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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

THIRD QUARTER PRODUCTION REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2020

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (Listing Rules) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (Board) of MMG Limited (Company or MMG) is pleased to provide the Third Quarter Production Report for the three months ended 30 September 2020.

The report is annexed to this announcement.

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

Hong Kong, 26 October 2020

As at the date of this announcement, the Board comprises 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.

2020 THIRD QUARTER PRODUCTION REPORT

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2020					
	3Q20	3Q20 VS 3Q19	3Q20 VS 2Q20	YTD20	YTD20 VS YTD19
Copper cathode (tonnes)					
Kinsevere	18,022	-3%	-2%	54,528	15%
Total	18,022	-3%	-2%	54,528	15%
Copper (contained metal in concentrate, tonnes)					
Las Bambas	84,086	-13%	44%	215,783	-24%
Rosebery	361	-4%	3%	1,097	2%
Total	84,447	-13%	44%	216,880	-24%
Zinc (contained metal in concentrate, tonnes)					
Dugald River	46,081	-3%	6%	125,258	3%
Rosebery	15,525	-27%	-6%	49,419	-19%
Total	61,606	-10%	2%	174,677	-4%
Lead (contained metal in concentrate, tonnes)					
Dugald River	6,401	11%	15%	16,247	-1%
Rosebery	6,353	13%	24%	17,140	-3%
Total	12,754	12%	19%	33,387	-2%
Molybdenum (contained metal in concentrate, tonnes)					
Las Bambas	1,180	153%	115%	1,853	20%
Total	1,180	153%	115%	1,853	20%

KEY POINTS

- Total recordable injury frequency (TRIF) of 1.35 per million hours worked for the third quarter in 2020.
- MMG continues to pro-actively respond to the COVID-19 outbreak, working closely with national authorities to protect the health and safety of its employees, host communities and other stakeholders. With extensive pre-screening and health controls in place, to date no COVID-19 cases have been identified at an MMG operation.
- Total copper production of 102,469 tonnes was 33% above the June 2020 quarter, driven by more stable, but still limited workforce availability at Las Bambas.
- Despite ongoing COVID-19 impacts on workforce availability, Las Bambas has sustained continuous operations and achieved a 44% increase in copper production compared to the second quarter of 2020.

- The transport of concentrate from Las Bambas was suspended from late July until early August as a result of community disruptions along the Southern Road Corridor that were unrelated to Las Bambas. Trucking volumes had returned to normal by early September and have remained at full capacity since that time, enabling the progressive draw-down of concentrate stockpiles at site.
- A separate road block established on 17 October 2020 by the communities of Tuntuma and Ccollana, more than 200 kilometres from Las Bambas was swiftly and peacefully resolved, with a resumption of trucking from 23 October.
- Post de-bottlenecking ramp-up of the molybdenum plant at Las Bambas has continued successfully, resulting in a 153% increase in molybdenum production compared to the prior year comparative period.
- Kinsevere copper cathode production of 18,022 tonnes was broadly consistent with prior year comparative period and second quarter of 2020.
- A decision has been taken to temporarily suspend mining activity at Kinsevere in advance of the upcoming wet season. This will allow for the draw-down of ore stockpiles, site optimisation work and mine planning in advance of a potential transition to the mining and processing of sulphide ores. Mining is expected to resume in the second quarter of 2021.
- Zinc production of 61,606 tonnes was 2% higher than the June 2020 quarter.
- At Rosebery, access has been restored to areas that were impacted by seismic activity in late 2019, resulting in increased mining and milling volumes. Zinc production of 15,525 tonnes was 27% below the prior-year comparative period, largely reflecting declining zinc ore grades, however lead production volumes have increased.
- At Dugald River, zinc production of 46,081 tonnes represented a 6% increase on the second quarter of 2020. Record mining volumes and sustained improvements in recovery continue to offset the impact of lower ore grades.
- After withdrawing original production and cost guidance for Las Bambas in April, the Company now expects to produce between 305,000 and 315,000 tonnes of copper in copper concentrate during 2020, at an average C1 cost of US\$0.95-1.00/lb.
- The Company maintains its existing full year production guidance for Kinsevere, Dugald River and Rosebery. C1 cost guidance is maintained for Kinsevere and Dugald River. Reflecting the strong contribution of precious metal by-product credits, full year C1 cost guidance for Rosebery has been revised down to US\$0.05-0.10/lb.
- The Company now anticipates 2020 full year capital expenditure of between US\$500.0 million and US\$550.0 million. Of this, approximately US\$450.0 million will be attributable to Las Bambas.
- Despite continued COVID-19 related delays, Government permitting for development of the Chalcobamba pit at Las Bambas is still targeted for late 2020. Significant development of the pit and first ore is now expected at some stage in the first half of 2021.
- Positive results continue to be achieved at drilling programs around existing operating hubs.
- Mine plans and budgets are currently being reviewed, with production and cost guidance for 2021 to be issued in January, with the Company's fourth quarter production report.

COMMODITY PRICES, MARKETING AND SALES

	COMMODITY PRICES, MARKETING AND SALES					
	QUARTER-AVERAGE			QUARTER CLOSE		
	3Q20	2Q20	3Q19	3Q20	2Q20	3Q19
Metal Price						
Copper (US\$/lb)	2.96	2.43	2.63	3.00	2.74	2.60
Gold (US\$/oz)	1,909	1,711	1,472	1,885	1,769	1,486
Lead (US\$/lb)	0.85	0.76	0.92	0.82	0.81	0.95
Molybdenum (US\$/lb)	7.71	8.37	11.84	8.15	7.38	11.78
Silver (US\$/oz)	24.26	16.38	16.98	23.73	17.85	17.26
Zinc (US\$/lb)	1.06	0.89	1.06	1.09	0.93	1.08

Sources: zinc, lead and copper: LME cash settlement price; Molybdenum: Platts; gold and silver: LBMA.

