9 million in respect of variable lease payments, US$1.0 million for short-term leases and US$1.0 million for low-value leases.
4. Operating expenses attributable to continuing operations include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

7. FINANCE INCOME AND FINANCE COSTS

	2019 US$ MILLION	2018 US$ MILLION
Finance income		
Interest income on cash and cash equivalents	11.2	6.8
	11.2	**6.8**
Finance costs		
Interest expense on bank borrowings	(370.9)	(372.5)
Interest expense on related party borrowings	(94.7)	(109.3)
Withholding taxes in respect of financing arrangements	(15.0)	(16.7)
Unwinding of discount on lease liabilities	(16.0)	-
Unwinding of discount on provisions	(15.7)	(18.8)
Other finance cost on external borrowings	(6.0)	(18.9)
Other finance cost on related party borrowings	(4.8)	(6.5)
Finance costs – total	**(523.1)**	**(542.7)**
Less: Borrowing costs capitalised in relation to qualifying assets[1]	-	9.0
Finance costs – net of capitalised borrowing costs	**(523.1)**	**(533.7)**

1. Borrowing costs were capitalised at 5.6% per annum in 2018, representing the average interest rate on borrowings related to Dugald River project. Borrowing costs ceased to be capitalised to the Dugald River project upon its achievement of commercial production on 1 May 2018.

8. INCOME TAX EXPENSE

Hong Kong profits tax is provided at a rate of 16.5% where there are net assessable profits derived for the year. The income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Peru (32.0%) and the DRC (30.0%). Tax rates for some jurisdictions are covered by historical legal agreements with governments. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

The Group recognises deferred income tax assets if it is probable that future taxable amounts will be available to utilise those deductible temporary differences and unused tax losses in the foreseeable future. Management will continue to assess the recognition of deferred income tax assets in future reporting periods.

	2019 US$ MILLION	2018 US$ MILLION
Current income tax expense – Overseas income tax	(69.7)	(78.4)
Deferred income tax expense – Overseas income tax	44.4	(91.2)
Income tax expense	**(25.3)**	**(169.6)**

There is no deferred tax impact relating to items of other comprehensive income (2018: nil).

The tax on the Group's (loss)/profit before income tax from continuing operations differs from the prima facie amount that would arise using the applicable tax rate to (loss)/profit of the consolidated companies as follows:

	2019 US$ MILLION	2018 US$ MILLION
(Loss)/profit before income tax	(170.0)	306.2
Calculated at domestic tax rates applicable to losses or profits in the respective countries	69.5	(80.3)
Net non-taxable/(non-deductible) amounts	1.6	(38.7)
Utilisation of tax losses/deductible temporary differences previously not recognised	-	33.5
Under-provision in prior years	(38.6)	(16.0)
Non-creditable withholding tax	(57.8)	(59.6)
Others	-	(8.5)
Income tax expense	**(25.3)**	**(169.6)**

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share for the year ended 31 December 2018 was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Company's share options and performance awards on issue, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined at the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and performance awards. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options and performance awards.

The calculation of diluted loss per share for the year ended 31 December 2019 does not assume conversion of all dilutive potential ordinary shares because it will otherwise result in a decrease in loss per share.

	2019 US$ MILLION	2018 US$ MILLION
(Loss)/profit attributable to equity holders of the Company in the calculation of basic and diluted (loss)/earnings per share	**(230.4)**	**68.3**
-From continuing operations	(230.4)	64.8
-From discontinued operation	-	3.5
Underlying (loss)/profit attributable to equity holders of the Company in the calculation of basic and diluted (loss)/earnings per share[1]	**(125.4)**	**68.3**
-From continuing operations[1]	(125.4)	64.8
-From discontinued operation	-	3.5

1. The underlying loss attributable to equity holders of the Company excludes non-recurring items recorded during 2019 relating to the impairment of Kinsevere assets of US$105.0 million (post-tax) (Note 11).

