

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders

MMG has delivered a record first half result, achieving stable production across all regions while effectively managing the complex health challenges posed by the COVID-19 pandemic. My thoughts are with our people – and their friends and families – who have been directly impacted by this disease. I am proud that MMG has played its part in protecting our employees, contractors and communities wherever possible.

Our focus on enhanced health and safety measures and pre-screening controls enabled us to deliver largely uninterrupted output at operations in Africa and Australia, with Las Bambas in Peru achieving 90 per cent of normal onsite workforce. MMG continues to prioritise the health, safety and welfare of our people and host communities during these uncertain times.

SAFETY

MMG's pursuit of an injury-free workplace, embeds a safety-first culture at all times. Our total recordable injury frequency (TRIF) result was 1.17 per million hours worked for the six months to 30 June 2021, this represents an improvement on the 1.82 recorded in the prior corresponding period.

To combat the spread of COVID-19, MMG welcomed global vaccine rollout programs spearheaded by governments as an additional layer of protection together with our own measures to limit transmission of the virus at all sites. The regional sites continue to distribute ongoing communications that reinforce enhanced hygiene measures together with social distancing, sourcing additional personal protective equipment where necessary and health screening for our own people and visitors.

In support of nearby communities, Las Bambas donated lifesaving medical supplies and, in partnership with local authorities, assisted social enterprise development projects in Peru.

A COVID-19 vaccination campaign was conducted to protect employees and their families at our Kinsevere mine in the Democratic Republic of the Congo (DRC).

FINANCIAL PERFORMANCE

MMG delivered a Net Profit After Tax of US\$584.0 million, including a profit of US\$400.1 million attributable to equity holders of the Company, a record first half result. This compared with a Net Loss After Tax of US\$182.7 million in the first half of 2020, including a loss attributable to equity holders of US\$158.0 million. The strong profit was driven by higher commodity prices, increased production, and the sale of Las Bambas stockpiles. EBITDA of US\$1,498.7 million was 291 per cent higher than the first half of 2020.

In the first half, total payable copper and zinc sold of 191,669 and 108,927 tonnes respectively was 11 per cent and 3 per cent higher than the first half of 2020.

On 8 June 2021, a total of 565 million new shares were successfully placed with investors. This brings greater balance sheet flexibility, further diversification of the shareholder base and puts us in a better position to capture emerging business opportunities. Priced at HK\$4.15 per share – an 8.4 per cent discount to the last closing share price on 31 May – the placement saw strong demand from global long-only investors, existing shareholders, and multi-strategy investors across the region.

MMG's net debt decreased by US\$1,207.8 million due to strong operational cash flow and the issue of US\$299.0 million of additional equity in June. Gearing reduced from 73 per cent to 62 per cent over the first half of 2021, significantly strengthening the balance sheet as MMG looks to move into its next phase of disciplined growth.

OPERATIONS OVERVIEW

Las Bambas produced 144,642 tonnes of copper in copper concentrate in the first half of 2021. EBITDA of US\$1,182.4 million was 260 per cent higher than the first half of 2020. This result was largely attributable to higher copper prices, production rates and increased sales volumes as strong logistics performance resulted in a significant reduction of stockpiled concentrate inventory.



Kinsevere produced 25,123 tonnes of copper cathode in the first half, 31 per cent lower compared to the first half of 2020. This reflected a pause in mining and the processing of lower grade stockpiles and third-party ores during the period. However, higher copper prices and lower operating costs resulted in EBITDA of US\$94.7 million compared to US\$8.2 million in the first half of 2020.

Dugald River produced 89,076 tonnes of zinc in concentrate and recorded EBITDA of US\$101.7 million during the first half of 2021, significantly higher than the US\$9.1 million result for the first half of 2020. Higher prices and zinc sales volumes were the primary drivers behind the stronger performance.

Rosebery produced 37,460 tonnes of zinc in zinc concentrate during the first half of 2021 and 84,911 tonnes in zinc equivalent terms (including lead, copper, gold and silver). On a zinc equivalent basis this was 23 per cent higher than the first half of 2020. EBITDA of US\$106.2 million represented a 119 per cent increase on the first half of 2020. This was largely due to higher metal prices and production.

OUTLOOK

MMG continues to implement its longer-term strategy, business transformation and cost saving goals while managing unforeseen COVID-19 risks. Looking ahead to the rest of the year, we will closely monitor commodity prices, copper production and supply dynamics as we pursue our growth ambitions and navigate our way through the ongoing global pandemic.

MMG's full year guidance for copper production at Las Bambas and Kinsevere is now expected to be between 360,000 and 370,000 tonnes, and zinc production at Dugald River and Rosebery remains between 240,000 and 260,000 tonnes. Cost guidance is reduced at Kinsevere, Rosebery and Dugald River with a strong focus on control measures.

Regulatory approval to develop the Las Bambas Chalcobamba pit was delayed due to administrative and community consultation delays and the 2021

national election outcomes. The Company looks forward to working with the Government of Peru and the Huancuire community to advance development.

MMG maintains a favourable outlook for the DRC, progressing a feasibility study for the addition of a sulphide ore and cobalt processing circuit, with a decision expected during the second half of 2021. Exploration activity continues to target tenements within a 50-kilometre radius of the Kinsevere mine.

De-bottlenecking and optimisation work remain our focus for Dugald River, paving the way for targeted zinc production approaching 200,000 tonnes annually from 2022. Rosebery resource extension drilling is yielding encouraging early results for extending the life of this important asset.

MMG's vision is to build the world's most respected mining company with an ambition to double the size and value of MMG, and then double again by 2030. MMG has established strong foundations that support future growth and development while continuously improving productivity and growing its resource base.

I am proud of the contribution from our hard-working regional teams during these challenging times.

Together with the support of our major shareholder, we are well positioned to build wealth through the development of our people and forging strong ties and economic growth in the countries where we operate. On behalf of the MMG management team, I thank our shareholders, host communities, contractors and all MMG employees for their support.

Geoffrey (Xiaoyu) GAO
CHIEF EXECUTIVE OFFICER