Prices for copper, zinc and precious metals reached 2020 peaks during the September quarter. Despite persistent threats of further waves of COVID-19, China's successful emergence from lockdown and the announcement of record-breaking levels of stimulus by governments globally suggests the worst may be over for major base metal consuming countries.

Supported by a weaker US dollar and a noticeable decrease in inventory levels, the average prices of copper, gold and silver increased by 22%, 12% and 49% respectively, quarter on quarter. Lead closed only slightly higher, despite suffering the same COVID-19 related supply impacts as other key commodities. While the news of record automobile production in China was positive for the lead price, this was somewhat countered by reports from western economies of a significant reduction in auto production and demand.

Zinc was the best performing base metal over the past quarter, rallying 17% on the June quarter close. The metal is now 45% up on the lows recorded in March. As with copper, the zinc price has benefited from investment fund interest, together with operational issues and COVID-19 related supply disruptions at a number of major mines. Further support has come from economic stimulus packages, in particular from China where manufacturing activity and steel production growth has added to demand.

Concentrate transport logistics from Las Bambas were temporarily impacted from 20 July to 9 August, as a result of protests near the city of Espinar, with some shipments being affected. Concentrate transport resumed on 10 August and gradually ramped up to full capacity by early September, enabling the ongoing drawdown of excess concentrate stocks held at the Las Bambas mine site. Mine to port concentrate logistics have since continued to operate at full capacity, with all available concentrate at Matarani being loaded and steadily shipped, albeit with some occasional minor delays due to heavy swell conditions at port.

Persistent COVID-19 related supply side disruptions have resulted in a tight copper concentrate supply market since March. As a result, spot treatment and refining charges for both mine to trader business and Chinese smelter purchases have remained favourably below annual benchmark contract terms.

Spot treatment charges for zinc and lead concentrate continued to fall during the September quarter, as the concentrate market for these commodities also remained tight. A shortfall in tonnages from some of the world's largest zinc and lead mines has resulted from a combination of operational issues and the imposition of fresh restrictions on several Latin American mines in response to COVID-19. This has combined with the seasonal pickup in demand from many Chinese smelters as they build stocks for the winter months – a period when a number of large domestic mines also close. These factors have maintained downward pressure on spot treatment charges, which remain highly favourable to miners and well below annual benchmark levels. As detailed below, steady production continued throughout the third quarter at both Dugald River and Rosebery, allowing zinc and lead concentrate shipments to proceed smoothly and according to shipment schedules and commitments to customers.

PROVISIONAL PRICING

The following table provides a summary of the metal that was sold but which remains provisionally priced at the end of the third quarter 2020 and the month that final average pricing is expected to occur.

OPEN PRICING AT 1 OCTOBER 2020				
	OCT-20	NOV-20	DEC-20	TOTAL
Copper (tonnes cathode and copper contained in concentrate)	26,795	16,645	13,351	56,791
Gold (ounces)	8,621	4,414	2,807	15,842
Lead (tonnes)	3,987			3,987
Molybdenum (pounds)	323,782	509,991	353,183	1,186,956
Silver (ounces)	797,901	469,378	210,616	1,477,895
Zinc (tonnes)	12,749	8,776	4,334	25,859

OPERATIONS

LAS BAMBAS

LAS BAMBAS					
	3Q20	3Q20 VS 3Q19	3Q20 VS 2Q20	YTD20	YTD20 VS YTD19
Copper (tonnes)	84,086	-13%	44%	215,783	-24%
Molybdenum (tonnes)	1,180	153%	115%	1,853	20%

Third quarter performance

In Peru, a State of National Emergency remains in place in response to the COVID-19 pandemic and is expected to do so until at least 31 October. While a range of lockdown measures have been eased, the high number of COVID-19 cases in Peru and throughout South America more generally, continue to impact workforce availability. In particular, a shortage of COVID-safe accommodation on site and in local communities continues to delay a return to normal operations, particularly with respect to mine plan compliance, maintenance, exploration and community engagement.

Reflecting eased lockdown measures, copper production of 84,086 tonnes was achieved for the quarter. This represented a 44% improvement from the second quarter of 2020, but was still lower than the prior year comparative due to the impact of ongoing COVID-19 restrictions.

On site-workforce levels averaged between 65% and 80% over the period, enabling a 64% increase in mining volumes and a 29% increase in mill throughput from the June 2020 quarter. This, together with a 9% increase in milled ore grades supported the period on period improvement, however grades remain lower on a prior year comparative basis. This in part is a result of mine sequencing alterations, necessitated by reduced labour availability with a focus on accessible ore. More favourable ore characteristics also resulted in improved recoveries after a less favourable second quarter result.

Molybdenum production for the third quarter increased significantly, as ramp-up continued following successful de-bottlenecking works which commenced in 2019 and completed in June 2020.