	NUMBER OF SHARES '000	
	2019	**2018**
Weighted average number of ordinary shares used in the calculation of the basic (loss)/earnings per share	8,053,521	8,019,434
Shares deemed to be issued in respect of long-term incentive equity plans	-	77,067
Weighted average number of ordinary shares used in the calculation of the diluted (loss)/earnings per share	**8,053,521**	**8,096,501**
Basic (loss)/earnings per share	**US (2.86) cents**	**US 0.85 cents**
-From continuing operations	US (2.86) cents	US 0.81 cents
-From discontinued operation	-	US 0.04 cents
Diluted (loss)/earnings per share	**US (2.86) cents**	**US 0.84 cents**
-From continuing operations	US (2.86) cents	US 0.80 cents
-From discontinued operation	-	US 0.04 cents
Basic (loss)/earnings per share pre impairment expense	**US (1.56) cents**	**US 0.85 cents**
-From continuing operations	US (1.56) cents	US 0.81 cents
-From discontinued operation	-	US 0.04 cents
Diluted (loss)/earnings per share pre impairment expense	**US (1.56) cents**	**US 0.84 cents**
-From continuing operations	US (1.56) cents	US 0.80 cents
-From discontinued operation	-	US 0.04 cents

10. DIVIDENDS

The Directors did not recommend the payment of an interim or final dividend for the year ended 31 December 2019 (2018: nil).

11. IMPAIRMENT TESTING OF NON-CURRENT ASSETS AND GOODWILL

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 31 December. Cash Generating Units ("CGUs") are reviewed at each reporting period to determine whether there is an indication of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is made at the reporting period.

Las Bambas is subject to impairment testing due to Goodwill being attributed to the CGU which requires an annual impairment assessment. Indicators of impairment were noted for Las Bambas, as a result of the significant disruptions to concentrate logistics experienced throughout the year the year. Intermittent community blockades of the public road near the mine site resulted in restricted concentrate sales during the year and to a lesser extent impacted mine production, resulting in lower earnings in 2019.

Indicators of impairment were also noted for Kinsevere, primarily due to the lower operational performance experienced during the year and expected for the remaining life of the copper oxide mining operation. In addition, the political and legislative environment in the DRC was a further indicator of impairment during the period.

(i) Approach

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been estimated using its fair value less costs of disposal ("Fair Value"). The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning process, including Life of Asset ("LOA") plans, three-year budgets, periodic forecasts and CGU specific studies. Expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise operational activity, apply technology, improve capital and labour productivity and other production efficiencies are also included along with the expected costs to realise the initiatives.

All Reserves and Resources have been included in the valuations at justifiable reasonable conversion rates, supported by proof of concept studies. Exploration targets are included in the valuation as applicable.

(ii) Key assumptions

The key assumptions impacting the discounted cash flow models used to determine the Fair Value include:

- Commodity prices;
- Operating costs;
- Capital requirements;
- Real post-tax discount rates;
- Foreign exchange rates;
- Reserves and Resources and exploration targets;
- Optimisation of operational activity and productivity; and
- Rehabilitation timing.

In determining some of the key assumptions, management considered external sources of information where appropriate.

Commodity price and exchange rate assumptions are based on the latest internal forecasts benchmarked to analyst consensus forecasts. The long-term cost assumptions are based on actual costs adjusted for planned operational changes and input cost assumptions over the life of mine.

The long-term price assumed for copper is US$3.21 (2018: US$3.15) per pound and for zinc is US$1.23 (2018: US$1.21) per pound, unchanged from 2018 but re-based to 31 December 2019.

The long term AUD:USD exchange rate has been included as 0.75 (2018: 0.78).

The real post-tax discount rates used in the Fair Value estimates for each of the CGU's are 7% for Las Bambas (2018: 8%), 10% for Kinsevere (2018: 11%), and 6% for Dugald River (2018: 7%). The change in discount rate was driven primarily by lower return expectations in both debt and equity markets based on observable market data.

(iii) Valuation methodology

Las Bambas

The Las Bambas Fair Value is determined through the 2019 Life of Asset ("LoA") discounted cash flows and also supported by comparable transaction multiples. The valuation contains the current operation and further regional exploration targets included in the initial valuation to acquire the mine in 2014. The cash flows assume additional capital investment in the processing plant as well as expected cost reductions from operational improvement programs underway. Future cash flow forecasts include estimates for the cost of obtaining access to land where the rights do not currently exist. The cash flows also include the estimated impact for potential intermittent community disruptions over the life of the mine.