As previously advised, protests unrelated to Las Bambas along the Southern Road Corridor near the city of Espinar, approximately 260 kilometers from Las Bambas, resulted in the temporary suspension of concentrate trucking from 20 July until 9 August. Since 10 August, trucking activity gradually resumed to normal levels and operated at full capacity from early September. During the period of suspension, concentrate stockpiles at the mine site increased, however the progressive draw down of this stock has since resumed. As at 30 September, approximately 47,000 tonnes of copper metal remained at site. At current rates this is expected to have been fully drawn down during the first quarter of 2021. This timetable was not significantly impacted by a separate road block that was established on 17 October

2020 by the communities of Tuntuma and Ccollana, more than 200 kilometers from Las Bambas. A peaceful resolution was swiftly reached with community members that saw a resumption of trucking from 23 October.

Although constrained by COVID-19 restrictions, the Company continues to pursue constructive dialogue with communities along the Southern Road Corridor and the National Government regarding sustainable alternative solutions to the transportation of concentrate. Consistent with this, in late September the Peruvian Ministry of Transport announced that contracts have been awarded for maintenance, improvement and dust suppression works along a 131 kilometre stretch of the Southern Road Corridor in the Apurímac region that is used to transport Las Bambas concentrate.

Full-year outlook

Due to the inherent uncertainty associated with COVID-19 and its impacts on Las Bambas' operations, MMG withdrew its 2020 guidance for Las Bambas on 13 April 2020.

As mentioned, limited access to COVID-safe accommodation on site and in local communities has continued to impact activity at site, particularly in the mine where the focus has been on mining of accessible ore, at the expense of some maintenance and planned stripping works. The prevalence of COVID-19 infections in the wider Peruvian community means that a high degree of operational uncertainty remains. Nonetheless, with enhanced testing and safety protocols in place and ongoing work to expand the availability of COVID-safe accommodation at site and in Challhuahuacho city, the Company now anticipates that Las Bambas will produce between 305,000 and 315,000 tonnes of copper in copper concentrate for 2020, at a C1 unit cost of US\$0.95-1.00/lb.

With respect to the development of the Chalcobamba pit, formal permitting is still targeted by the end of 2020. Nonetheless, COVID-19 continues to impact the Company's ability to progress community engagement in the area. As such, significant development of the pit and first ore is now expected at some stage in the first half of 2021. With higher grade ore from Chalcobamba required to supplement declining grades at Ferrobamba, delays in development of this second pit will impact originally anticipated 2021 production volumes. Many of the transitional activities originally planned for 2020 will now fall into the following year. Mine planning and budgeting processes for 2021 remain ongoing.

KINSEVERE

	KINSEVERE				
	3Q20	3Q20 VS 3Q19	3Q20 VS 2Q20	YTD20	YTD20 VS YTD19
Copper Cathode (tonnes)	18,022	-3%	-2%	54,528	15%

Third quarter performance

Kinsevere produced 18,022 tonnes of copper cathode in the third quarter of 2020, broadly in line with the prior year comparative period and the June 2020 quarter.

Mining volumes increased approximately 47% from the June 2020 quarter, in anticipation of a temporary suspension of mining activity, as detailed below. Milling volumes were however down slightly (2%) on prior periods. This was largely a result of technical issues that temporarily interrupted the mill feed. Together with a slight decline in milled grades due to lower than anticipated quality of third party and stockpiled ore, this resulted in marginally lower cathode production volumes. The adverse impact of these factors continues to be offset by a sustained increase in recoveries. This follows processing improvements that were implemented in the second quarter.

Full-year outlook

During September, mining activity was temporarily suspended at Kinsevere. This suspension coincided with both the conclusion of Kinsevere's mining services contract with MCSC, as well as the upcoming wet season, which typically impacts mining volumes. The decision will not impact ore processing volumes, with significant stockpiles on hand to maintain a steady feed to the mill until mining activity resumes in the second quarter of 2021. Kinsevere guidance for 2020 is also not affected by this decision, with expected copper cathode production of between 68,000 and 75,000 tonnes and C1 costs of US\$1.80-1.95/lb. Ore grade declines and depleting oxide reserves are however expected to result in reduced production volumes over coming years, in advance of a potential return to current levels should processing of sulphide ores commence in the future.

The suspension of mining activity will allow for cost savings and other site optimisation works. It will also provide enhanced flexibility to optimise a mine plan that supports a potential transition to the mining and processing of sulphide ores, dependent on approval of the next phase of development at Kinsevere by the MMG Board. The Company continues to progress its assessment of options to extend the life of Kinsevere with a feasibility study ongoing for the next phase of development. A decision on this project is expected prior to the end of 2020. Should the project proceed, it would include the addition of a sulphide ore and cobalt processing circuit alongside the existing oxide circuit. This would allow exploitation of significant copper sulphide resources, add flexibility to the process circuit and introduce cobalt to MMG's portfolio.

DUGALD RIVER

	DUGALD RIVER				
	3Q20	3Q20 VS 3Q19	3Q20 VS 2Q20	YTD20	YTD20 VS YTD19
Contained metal in concentrate					
Zinc (tonnes)	46,081	-3%	6%	125,258	3%
Lead (tonnes)	6,401	11%	15%	16,247	-1%

Third quarter performance

Dugald River produced 46,081 tonnes of zinc in zinc concentrate, and 6,401 tonnes of lead in lead concentrate during the period, 6% and 15% higher than the June 2020 quarter respectively.

The addition of new mining equipment, together with the ongoing benefits of work over the first half of the year to open up new operating areas, has seen continued success in the ramp-up of the mine. Monthly records for ore mined were set in July and August, with a quarterly record set for the period overall.

Milling volumes were approximately 5% below those achieved in the second quarter of 2020 and 11% below the prior-year comparative period. This resulted from an extended maintenance outage, as the site shifts its maintenance strategy to include fewer but more extensive periodic shutdowns. The impact of this on the quarterly production volume was partially mitigated by a 9% improvement in zinc ore grades, compared to the prior period. Further offsetting the impact of lower throughput was sustained improvement in recovery levels, which have continued since enhancements to the grinding process were implemented in the first quarter of the year. Higher recoveries will continue to assist in offsetting the impact of lower than originally anticipated zinc ore grades, which are expected to continue over coming periods. Higher lead production over the third quarter was also a result of improved grades.

Full-year outlook

Dugald River is anticipating the sustained delivery of annual mine capacity of two million tonnes and targets zinc production approaching 200kt per annum, by 2022. The Company is optimistic that this target is achievable and sustainable into the future. This view has recently been supported by positive early results from our near mine drilling program that suggests a wider zinc ore body than originally expected, at relatively shallow depth. Further detail on this work will be provided as results come to hand, with the potential for it to support mine life extension and/or the expansion of the operation.

MMG maintains its existing 2020 guidance for Dugald River, with production of between 170,000 and 180,000 tonnes of zinc in zinc concentrate and C1 costs of US\$0.70-0.75/lb.

ROSEBERY

	ROSEBERY				
	3Q20	3Q20 VS 3Q19	3Q20 VS 2Q20	YTD20	YTD20 VS YTD19
Contained metal in concentrate					
Zinc (tonnes)	15,525	-27%	-6%	49,419	-19%
Lead (tonnes)	6,353	13%	24%	17,140	-3%
Copper (tonnes)	361	-4%	3%	1,097	2%

Third quarter performance

Rosebery produced 15,525 tonnes of zinc in zinc concentrate and 6,363 tonnes of lead in lead concentrate during the third quarter of 2020.

Authorities have now granted clearance to resume mining in areas impacted by seismic events in 2019. This has significantly improved mine flexibility and access to operating areas. As a result, mined ore volumes increased by 12% compared to the June 2020 quarter. This in turn has supported an 11% increase in milling volumes for the period.

Higher throughput has assisted in mitigating the impact of declining zinc ore grades and lower recoveries. Longer term declines in zinc ore grades reflect the nature of the ore body at the depths of current operating areas, however this was further impacted during the September 2020 quarter due to the deferral of some higher grade stopes until later in the year. Lower recoveries were a result of elevated pH levels in the ore feed.

Lead production of 6,353 tonnes represented a significant increase on both the prior year comparative period (13%) and the June 2020 quarter (24%). In addition to increased milling volumes, this was supported by a significant increases in both lead grade and recovery.

Full-year outlook

Resource extension drilling at Rosebery has been ongoing, with results that continue to indicate further extensions to the resource. The Company continues to pursue its investigation of options to extend the life of the mine, together with studies into sustainable longer-term tailings management options.

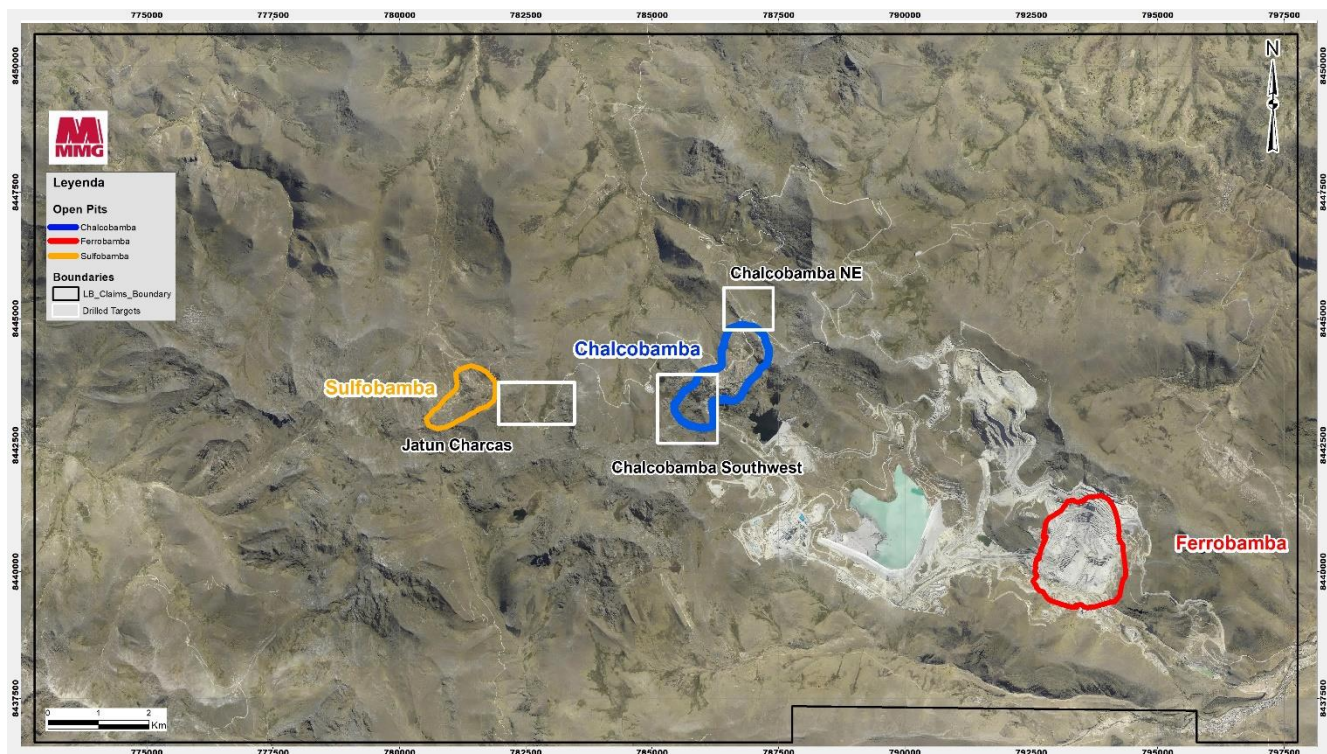
MMG maintains its existing 2020 production guidance for Rosebery, of between 55,000 and 65,000 tonnes of zinc in zinc concentrate. As a result of the strong contribution from precious metal by-product credits and ongoing efficiency initiatives, C1 costs are now expected to be in the range of US\$0.05-0.10/lb. This is significantly lower than original guidance of US\$0.20-0.30/lb.