Management continues to progress dialogue with local communities and the Government of Peru to ensure the continuity of road access in the future. This includes continuing to deliver on the Company's obligations in relation to social and community development programs and supporting the Government of Peru to progress public investment projects which will improve the condition of the public road which Las Bambas' uses for the transport of concentrate to the port, this is expected to reduce disruptions of road usage into the future.

The impairment assessment of the Las Bambas' CGU at 31 December 2019 did not result in the recognition of impairment.

Kinsevere

Kinsevere has experienced below plan operational and financial performance in 2019. This is primarily due to lower than expected ore mined grades and tonnes as the copper oxide operation approaches the end of life in 2024. In addition, performance in the current period was impacted by unplanned plant shutdowns and instability in solvent extraction experienced in the first half of the year.

In respect of the political and legislative environment in DRC, as disclosed in the consolidated financial statements for the year ended 31 December 2018, the DRC Government passed significant changes to the DRC 2002 Mining Code (2018 Mining Code) in March 2018. In light of the adverse impact the 2018 Mining Code represents to Kinsevere mine, the Group along with other industry participants has continued to engage in discussion with the DRC Government seeking to negate or reduce negative financial outcomes. During 2019, the DRC Government continued the progressive implementation of elements of the 2018 Mining Code and Mining Regulations (which have included increased royalty rates, import duties, repatriation of revenues, environmental taxes and Special Tax on Excess Profit or STEP).

Whilst there has been recent progress including agreement with the DRC Government on a substantial amount of historical value added tax ("VAT") receivable, uncertainties continue to exist in relation to the recovery of historic and future VAT balances.

An impairment write-down of US$150 million pre-tax (US$105 million on a post-tax basis) was recognised in relation to the Kinsevere CGU at 31 December 2019. This has resulted in a reduction to the carrying value of the oxide related assets to more accurately reflect the remaining life of the current oxide operation. The impairment write-down was recognised pursuant to detailed assessments of the recoverable value, based on the 2019 LoA discounted cash flows.

Kinsevere's LoA 2019 valuation takes into consideration the operational challenges, the impact from the 2018 Mining Code, as well as management's best estimate of risks associated with other political and legislative matters. The valuation contains the current oxide operation, as well as a next phase of potential development at Kinsevere, which includes the development of an integrated sulphide and cobalt circuit. A feasibility study for this phase is at an advanced stage, with a final investment decision expected in the second half of 2020. Should it proceed, this development is expected to extend the life of the operation to approximately 2031, adding significant value to MMG's in-country operations and enhancing the Company's optionality for future potential investments in the DRC.

Following the impairment loss, the carrying value of the CGU amounted to US$387 million as at 31 December 2019. The next phase of development as outlined above, is essential to the future of Kinsevere and realisation of such carrying value.

Dugald River

The Dugald River development project was impaired in December 2015 by US$573.6 million, pre-tax. The impairment was recognised as a result of further weakening in commodity prices, and industry changes in the region having an adverse effect on the valuation of the project.

The Group revised the Dugald River project plan in 2016 and identified cost savings and consistent improvements in the operational and technical stability of the project resulting in approval for external funding to complete the revised project. Following the commissioning of the processing plant at 1 May 2018, the operation and ramp-up of production activities to design capacity has continued. Notwithstanding the continued ramp-up to design capacity, the operational performance of Dugald River has remained slightly below plan in 2019, impacted by severe weather events in early 2019 and lower zinc grade. The 2019 LoA includes a continued ramp-up in throughput to 2.0Mtpa, underpinned by significant improvement in mining throughput rates. Considering the relatively early stage of the operation, it is too premature to consider the higher throughput scenario to be sustainable in the impairment reversal assessment for Dugald River. Considering these factors, as well as the sensitivity of its Fair Value to zinc price, operating costs and ore grade, no reversal of impairment has been recognised as at 31 December 2019. The Group will continue to monitor and assess if a reversal of impairment is required in future periods.

Rosebery

The Rosebery Fair Value is determined through the 2019 LoA discounted cashflows. No indicators of impairment were noted for Rosebery and the Fair Value currently supports the carrying value of the CGU. Consequently, no impairment was recognised.