GEOSCIENCE AND DISCOVERY

Drilling activities were carried out at the Las Bambas operation in Peru, along with discovery and delineation of satellite copper oxide deposits within a roughly 50km radius (RAD50) of the Kinsevere mine. The focus of the Company's activities during the quarter are detailed below.

LAS BAMBAS

Drilling rates slowed during the third quarter due to COVID-19 related accommodation restrictions. Nonetheless, positive results continue at Las Bambas from on-going hydrogeological, geotechnical and sterilisation drilling. Drilling at Las Bambas is currently from a limited number of permitted drill platforms, with permitting for additional locations expected prior to the end of the year. This will facilitate infill drilling to measured and indicated spacing at Chalcobamba Southwest, and also provide greater flexibility for those exploration targets located on surface land once the capacity to accommodate additional drilling personnel at site has been achieved.

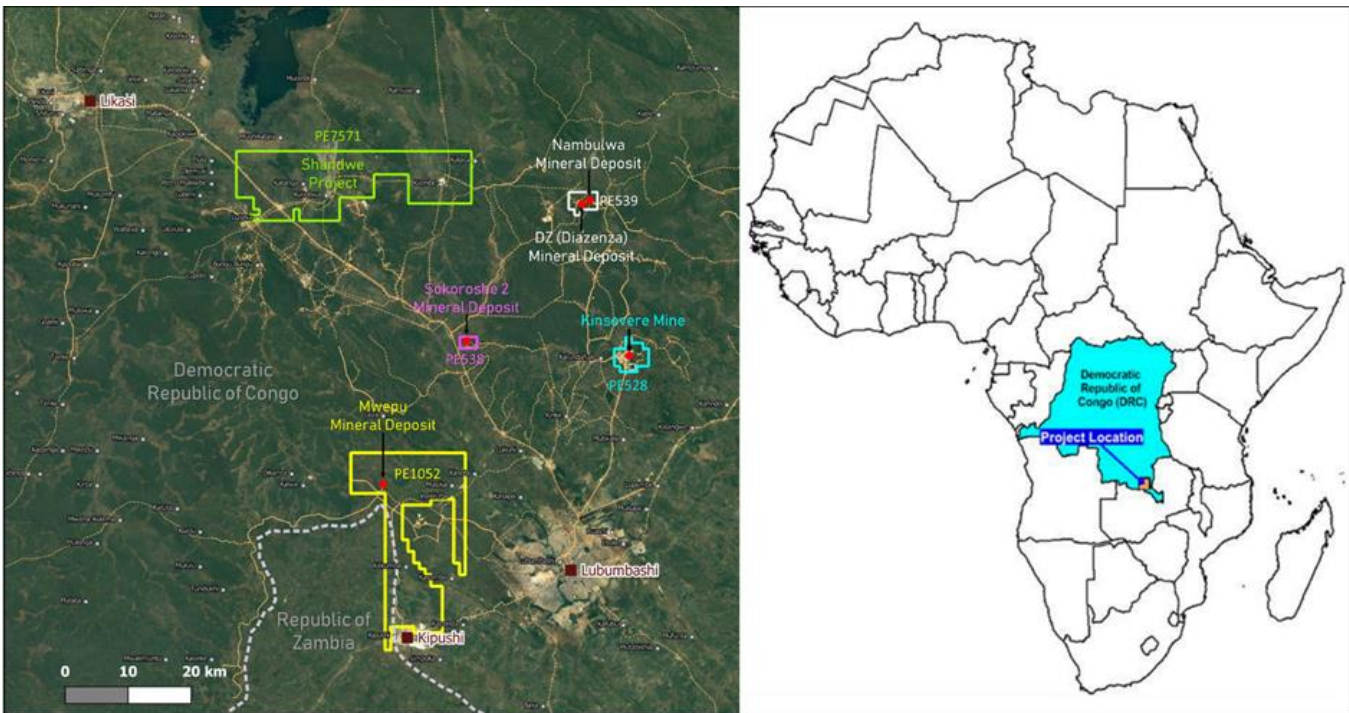


Drilling continued at the Chalcobamba Southwest Zone, located immediately southwest of the current Chalcobamba Ore Reserve pit. Coherent, higher-grade copper skarn (>1% Cu) is located beneath a shallow, unmineralised diorite intrusion that strikes east-west and dips gently to the south. Five holes were completed for a total of 1,617 metres in the third quarter. Sample preparation and assaying for this drilling is in progress.

Three drill holes for a total of 843m were completed at Jatun Charcas, located approximately four kilometres southwest of the Chalcobamba deposit. Drilling was performed in an area of overlapping IP chargeability, EM conductivity and gravity anomalies hosted within the Ferrobamba limestone and located to the East of the Sulfobamba deposit. Three drill holes totalling 1,236m were also completed at Chalcobamba Northeast, located immediately north-east of the Chalcobamba Ore Reserve pit. Drilling coincided within skarn alteration hosted by the Ferrobamba limestones associated with gravity anomalies. Assays for drilling at Jatun Charcas and Chalcobamba Northeast are pending.

DRC

In the third quarter of 2020, exploration activities focused on the completion of the hydrogeology drilling campaign at Nambulwa and on the commencement of the scout RC drilling campaign at Shandwe.



The hydrogeological drilling program at Nambulwa was completed during the quarter, bringing an end to the season's field activities. Four holes were completed during the quarter totalling 415m. A total of nine holes were drilled during the campaign, totalling 1,128m.

Midway through the third quarter, a scout RC drilling campaign commenced at the early stage Shandwe project, to the northwest of Kinsevere. The Shandwe project comprises four distinct high-potential copper (\pm cobalt) oxide targets identified through combined geochemical, geophysical, and geological analyses and interpretations. Early indications are encouraging, with minor amounts of copper oxide mineralisation observed in several drill holes. It is anticipated that the drilling program will be completed during the fourth quarter, with 3,385m of the planned 5,300m drilling campaign having already been completed.

CORPORATE UPDATE

INTERIM RESULTS

MMG reported its interim financial results on 19 August 2020. The Company reported a net loss after tax of US\$182.7 million during the first six months of 2020, including a loss of US\$158.0 million attributable to equity holders. The loss was primarily attributable to factors associated with COVID-19, specifically lower commodity prices and lower sales volumes, in particular at Las Bambas.

MMG's net debt increased by US\$69.6 million during the six months ended 30 June 2020. The higher net debt was primarily attributable to the adverse impacts of COVID-19 and community action, on sales volumes, commodity prices and ultimately, operating cash flow.

FUNDING INITIATIVES

On 4 September 2020, the Company announced that it had entered into a three-year, US\$85.0 million credit facility with CDB. This three-year facility is available for drawing over the first two years of its term, with funds repayable at the election of the borrower. Repaid funds are not able to be redrawn.

On 19 October, the Company also announced that its subsidiary, Minera Las Bambas S.A. (MLB), had entered into a US\$800.0 million credit facility with China Development Bank (CDB), ICBC Macau, BOC Sydney, and The Export-Import Bank of China Limited. The facility is available to be drawn over its three-year tenor, with repaid sums available for redraw.

These new facilities, both of which are unsecured, demonstrate the strong ongoing support of MMG's banking partners. Recent rallies in commodity prices make it unlikely that the Company will immediately rely on these arrangements, however they are a prudent addition to the group's stand-by liquidity sources in the current environment.

LAS BAMBAS TAX UPDATE

On 16 October, the Company announced that MLB had received notice from the Peru Tax Court of a judgment upholding the assessment by the National Superintendence of Tax Administration of Peru (SUNAT) that approximately USD\$185.0 million of value added tax (VAT), penalties and interest had been assessed in respect of the 2011 and 2012 financial years when the Las Bambas mine was under the ownership of Glencore plc.

As detailed in the announcement, MLB intends to appeal the judgment, noting that appeals in the Peruvian Judiciary System may take several years to resolve. The assessed amount relates to the pre-closing period under the Share Purchase Agreement entered into with Glencore plc in respect of the Las Bambas Project in July 2014. The Company may also seek reimbursement of some or all of any amounts that become payable from Glencore plc by way of indemnity or warranty claims under that agreement.

The Company is continuing to seek further advice and to assess the financial impacts of this matter.

GLENCORE LITIGATION UPDATE

As previously advised, proceedings commenced in the High Court of Justice of England and Wales on 21 July 2020 between Glencore plc and MMG. Proceedings related to MMG's claim for indemnification from Glencore for certain taxes paid by Minera Las Bambas S.A. with respect to the period prior to MMG's acquisition of Las Bambas and "Legislative Decree 797" in Peru.

The parties to this case have since entered into a settlement agreement on confidential and mutually acceptable terms.

MCK LITIGATION UPDATE

Some of the court proceedings between MMG Kinsevere and Mining Company Katanga SARL (MCK) in the DRC are progressing following the re-opening of the courts in the DRC in September. However, the freezing order over certain assets of MMG Kinsevere remains in place. MMG has also commenced arbitration proceedings against MCK which are unlikely to be determined until some stage in the first half of 2021.

MMG Kinsevere and the Company regard MCK's claim as unfounded and opportunistic, and the amount of the claim completely disproportionate to the losses that could reasonably have been suffered. MMG plans to vigorously contest the claim.

CAPITAL EXPENDITURE UPDATE

The Company anticipates 2020 full year capital expenditure of between US\$500.0 million and US\$550.0 million. Of this, approximately US\$450.0 million will be attributable to Las Bambas, inclusive of approximately US\$200.0 million of capitalised mining. This latest guidance is US\$150.0 million below the Company's original 2020 capital expenditure guidance range, largely reflecting the impact of COVID-19 on capital development at Las Bambas and other efficiencies. As previously advised, the non-discretionary nature of the majority of Las Bambas' capital expenditure means most savings will be temporary. Full year depreciation and amortisation for 2020 is now anticipated to be approximately US\$940.0 million.

-ENDS-

CORPORATE DETAILS

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IMPORTANT DATES

20 January 2021 – Fourth Quarter Production Report release*

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*Subject to change

Throughout this report figures in italics indicate that this figure has been adjusted since it was previously reported.