(iv) Sensitivity analysis

Commodity prices, the level of production activity as well as the success of converting Reserves and Resources and increasing the resource estimates over the lives of mines are key assumptions in the determination of Fair Value. Due to the number of factors that could impact production activity, such as processing throughput, changing ore grade and/or metallurgy and revisions to mine plans in response to physical or economic conditions, no quantified sensitivity has been determined. Changes to these assumptions may however result in an impact on the Fair Value and result in impairment in future.

A sensitivity analysis is presented below for both Las Bambas and Kinsevere. The sensitivities assume that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Las Bambas

The key assumptions to which the calculation of Fair Value for Las Bambas is most sensitive are copper price, operating costs, land access (including permitting delays and the amount and timing of exploration potential to be realised) and discount rate. An adverse change of 5% in copper price over the remaining mine life would decrease the recoverable amount by approximately US$1,010 million. An increase of 1% to the discount rate would decrease the recoverable amount by approximately US$844 million. An adverse change of 5% in operating costs would decrease the recoverable amount by approximately US$448 million. The impact of delays in land access or the amount or timing of exploration potential realised would result in a revision to the mine plan in response to these conditions. The occurrence of one or more of the above assumptions in isolation, without a change in other assumptions which may have an offsetting impact, would result in the carrying value of Las Bambas exceeding the recoverable value.

Kinsevere

The key assumptions to which the calculation of Fair Value for Kinsevere is most sensitive are copper price, the successful expansion of the processing plant to process sulphide ore and cobalt, discount rate, the application of the 2018 Mining Code as outlined above and operational performance. An adverse change of 5% in copper price over the remaining mine life would further decrease the recoverable amount by approximately US$70 million. An increase of 1% to the discount rate would further decrease the recoverable amount by approximately US$26 million. In the event that the below plan operational performance at Kinsevere continues there is likely to be further impairment to the carrying value of Kinsevere. In the event that the next phase of the development of Kinsevere does not progress to execution, there is likely to be a further impairment to the assets of Kinsevere.

12. TRADE AND OTHER RECEIVABLES

	2019 US$ MILLION	2018 US$ MILLION
Non-current other receivables		
Prepayments	1.9	3.7
Other receivables – government taxes (net of provisions)[1]	57.3	93.9
Sundry receivables[2]	151.1	134.1
	210.3	**231.7**
Current trade and other receivables		
Trade receivables[3]	240.6	285.5
Prepayments	37.4	22.3
Other receivables – government taxes[1]	50.9	76.7
Sundry receivables	32.7	28.2
	361.6	**412.7**

1. The government taxes amount mainly consists of VAT receivables associated with the Group's operations in Peru and the DRC.
2. Sundry receivables include amounts relating to tax matters of MLB during Glencore's period of ownership.
3. At 31 December 2019 and 2018, trade receivables of the Group mainly related to the mining operations. The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All the trade receivables at 31 December 2019 and 2018 were within 6 months from the date of invoice. At 31 December 2019, there was no trade receivable past due (2018: US$20.9 million). At 31 December 2019, the Group's trade receivables included an amount of US$103.5 million (2018: US$140.5 million), which was due from a related company of the Group. The carrying amounts of the Group's trade receivables are all denominated in US$.

13. CASH AND CASH EQUIVALENTS

	2019 US$ MILLION	2018 US$ MILLION
Cash at bank and in hand	216.3	301.9
Short-term bank deposits[1]	1.2	300.0
Total[2]	**217.5**	**601.9**

1. The weighted average effective interest rate on short-term bank deposits at 31 December 2018 was 2.77%. These deposits have an average 19 days to maturity from 31 December 2018.
2. Total cash and cash equivalents include US$90.9 million (2018: US$469.2 million) of cash held limited for use by Las Bambas Joint Venture Group and US$13.0 million (2018: US$24.1 million) of cash held limited for use by Dugald River project.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2019 US$ MILLION	2018 US$ MILLION
US dollars	197.5	592.1
Australian dollars	7.7	6.3
Peruvian sol	10.0	1.3
Hong Kong dollars	0.3	0.3
Others	2.0	1.9
	217.5	**601.9**

14. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		SHARE CAPITAL	
	2019 '000	2018 '000	2019 US$ MILLION	2018 US$ MILLION
Issued and fully paid:				
At 1 January	8,051,998	7,963,134	2,910.8	2,874.1
Employee share options exercised[1]	2,789	27,588	1.4	11.7
Employee performance awards vested	-	61,276	-	25.0
At 31 December	**8,054,787**	**8,051,998**	**2,912.2**	**2,910.8**

1. During the year ended 31 December 2019, a total of 2,788,423 new shares were issued as a result of employee share options exercised at a weighted average exercise price of HK$2.46 per share under the Company's 2013 and 2016 Share Option Schemes. The weighted average share price during the year is HK$2.47.