APPENDIX – 2020 GUIDANCE

GUIDANCE SUMMARY		
	2020 GUIDANCE	2019 ACTUAL
Las Bambas*		
Copper – production	305,000 – 315,000 tonnes	382,518 tonnes
Copper – C1 costs	US\$0.95 – US\$1.00 / lb	US\$0.99 / lb
Dugald River		
Zinc – production	170,000 – 180,000 tonnes	170,057 tonnes
Zinc – C1 costs	US\$0.70 – US\$0.75 / lb	US\$0.70 / lb
Kinsevere		
Copper – production	68,000 - 75,000 tonnes	67,935 tonnes
Copper – C1 costs	US\$1.80 – US\$1.95 / lb	US\$2.24 / lb
Rosebery		
Zinc – production	55,000 – 65,000 tonnes	83,463 tonnes
Zinc – C1 costs	US\$0.05 – US\$0.10 / lb	US\$0.20/ lb

*Original 2020 guidance for Las Bambas was withdrawn on 13 April 2020, due to ongoing uncertainty regarding the impact of COVID-19 on operations in Peru.

APPENDIX – PRODUCTION RESULTS

		LAS BAMBAS					YEAR-TO-DATE	
		QUARTER ENDED					SEP 2020	SEP 2019
		SEP 2019	DEC 2019	MAR 2020	JUN 2020	SEP 2020		
Ore mined - copper	tonnes	13,433,089	10,934,016	9,600,874	10,734,366	17,547,304	37,882,544	40,719,600
Ore milled - copper	tonnes	13,683,455	12,785,623	9,898,899	9,815,438	12,643,970	32,358,307	38,497,748
Waste movement	tonnes	39,303,433	34,907,342	35,696,212	30,803,477	36,191,289	102,690,978	93,379,634
COPPER								
Ore mined - grade	%	0.80	0.91	0.87	0.70	0.68	0.78	0.81
Ore milled - grade	%	0.81	0.87	0.84	0.70	0.76	0.76	0.83
Recovery	%	87.9	89.4	87.8	85.6	87.9	87.2	87.7
Production								
Copper concentrate	tonnes	247,882	261,513	199,411	179,692	244,328	623,431	732,617
Grade	%	39.13	38.13	36.77	32.49	34.42	34.61	38.60
Containing	tonnes	96,990	99,702	73,319	58,378	84,086	215,783	282,815
Sales								
Total concentrate sold	tonnes	198,477	271,784	217,013	179,394	229,626	626,033	581,513
Payable metal in product sold	tonnes	72,219	100,435	76,262	58,373	76,037	210,672	212,483
GOLD & SILVER								
Payable metal in product sold - gold	oz	21,889	31,840	24,654	14,944	15,455	55,053	59,600
Payable metal in product sold - silver	oz	1,042,736	1,486,314	1,146,899	729,607	964,886	2,841,392	3,095,400
MOLYBDENUM								
Production								
Molybdenum concentrate	tonnes	1,015	526	273	1,156	2,461	3,890	3,266
Grade	%	45.98	45.79	45.55	47.41	47.97	47.63	47.21
Contained metal produced	tonnes	467	241	124	548	1,180	1,853	1,542
Sales								
Total product sold	tonnes	1,307	775	200	539	2,056	2,795	3,194
Payable metal in product sold	tonnes	612	354	93	252	982	1,327	1,512

KINSEVERE								
QUARTER ENDED							YEAR-TO-DATE	
		SEP 2019	DEC 2019	MAR 2020	JUN 2020	SEP 2020	SEP 2020	SEP 2019
Ore mined - copper	tonnes	607,922	708,505	383,158	625,164	917,287	1,925,609	1,753,532
Ore milled - copper	tonnes	623,533	632,321	565,148	628,813	613,888	1,807,849	1,722,954
Waste movement	tonnes	5,307,732	3,913,258	2,355,250	3,480,273	2,937,685	8,773,208	13,111,104
COPPER								
Ore mined - grade	%	2.50	2.87	2.87	2.66	2.28	2.52	2.24
Ore milled - grade	%	3.06	3.39	3.35	3.15	3.03	3.17	2.91
Recovery	%	96.4	94.7	94.0	95.5	95.8	95.1	96.0
Production								
Contained metal produced - cathode	tonnes	18,495	20,438	18,207	18,298	18,022	54,528	47,497
Sales								
Total product sold - cathode	tonnes	17,804	20,083	17,874	18,036	17,650	53,560	45,243
Payable metal in product sold - cathode	tonnes	17,804	20,083	17,874	18,036	17,650	53,560	45,243

DUGALD RIVER								
		QUARTER ENDED				YEAR-TO-DATE		
		SEP 2019	DEC 2019	MAR 2020	JUN 2020	SEP 2020	SEP 2020	SEP 2019
Ore mined	tonnes	494,443	513,169	462,570	483,165	541,796	1,487,530	1,340,707
Ore milled	tonnes	542,703	546,738	443,378	504,255	481,540	1,429,173	1,428,831
ZINC								
Ore mined - grade	%	10.50	10.53	9.97	10.28	10.91	10.41	10.44
Ore milled - grade	%	10.30	10.37	9.56	10.00	10.89	10.16	10.06
Recovery	%	84.6	85.1	83.8	86.6	87.9	86.2	84.6
Production								
Zinc concentrate	tonnes	97,005	100,014	72,846	89,468	93,829	256,142	249,857
Grade	%	48.76	48.24	48.74	48.81	49.11	48.90	48.75
Containing	tonnes	47,296	48,247	35,505	43,672	46,081	125,258	121,810
Sales								
Total product sold	tonnes	90,059	100,007	83,429	95,636	88,723	267,787	240,290
Payable metal in product sold	tonnes	36,474	40,625	33,881	39,036	36,469	109,386	97,784
LEAD								
Ore mined - grade	%	1.67	1.86	1.63	1.71	1.94	1.77	1.78
Ore milled - grade	%	1.65	1.87	1.55	1.69	1.95	1.73	1.72
Recovery	%	64.3	66.1	62.2	65.3	68.2	65.5	66.7
Production								
Lead concentrate	tonnes	9,588	11,758	7,622	10,395	11,488	29,504	27,464
Grade	%	59.97	57.54	56.11	53.58	55.72	55.06	59.67
Containing	tonnes	5,750	6,766	4,277	5,569	6,401	16,247	16,388
Sales								
Total product sold	tonnes	10,600	10,756	10,431	10,213	10,029	30,673	25,640
Payable metal in product sold	tonnes	6,042	6,023	5,735	5,234	5,366	16,335	14,267
SILVER								
Ore milled - grade	g/t	53.54	62.73	66.95	56.69	46.18	56.33	53.48
Payable metal in product sold	oz	351,027	344,958	343,156	372,328	361,338	1,076,822	848,346

ROSEBERY								
		QUARTER ENDED					YEAR-TO-DATE	
		SEP 2019	DEC 2019	MAR 2020	JUN 2020	SEP 2020	SEP 2020	SEP 2019
Ore mined	tonnes	257,342	276,624	221,522	237,379	265,771	724,672	755,883
Ore milled	tonnes	256,572	262,329	234,415	238,232	264,427	737,074	767,687
ZINC								
Ore mined - grade	%	9.83	10.73	8.91	7.82	7.84	8.16	9.45
Ore milled - grade	%	9.56	9.90	8.60	8.13	7.19	7.94	9.29
Recovery	%	87.0	86.9	86.6	84.9	81.6	84.4	85.4
Production								
Zinc concentrate	tonnes	39,859	41,323	32,363	30,277	28,845	91,486	113,023
Grade	%	53.52	54.61	53.93	54.30	53.82	54.02	53.88
Containing	tonnes	21,332	22,566	17,452	16,442	15,525	49,419	60,896
Sales								
Total product sold	tonnes	39,501	32,440	31,744	35,796	29,771	97,312	115,400
Payable metal in product sold	tonnes	18,014	15,004	14,817	16,644	13,661	45,122	53,469
LEAD								
Ore mined - grade	%	3.27	3.53	3.31	3.19	3.54	3.35	3.11
Ore milled - grade	%	3.02	3.28	3.20	3.23	3.27	3.24	3.04
Recovery	%	72.7	79.2	75.5	66.6	73.4	71.9	76.0
Production								
Lead concentrate	tonnes	9,344	11,320	9,155	8,613	10,148	27,916	28,997
Grade	%	60.36	60.19	61.90	59.45	62.60	61.40	61.16
Containing	tonnes	5,640	6,813	5,666	5,120	6,353	17,140	17,736
Sales								
Total product sold	tonnes	10,694	11,008	5,912	11,260	8,441	25,613	29,864
Payable metal in product sold	tonnes	6,081	6,298	3,426	6,498	4,812	14,737	17,392

ROSEBERY (continued)								
QUARTER ENDED							YEAR-TO-DATE	
		SEP 2019	DEC 2019	MAR 2020	JUN 2020	SEP 2020	SEP 2020	SEP 2019
Ore mined	tonnes	257,342	276,624	221,522	237,379	265,771	724,672	755,883
Ore milled	tonnes	256,572	262,329	234,415	238,232	264,427	737,074	767,687
COPPER								
Ore mined - grade	%	0.21	0.24	0.24	0.20	0.24	0.23	0.21
Ore milled - grade	%	0.24	0.25	0.25	0.23	0.22	0.24	0.23
Recovery	%	62.5	65.8	64.6	63.4	61.1	63.0	60.9
Production								
Copper concentrate	Tonnes	2,381	2,339	2,143	2,019	2,085	6,247	6,557
Grade	%	15.89	18.43	17.95	17.39	17.32	17.56	16.45
Containing	tonnes	378	431	385	351	361	1,097	1,079
Sales								
Total product sold	tonnes	2,498	1,699	1,557	3,367	1,932	6,856	6,868
Payable metal in product sold	tonnes	402	296	271	584	316	1,171	1,119
OTHER METALS								
Ore milled grade – gold	g/t	1.2	1.5	1.4	1.8	1.5	1.6	1.3
Ore milled grade - silver	g/t	95.2	113.2	113.4	125.8	120.7	120.0	100.3
Recovery - gold	%	21.4	22.3	23.6	22.7	23.0	22.9	24.4
Production								
Gold doré	oz	3,650	4,450	3,026	4,837	4,664	12,528	12,814
Containing - gold	oz	2,171	2,916	1,816	2,767	2,774	7,357	7,651
Containing - silver	oz	1,202	1,711	993	1,428	1,775	4,196	4,340
Sales								
Gold doré sold	oz	4,088	4,061	3,447	2,426	6,369	12,242	12,790
Payable metal in all products sold - gold	oz	7,254	7,095	5,980	11,604	9,949	27,533	21,526
Payable metal in all products sold - silver	oz	555,198	574,515	408,630	942,791	607,605	1,959,026	1,712,090