15. BORROWINGS

	2019 US$ MILLION	2018 US$ MILLION
Non-current		
Loan from a related party	2,261.3	2,261.3
Bank borrowings, net	4,592.4	5,185.1
	6,853.7	**7,446.4**
Current		
Loan from a related party	-	100.0
Bank borrowings, net	774.6	585.0
	774.6	**685.0**
Analysed as:		
– Secured	5,250.6	5,842.1
– Unsecured	2,441.3	2,361.2
	7,691.9	**8,203.3**
Prepayments – finance charges	(63.6)	(71.9)
	7,628.3	**8,131.4**
Borrowings (excluding: prepayments) were repayable as follows:		
– Within one year	780.8	691.4
– More than one year but not exceeding two years	1,309.8	600.8
– More than two years but not exceeding five years	2,685.9	3,445.5
– More than five years	2,915.4	3,465.6
	7,691.9	**8,203.3**
Prepayments – finance charges	(63.6)	(71.9)
Total	**7,628.3**	**8,131.4**

An analysis of the carrying amounts of the total borrowings (excluding prepayments) by type and currency is as follows:

	2019 US$ MILLION	2018 US$ MILLION
US dollars		
– At floating rates	5,430.6	5,942.0
– At fixed rates	2,261.3	2,261.3
	7,691.9	**8,203.3**

16. TRADE AND OTHER PAYABLES

The analysis of the trade and other payables is as follows:

	2019 US$ MILLION	2018 US$ MILLION
Current trade and other payables		
Trade payables[1]		
- Less than 6 months	306.9	228.0
- More than 6 months	3.1	3.7
	310.0	231.7
Related party interest payable	41.5	41.9
Other payables and accruals[2]	239.8	234.5
Total	**591.3**	**508.1**

1. At 31 December 2019, the Group's trade payables included an amount of US$1.3 million (2018: US$0.7 million), which was due to a related company of the Group. The ageing analysis of the trade payables is based on the creditors' invoice date.
2. At 31 December 2019, the Group's other payables and accruals included an amount of US$9.3 million (2018: US$15.6 million) accrued interest on external bank borrowings.

17. COMMITMENTS

Capital commitments

Commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities, are set out in the table below:

	2019 US$ MILLION	2018 US$ MILLION
Property, plant and equipment		
Within one year	168.5	84.6
Over one year but not more than five years	48.8	24.3
	217.3	**108.9**
Intangible assets		
Within one year	-	0.1
	-	**0.1**

Aggregate	2019 US$ MILLION	2018 US$ MILLION
Property, plant and equipment and intangible assets		
Contracted but not provided for	217.3	109.0
	217.3	**109.0**

GLOSSARY

AGM	annual general meeting of the Company to be held on Thursday 21 May 2020
Album Enterprises	Album Enterprises Limited, a wholly owned subsidiary of CMN
associate(s)	has the meaning ascribed to it under the Listing Rules
Australia	The Commonwealth of Australia
Board	the board of directors of the Company
Board Charter	the Board charter of the Company
BOC Sydney	Bank of China Limited, Sydney Branch
CDB	China Development Bank
CEO	Chief Executive Officer
CFO	Chief Financial Officer
China	has the same meaning as PRC
CITIC	CITIC Metal Peru Investment Limited
CMC	China Minmetals Corporation, a state-owned enterprise incorporated under the laws of the PRC
CMC Group	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a subsidiary of CMC
CMN	China Minmetals Non-ferrous Metals Company Limited, a subsidiary of CMC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a subsidiary of CMC
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the main board of the Hong Kong Stock Exchange
Copper Partner Investment	Copper Partners Investment Co, Ltd, a subsidiary of CMC
Director(s)	the director(s) of the Company
DRC	Democratic Republic of the Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment expenses
EBITDA margin	EBITDA divided by revenue
Executive Committee	the executive committee of the Group, which consists of all Executive Directors of the Company, Chief Executive Officer, Chief Financial Officer, Executive General Manager – Corporate Relations, Executive General Manager – Africa and Australia, Executive General Manager – Americas and Executive General Manager – Commercial

Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKFRS	Hong Kong Financial Reporting Standards, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)
HNG	Hunan Nonferrous Metals Holding Group Co, Ltd., a subsidiary of CMC
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	(please refer to the definition of 'Stock Exchange')
ICBC	Industrial and Commercial Bank of China Limited
JORC Code	Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
Laos	the Lao People's Democratic Republic
Las Bambas Joint Venture Group	MMG South America Management Company Limited (also referred to as MMG SAM) and its subsidiaries
Las Bambas Project	the development, construction and operation of the copper mines, processing facilities and associated infrastructure at the Las Bambas copper project located in the Apurimac region in Peru, together with all activities and infrastructure associated with the transportation and export of products from such mines
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
LME	London Metal Exchange
LOA	Life of Asset
Mineral Resource	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
Minerals and Metals Group	the collective brand name of the portfolio of international mining assets held by Album Resources Private Limited, a wholly owned subsidiary of the Company
Minmetals HK	China Minmetals H.K. (Holdings) Limited, an indirectly owned subsidiary of CMC
MLB	Minera Las Bambas S.A., a non-wholly owned subsidiary of MMG and the owner of the Las Bambas mine
MMG or MMG Limited	has the same meaning as the Company
MMG Dugald River	MMG Dugald River Pty Ltd, a wholly owned subsidiary of the Company
MMG Management	MMG Management Pty Ltd, a wholly owned subsidiary of the Company
MMG SA	MMG South America Company Limited, a wholly owned subsidiary of the Company
MMG SAM	MMG South America Management Company Limited, a non-wholly owned subsidiary of the Company
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules

Ore Reserves	as defined under the JORC Code, the economically mineable part of a Measured and /or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
SFO	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shareholder(s)	the shareholder(s) of the Company
SHEC	Safety, Health, Environment and Community
Stock Exchange	The Stock Exchange of Hong Kong Limited
Top Create	Top Create Resources Limited, a wholly owned subsidiary of CMN
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax

CORPORATE DETAILS

MELBOURNE OFFICE

Level 23, 28 Freshwater Place
Southbank, Victoria 3006, Australia
T +61 3 9288 0888

HONG KONG OFFICE

Unit 8506A, Level 85
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
T +852 2216 9688

POSTAL ADDRESS

GPO 2982
Melbourne, Victoria 3001, Australia

www.mmg.com
info@mmg.com

SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

MMG LIMITED
EXECUTIVE COMMITTEE*

GAO Xiaoyu, Chief Executive Officer and Executive Director
Ross CARROLL, Chief Financial Officer
LI Liangang, Executive General Manager – Commercial
Troy HEY, Executive General Manager – Corporate Relations
WEI Jianxian, Executive General Manager – Americas

**Refer Other Information section for interim arrangements regarding responsibility for African and Australian operations.*

IMPORTANT DATES

23 April 2020 – First Quarter Production Report**
17 April 2020 – Annual Report lodged**
21 May 2020 – Annual General Meeting**

***This information is subject to change.*

MMG will present its financial results to investors via webinar and teleconference at 1.00pm (HKT) on 5 March 2020. For details please contact Investor Relations.

INVESTOR AND MEDIA ENQUIRIES

Blake Ericksen
Head of Investor Relations
T +61 3 9288 9185
M +61 475 804 341
blake.ericksen@mmg.com

Andrea Atell
Head of Corporate Affairs
T +61 3 9288 0758
M +61 476 830 491
andrea.atell@mmg.com

Chinese Language:
Maggie Qin
Head of China Relations
T +61 3 9288 0818
M +61 411 465 468
maggie.qin@mmg.com

By order of the Board
MMG Limited
GAO Xiaoyu
CEO and Executive Director

Hong Kong, 4 March 2020

As at the date of this announcement, the Board consists of eight directors, of which one is an executive director, namely Mr Gao Xiaoyu; four are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Jiao Jian, Mr Zhang Shuqiang and Mr Xu Jiqing; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter.